
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, 2021
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)

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

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

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

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

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

AXTA
(Trading symbol)

New York Stock Exchange
(Exchange on which registered)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 20, 2021, there were 232,947,186 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,	
	2021	2020
Net sales	\$ 1,063.6	\$ 983.5
Cost of goods sold	684.5	646.8
Selling, general and administrative expenses	179.1	195.4
Other operating charges	102.8	31.6
Research and development expenses	15.6	16.6
Amortization of acquired intangibles	29.0	28.0
Income from operations	<u>52.6</u>	<u>65.1</u>
Interest expense, net	33.5	36.5
Other (income) expense, net	(0.4)	0.8
Income before income taxes	19.5	27.8
Provision (benefit) for income taxes	3.8	(24.6)
Net income	<u>15.7</u>	<u>52.4</u>
Less: Net income attributable to noncontrolling interests	0.5	0.2
Net income attributable to controlling interests	<u>\$ 15.2</u>	<u>\$ 52.2</u>
Basic net income per share	<u>\$ 0.06</u>	<u>\$ 0.22</u>
Diluted net income per share	<u>\$ 0.06</u>	<u>\$ 0.22</u>

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

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

	Three Months Ended March 31,	
	2021	2020
Net income	\$ 15.7	\$ 52.4
Other comprehensive loss, before tax:		
Foreign currency translation adjustments	(37.6)	(86.5)
Unrealized gain (loss) on derivatives	9.2	(40.7)
Unrealized gain (loss) on pension and other benefit plan obligations	1.2	(0.2)
Other comprehensive loss, before tax	(27.2)	(127.4)
Income tax provision (benefit) related to items of other comprehensive loss	1.8	(5.8)
Other comprehensive loss, net of tax	(29.0)	(121.6)
Comprehensive loss	(13.3)	(69.2)
Less: Comprehensive income (loss) attributable to noncontrolling interests	0.3	(3.0)
Comprehensive loss attributable to controlling interests	\$ (13.6)	\$ (66.2)

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

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

	March 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,266.9	\$ 1,360.9
Restricted cash	2.9	3.1
Accounts and notes receivable, net	902.3	869.8
Inventories	582.2	559.9
Prepaid expenses and other current assets	136.5	132.2
Total current assets	<u>2,890.8</u>	<u>2,925.9</u>
Property, plant and equipment, net	1,163.6	1,194.5
Goodwill	1,257.2	1,294.9
Identifiable intangibles, net	1,098.4	1,148.8
Other assets	610.8	593.1
Total assets	<u>\$ 7,020.8</u>	<u>\$ 7,157.2</u>
Liabilities, Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 565.0	\$ 564.4
Current portion of borrowings	49.9	54.2
Other accrued liabilities	575.2	562.3
Total current liabilities	<u>1,190.1</u>	<u>1,180.9</u>
Long-term borrowings	3,810.1	3,838.5
Accrued pensions	294.2	309.9
Deferred income taxes	108.2	114.0
Other liabilities	212.4	234.1
Total liabilities	<u>5,615.0</u>	<u>5,677.4</u>
Commitments and contingent liabilities (Note 5)		
Shareholders' equity:		
Common shares, \$1.00 par, 1,000.0 shares authorized, 251.2 and 250.9 shares issued at March 31, 2021 and December 31, 2020, respectively	251.2	250.9
Capital in excess of par	1,490.5	1,487.1
Retained earnings	578.5	563.3
Treasury shares, at cost, 18.4 and 16.1 shares at March 31, 2021 and December 31, 2020, respectively	(507.2)	(443.5)
Accumulated other comprehensive loss	(453.6)	(424.8)
Total Axalta shareholders' equity	<u>1,359.4</u>	<u>1,433.0</u>
Noncontrolling interests	46.4	46.8
Total shareholders' equity	<u>1,405.8</u>	<u>1,479.8</u>
Total liabilities and shareholders' equity	<u>\$ 7,020.8</u>	<u>\$ 7,157.2</u>

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

AXALTA COATING SYSTEMS LTD.
Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock			Retained Earnings	Treasury Shares, at cost	Accumulated Other Comprehensive Loss	Non controlling Interests	Total
	Number of Shares	Par/Stated Value	Capital In Excess Of Par					
Balance at December 31, 2020	234.8	\$ 250.9	\$ 1,487.1	\$ 563.3	\$ (443.5)	\$ (424.8)	\$ 46.8	\$ 1,479.8
Comprehensive loss:								
Net income	—	—	—	15.2	—	—	0.5	15.7
Net realized and unrealized gain on derivatives, net of tax of \$1.3 million	—	—	—	—	—	7.9	—	7.9
Long-term employee benefit plans, net of tax \$0.5 million	—	—	—	—	—	0.7	—	0.7
Foreign currency translation, net of tax of \$0.0 million	—	—	—	—	—	(37.4)	(0.2)	(37.6)
Total comprehensive loss	—	—	—	15.2	—	(28.8)	0.3	(13.3)
Recognition of stock-based compensation	—	—	3.6	—	—	—	—	3.6
Shares issued under compensation plans	0.3	0.3	(0.2)	—	—	—	—	0.1
Common stock purchases	(2.3)	—	—	—	(63.7)	—	—	(63.7)
Dividends declared to noncontrolling interests	—	—	—	—	—	—	(0.7)	(0.7)
Balance at March 31, 2021	232.8	\$ 251.2	\$ 1,490.5	\$ 578.5	\$ (507.2)	\$ (453.6)	\$ 46.4	\$ 1,405.8

	Common Stock			Retained Earnings	Treasury Shares, at cost	Accumulated Other Comprehensive Loss	Non controlling Interests	Total
	Number of Shares	Par/Stated Value	Capital In Excess Of Par					
Balance at December 31, 2019	234.9	\$ 249.9	\$ 1,474.1	\$ 443.2	\$ (417.5)	\$ (395.5)	\$ 55.4	\$ 1,409.6
Comprehensive loss:								
Net income	—	—	—	52.2	—	—	0.2	52.4
Net realized and unrealized loss on derivatives, net of tax benefit of \$6.0 million	—	—	—	—	—	(34.7)	—	(34.7)
Long-term employee benefit plans, net of tax of \$0.2 million	—	—	—	—	—	(0.4)	—	(0.4)
Foreign currency translation, net of tax of \$0.0 million	—	—	—	—	—	(83.3)	(3.2)	(86.5)
Total comprehensive loss	—	—	—	52.2	—	(118.4)	(3.0)	(69.2)
Cumulative effect of an accounting change	—	—	—	(1.5)	—	—	—	(1.5)
Recognition of stock-based compensation	—	—	5.1	—	—	—	—	5.1
Shares issued under compensation plans	0.4	0.5	(1.6)	—	—	—	—	(1.1)
Changes in ownership of noncontrolling interests	—	—	0.5	—	—	—	(2.1)	(1.6)
Dividends declared to noncontrolling interests	—	—	—	—	—	—	(0.5)	(0.5)
Balance at March 31, 2020	235.3	\$ 250.4	\$ 1,478.1	\$ 493.9	\$ (417.5)	\$ (513.9)	\$ 49.8	\$ 1,340.8

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,	
	2021	2020
Operating activities:		
Net income	\$ 15.7	\$ 52.4
Adjustment to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	76.4	86.6
Amortization of deferred financing costs and original issue discount	2.2	2.2
Debt extinguishment and refinancing related costs	—	2.4
Deferred income taxes	(18.3)	(45.7)
Realized and unrealized foreign exchange losses, net	8.6	3.7
Stock-based compensation	3.6	5.1
Divestiture and impairment charges	—	0.5
Interest income on swaps designated as net investment hedges	(3.5)	(3.7)
Other non-cash, net	1.4	(1.9)
Changes in operating assets and liabilities:		
Trade accounts and notes receivable	(52.6)	5.4
Inventories	(36.2)	(27.1)
Prepaid expenses and other assets	(18.0)	(38.2)
Accounts payable	33.4	29.0
Other accrued liabilities	30.7	(73.3)
Other liabilities	(3.8)	1.8
Cash provided by (used for) operating activities	<u>39.6</u>	<u>(0.8)</u>
Investing activities:		
Purchase of property, plant and equipment	(31.8)	(22.7)
Interest proceeds on swaps designated as net investment hedges	3.5	3.7
Other investing activities, net	0.5	0.4
Cash used for investing activities	<u>(27.8)</u>	<u>(18.6)</u>
Financing activities:		
Payments on short-term borrowings	(20.0)	(10.6)
Payments on long-term borrowings	(6.7)	(307.2)
Financing-related costs	(1.5)	—
Purchases of common stock	(63.7)	—
Net cash flows associated with stock-based awards	0.1	(1.1)
Purchase of noncontrolling interests	—	(1.6)
Other financing activities, net	(0.7)	(0.8)
Cash used for financing activities	<u>(92.5)</u>	<u>(321.3)</u>
Decrease in cash	(80.7)	(340.7)
Effect of exchange rate changes on cash	(13.5)	(19.8)
Cash at beginning of period	1,364.0	1,020.5
Cash at end of period	<u>\$ 1,269.8</u>	<u>\$ 660.0</u>
Cash at end of period reconciliation:		
Cash and cash equivalents	\$ 1,266.9	\$ 657.2
Restricted cash	2.9	2.8
Cash at end of period	<u>\$ 1,269.8</u>	<u>\$ 660.0</u>

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)

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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, 2021 and December 31, 2020, the results of operations, comprehensive loss, changes in shareholders' equity and cash flows for the three months ended March 31, 2021 and 2020. 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, 2020. 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, 2021 are not necessarily indicative of the results to be expected for a full year.

Summary of Significant Accounting Policies

Recently Adopted Accounting Guidance

In March 2020, we adopted ASU 2020-04, "Reference Rate Reform" which provides optional expedients exercisable through December 31, 2022 to ease the potential burden in accounting for the effects of reference rate reform on financial reporting. In January 2021, the FASB issued ASU No. 2021-01, "Reference Rate Reform (Topic 848): Scope," which clarified the scope and application of the original guidance. As of March 31, 2021, the expedients provided in this standard do not impact the Company. We will continue to monitor for potential impacts on our financial statements.

In December 2020, we adopted ASU 2019-12, "Simplifying the Accounting for Income Taxes", which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and updating provisions related to accounting for franchise (or similar) tax partially based on income and interim recognition of enactment of tax law changes. The adoption of this standard did not have a material impact on our financial statements.

Risks and Uncertainties

In March 2020, the World Health Organization characterized the coronavirus ("COVID-19") a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The rapid spread of the pandemic and the continuously evolving responses to combat it have had a negative impact on the global economy. The Company's results of operations, financial condition and cash flows were significantly impacted during 2020 as a result of the pandemic and we continue to see impacts to our business given the continued significant presence, and actual or potential spread, of the virus globally, as well as preventative measures enacted in certain regions of the world. We are currently unable to fully determine the future impact of COVID-19 on our business, though we believe the pandemic will continue to have a negative effect on our business during 2021, and potentially longer. We are monitoring the progression of the pandemic and its ongoing and potential effect on our financial position, results of operations, and cash flows, which effects could be materially adverse in a particular quarterly reporting period as well as on an annual basis for 2021, and potentially longer.

(2) REVENUE

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 current assets on the balance sheet. The contract asset balances at March 31, 2021 and December 31, 2020 were \$38.1 million and \$37.2 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, 2021 and December 31, 2020, the total carrying value of BIPs were \$161.0 million and \$165.4 million, respectively, and are presented within other assets on the condensed consolidated balance sheets. For the three months ended March 31, 2021 and 2020, \$15.3 million, and \$16.9 million, respectively, was 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 \$74.2 million and \$79.8 million at March 31, 2021 and December 31, 2020, respectively, which will be repaid in future periods.

See Note 16 for disaggregated net sales by end-market.

(3) GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

Goodwill

The following table shows changes in the carrying amount of goodwill from December 31, 2020 to March 31, 2021 by reportable segment:

	Performance Coatings	Mobility Coatings	Total
Balance at December 31, 2020	\$ 1,211.3	\$ 83.6	\$ 1,294.9
Foreign currency translation	(35.2)	(2.5)	(37.7)
Balance at March 31, 2021	<u>\$ 1,176.1</u>	<u>\$ 81.1</u>	<u>\$ 1,257.2</u>

Identifiable Intangible Assets

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

March 31, 2021	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	\$ 552.5	\$ (387.5)	\$ 165.0	10.4
Trademarks—indefinite-lived	274.1	—	274.1	Indefinite
Trademarks—definite-lived	101.6	(38.3)	63.3	16.0
Customer relationships	928.3	(335.8)	592.5	19.0
Other	15.3	(11.8)	3.5	5.0
Total	<u>\$ 1,871.8</u>	<u>\$ (773.4)</u>	<u>\$ 1,098.4</u>	

December 31, 2020	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	\$ 564.8	\$ (383.6)	\$ 181.2	10.4
Trademarks—indefinite-lived	282.9	—	282.9	Indefinite
Trademarks—definite-lived	103.6	(37.5)	66.1	16.0
Customer relationships	943.6	(329.3)	614.3	19.0
Other	15.3	(11.0)	4.3	5.0
Total	<u>\$ 1,910.2</u>	<u>\$ (761.4)</u>	<u>\$ 1,148.8</u>	

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

The estimated amortization expense related to the fair value of acquired intangible assets for the remainder of 2021 and each of the succeeding five years is:

Remainder of 2021	\$	85.6
2022		112.1
2023		71.8
2024		66.8
2025		66.2
2026		65.6

(4) 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.

During the three months ended March 31, 2021 and 2020, we incurred costs for termination benefits of \$4.5 million, and \$18.5 million, respectively. These amounts are recorded within other operating charges in the condensed consolidated statements of operations. The remaining payments associated with these actions are expected to be substantially completed within 24 months.

The following table summarizes the activity related to termination benefit reserves and expenses from December 31, 2020 to March 31, 2021:

	2021 Activity
Balance at December 31, 2020	\$ 55.8
Expenses, net of changes to estimates	4.5
Payments made	(19.2)
Foreign currency translation	(1.5)
Balance at March 31, 2021	\$ 39.6

(5) 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, 2021 and December 31, 2020, we had outstanding bank guarantees of \$8.2 million and \$8.5 million, respectively. A portion of our bank guarantees expire between 2021 and 2026, while others do not have specified expiration dates. We monitor the customer obligations and bank guarantees to evaluate whether we have a liability at the balance sheet date. During the three months ended March 31, 2020, we incurred a \$1.0 million charge related to our outstanding bank guarantees. We did not have any liabilities related to our outstanding bank guarantees recorded at March 31, 2021 and December 31, 2020.

Operational Matter

In January 2021, we became aware of an operational matter affecting certain North America Mobility Coatings customer manufacturing sites. The matter involves the use and application of certain of our products in combination with and incorporated within third party products. The matter occurred over a discrete period during the fourth quarter of 2020.

When we filed, and as disclosed in, our Annual Report on Form 10-K for the year ended December 31, 2020, we estimated that it was reasonably possible that losses associated with the matter could have been up to \$250 million. Based on further developments since the filing of our Annual Report on Form 10-K, we have concluded that losses from this matter are probable and, therefore, recorded a charge of \$94.4 million for such probable losses during the three months ended March 31, 2021. The recorded probable losses are an estimate and actual costs arising from this matter could be materially lower or higher depending on the actual costs incurred to repair the impacted products.

Based on the information currently available surrounding the full scope and associated responsibilities among relevant parties, we believe it is reasonably possible that we could incur losses in addition to the recorded probable losses of up to \$65 million. We maintain insurance, with significant policy limits, that could provide coverage for the liabilities or other

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

losses that may arise from this matter. We have submitted an insurance claim, and discussions with our insurers are ongoing. No agreement or resolution has been reached.

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 matters may involve third-party indemnification obligations and/or insurance covering all or part of any potential damage incurred by 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. The potential effects, if any, on our consolidated financial statements will be recorded in the period in which these matters are probable and estimable. Except as set forth in the "Operational Matter" section above, we believe that any sum we may be required to pay in connection with proceedings or claims in excess of the amounts recorded would likely not have a material adverse effect upon our results of operations, financial conditions or cash flows on a consolidated annual basis but could have a material adverse impact in a particular quarterly reporting period.

We are involved in environmental remediation and ongoing compliance activities at several sites. The timing and duration of remediation and ongoing compliance activities are determined on a site by site basis depending on local regulations. The liabilities recorded represent our estimable future remediation costs and other anticipated environmental liabilities. We have not recorded liabilities at sites where a liability is probable, but that a range of loss is not reasonably estimable. We believe that any sum we may be required to pay in connection with environmental remediation matters in excess of the amounts recorded would likely occur over a period of time and would likely not have a material adverse effect upon our results of operations, financial condition or cash flows on a consolidated annual basis but could have a material adverse impact in a particular quarterly reporting period.

(6) LONG-TERM EMPLOYEE BENEFITS

Components of Net Periodic Benefit Cost

The following table sets forth the components of net periodic benefit costs for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Components of net periodic benefit cost:		
Net periodic benefit cost:		
Service cost	\$ 1.8	\$ 1.8
Interest cost	2.0	2.3
Expected return on plan assets	(3.4)	(3.2)
Amortization of actuarial loss, net	1.2	1.0
Plan curtailments	—	(1.2)
Net periodic benefit cost	<u>\$ 1.6</u>	<u>\$ 0.7</u>

All non-service components of net periodic benefit cost are recorded in other (income) expense, net within the accompanying condensed consolidated statements of operations.

(7) STOCK-BASED COMPENSATION

During the three months ended March 31, 2021 and 2020, we recognized expenses of \$3.6 million and \$5.1 million, respectively, in stock-based compensation, 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 on stock-based compensation of \$0.3 million and \$0.2 million for the three months ended March 31, 2021 and 2020, respectively.

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

2021 Activity

A summary of award activity by type for the three months ended March 31, 2021 is presented below.

Stock Options	Awards (in millions)	Weighted- Average Exercise Price	Aggregate Intrinsic Value (in millions)	Weighted Average Remaining Contractual Life (years)
Outstanding at January 1, 2021	2.5	\$ 27.34		
Granted	—	\$ —		
Exercised	(0.1)	\$ 22.76		
Forfeited / Expired ⁽¹⁾	—	\$ 29.88		
Outstanding at March 31, 2021	<u>2.4</u>	<u>\$ 27.40</u>		
Vested and expected to vest at March 31, 2021	2.4	\$ 27.40	\$ 7.1	4.17
Exercisable at March 31, 2021	2.2	\$ 27.46	\$ 6.5	3.80

(1) Activity during the three months ended March 31, 2021 rounds to zero.

Cash received by the Company upon exercise of options for the three months ended March 31, 2021 was \$1.3 million. No excess tax benefits or shortfall expenses were recorded related to these exercises.

At March 31, 2021, there was \$0.4 million of unrecognized expense relating to unvested stock options that is expected to be amortized over the weighted average period of 0.9 year.

Restricted Stock Awards and Restricted Stock Units ⁽¹⁾	Awards/Units (millions)	Weighted-Average Fair Value
Outstanding at January 1, 2021	1.0	\$ 28.84
Granted	0.5	\$ 28.54
Vested	(0.4)	\$ 28.84
Forfeited ⁽²⁾	—	\$ 29.35
Outstanding at March 31, 2021	<u>1.1</u>	<u>\$ 28.69</u>

(1) As of March 31, 2021, there are no restricted stock awards outstanding and only restricted stock units remain.

(2) Activity during the three months ended March 31, 2021 rounds to zero.

Tax shortfall expenses on the vesting of restricted stock awards and restricted stock units during the three months ended March 31, 2021 was \$0.1 million.

At March 31, 2021, there was \$22.2 million of unamortized expense relating to unvested restricted stock units that is expected to be amortized over a weighted average period of 1.8 years.

Performance Stock Awards and Performance Share Units ⁽¹⁾	Awards/Units (millions)	Weighted-Average Fair Value
Outstanding at January 1, 2021	0.5	\$ 31.07
Granted	0.4	\$ 29.53
Vested	—	\$ —
Forfeited	(0.1)	\$ 32.93
Outstanding at March 31, 2021	<u>0.8</u>	<u>\$ 30.21</u>

(1) As of March 31, 2021, there are no performance stock awards outstanding and only performance share units remain.

Our performance stock awards and performance share units allow for participants to vest in more or less than the targeted number of shares granted. All of our performance awards are currently performing below the applicable targets. We currently expect a total of 0.6 million shares with a weighted average fair value per share of \$29.91 to vest. At March 31, 2021, there is \$13.5 million of unamortized expense relating to unvested performance share units that is expected to be amortized over a weighted average period of 2.6 years. The forfeitures include performance stock awards and performance share units that vested below threshold payout.

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

(8) OTHER (INCOME) EXPENSE, NET

	Three Months Ended March 31,	
	2021	2020
Foreign exchange losses, net	\$ 1.8	\$ 2.3
Debt extinguishment and refinancing related costs	—	2.4
Other miscellaneous income, net	(2.2)	(3.9)
Total	\$ (0.4)	\$ 0.8

(9) INCOME TAXES

Our effective income tax rates for the three months ended March 31, 2021 and 2020 are as follows:

	Three Months Ended March 31,	
	2021	2020
Effective Tax Rate	19.5 %	(88.5)%

The Company's effective tax rate for the periods reflected in the condensed consolidated financial statements are not directly comparable primarily due to the intra-entity asset transfers of certain of its intellectual property and the impacts of certain ongoing tax audits, which occurred during the three months ended March 31, 2020 and are discussed below.

On January 1, 2020, we completed an intra-entity transfer of certain intellectual property rights (the "IP") to our Swiss subsidiary, where our EMEA regional headquarters is located. The transfer of the IP did not result in a taxable gain; however, it did result in step-up of the Swiss tax-deductible basis in the transferred assets and, accordingly, created a temporary difference between the book basis and the tax basis of the IP, which was transferred at fair value. We applied significant judgment when determining the fair value of the IP, which serves as the tax basis of the deferred tax asset. Consequently, this transaction resulted in the recognition of a deferred tax asset at the applicable Swiss tax rate, resulting in a one-time tax benefit of \$50.5 million during the three months ended March 31, 2020. The Company expects to be able to realize the deferred tax assets resulting from these intra-entity asset transfers.

In connection with the income tax audit in Germany for the tax period 2010-2013, the Germany Tax Authority ("GTA") indicated that it believed that certain positions taken on the 2010-2013 corporate income tax returns were not in compliance with German tax law. While the Company disagrees with the conclusions of the GTA based on the technical merits of our positions, after extensive discussions with the GTA and to avoid a potentially long and costly litigation process, in March 2020 the Company expressed a willingness to settle with the GTA on certain matters and expects to reach a formal agreement in the coming months. As a result of these changes, the Company recorded a charge to income tax expense of \$14.3 million during the three months ended March 31, 2020. The Company is also currently under audit in Germany for tax years 2014-2017 and is prepared to vigorously defend itself on these matters.

The Company anticipates that it is reasonably possible it will settle up to \$11.8 million, exclusive of interest and penalties, of its current unrecognized tax benefits within 2021 due to the conclusion of the 2010-2013 German income tax audit.

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

(10) NET INCOME PER COMMON SHARE

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

(In millions, except per share data)	Three Months Ended March 31,	
	2021	2020
Net income to common shareholders	\$ 15.2	\$ 52.2
Basic weighted average shares outstanding	233.9	234.9
Diluted weighted average shares outstanding	234.7	235.9
Net income per common share:		
Basic net income per share	\$ 0.06	\$ 0.22
Diluted net income per share	\$ 0.06	\$ 0.22

The number of anti-dilutive shares that have been excluded in the computation of diluted net income per share for the three months ended March 31, 2021 and 2020 were 1.5 million and 2.6 million, respectively.

(11) ACCOUNTS AND NOTES RECEIVABLE, NET

Trade accounts receivable are stated at the amount we expect to collect. We maintain allowances for doubtful accounts for estimated losses by applying historical loss percentages, combined with reasonable and supportable forecasts of future losses, to respective aging categories. Management considers the following factors in developing its current estimate of expected credit losses: customer credit-worthiness, past transaction history with the customer, current economic industry trends, changes in market or regulatory matters, and changes in customer payment terms, including the ongoing impacts from COVID-19.

	March 31, 2021	December 31, 2020
Accounts receivable - trade, net ⁽¹⁾	\$ 778.4	\$ 738.3
Notes receivable	22.1	30.3
Other	101.8	101.2
Total	\$ 902.3	\$ 869.8

(1) Allowance for doubtful accounts was \$25.2 million and \$26.5 million at March 31, 2021 and December 31, 2020, respectively.

Bad debt expense of \$0.7 million, and \$3.4 million was included within selling, general and administrative expenses for the three months ended March 31, 2021 and 2020, respectively.

(12) INVENTORIES

	March 31, 2021	December 31, 2020
Finished products	\$ 324.5	\$ 319.3
Semi-finished products	97.1	92.2
Raw materials	138.6	127.2
Stores and supplies	22.0	21.2
Total	\$ 582.2	\$ 559.9

Inventory reserves were \$14.9 million and \$17.0 million at March 31, 2021 and December 31, 2020, respectively.

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

(13) PROPERTY, PLANT AND EQUIPMENT, NET

	March 31, 2021	December 31, 2020
Property, plant and equipment	\$ 2,290.0	\$ 2,317.9
Accumulated depreciation	(1,126.4)	(1,123.4)
Property, plant, and equipment, net	<u>\$ 1,163.6</u>	<u>\$ 1,194.5</u>

Depreciation expense amounted to \$31.9 million, and \$41.6 million for the three months ended March 31, 2021 and 2020, respectively.

(14) BORROWINGS

Borrowings are summarized as follows:

	March 31, 2021	December 31, 2020
2024 Dollar Term Loans	\$ 2,057.1	\$ 2,063.2
2025 Euro Senior Notes	528.6	552.1
2027 Dollar Senior Notes	500.0	500.0
2029 Dollar Senior Notes	700.0	700.0
Short-term and other borrowings	112.9	118.0
Unamortized original issue discount	(6.0)	(6.3)
Unamortized deferred financing costs	(32.6)	(34.3)
Total borrowings, net	<u>3,860.0</u>	<u>3,892.7</u>
Less:		
Short-term borrowings	25.6	29.9
Current portion of long-term borrowings	24.3	24.3
Long-term debt	<u>\$ 3,810.1</u>	<u>\$ 3,838.5</u>

Revolving Credit Facility

At March 31, 2021 and December 31, 2020, letters of credit issued under the Revolving Credit Facility totaled \$34.0 million which reduced the availability under the Revolving Credit Facility. Availability under the Revolving Credit Facility was \$366.0 million at March 31, 2021 and December 31, 2020.

Future repayments

Below is a schedule of required future repayments of all borrowings outstanding at March 31, 2021.

Remainder of 2021	\$ 42.4
2022	54.4
2023	27.3
2024	1,993.3
2025	531.9
Thereafter	1,249.3
Total borrowings	<u>3,898.6</u>
Unamortized original issue discount	(6.0)
Unamortized deferred financing costs	(32.6)
Total borrowings, net	<u>\$ 3,860.0</u>

(15) 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 income, net. The fair values of equity securities are based upon quoted market prices, which are considered Level 1 inputs.

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

Long-term borrowings - The estimated fair values of these borrowings 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, cross-currency swaps, and foreign currency forward contracts are valued using broker quotations, or market transactions in either the listed or over-the-counter markets. As such, these derivative instruments are included in the Level 2 hierarchy.

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, 2021 and December 31, 2020.

	March 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Prepaid expenses and other current assets:								
Cross-currency swaps ⁽²⁾	\$ —	\$ 18.5	\$ —	\$ 18.5	\$ —	\$ 16.7	\$ —	\$ 16.7
Other assets:								
Investments in equity securities	0.7	—	—	0.7	0.8	—	—	0.8
Liabilities:								
Other accrued liabilities:								
Interest rate caps ⁽¹⁾	—	1.5	—	1.5	—	2.0	—	2.0
Interest rate swaps ⁽¹⁾	—	28.7	—	28.7	—	28.9	—	28.9
Foreign currency forward contracts ⁽¹⁾	—	0.1	—	0.1	—	—	—	—
Other liabilities:								
Interest rate swaps ⁽¹⁾	—	22.8	—	22.8	—	31.1	—	31.1
Cross-currency swaps ⁽²⁾	—	28.9	—	28.9	—	52.0	—	52.0
Long-term borrowings:								
2024 Dollar Term Loans	—	2,057.0	—	2,057.0	—	2,043.0	—	2,043.0
2025 Euro Senior Notes	—	539.3	—	539.3	—	564.3	—	564.3
2027 Dollar Senior Notes	—	519.2	—	519.2	—	533.1	—	533.1
2029 Dollar Senior Notes	—	681.7	—	681.7	—	704.6	—	704.6

(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.

The following table presents the fair values of derivative instruments that qualify and have been designated as cash flow and net investment hedges included in accumulated other comprehensive loss ("AOCI"):

	March 31, 2021	December 31, 2020
AOCI:		
Interest rate caps (cash flow hedges)	\$ 2.0	\$ 2.6
Interest rate swaps (cash flow hedges)	51.5	60.0
Foreign currency forward contracts (cash flow hedges)	0.2	0.3
Cross-currency swaps (net investment hedges)	10.4	35.2
Total AOCI	\$ 64.1	\$ 98.1

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, 2021 and 2020 for these cash flow and net investment hedges.

Derivatives in Cash Flow and Net Investment Hedges	Location of Loss (Gain) Recognized in Income on Derivatives	For the Three Months Ended March 31,			
		2021		2020	
		Net Amount of Gain Recognized in OCI on Derivatives	Amount of Loss (Gain) Recognized in Income	Net Amount of Loss (Gain) Recognized in OCI on Derivatives	Amount of Loss (Gain) Recognized in Income
Interest rate caps	Interest expense, net	\$ —	\$ 0.6	\$ 1.1	\$ 0.3
Interest rate swaps	Interest expense, net	(1.5)	7.0	41.5	1.6
Foreign currency forward contracts	Cost of goods sold	(0.1)	—	—	—
Cross-currency swaps	Interest expense, net	(29.6)	(4.8)	(22.5)	(3.7)

Over the next 12 months, we expect losses of \$31.0 million pertaining to cash flow hedges to be reclassified from AOCI into earnings, related to our interest rate caps, interest rate swaps, and foreign currency forward contracts.

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 condensed consolidated statement of operations.

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 Recognized in Income on Derivatives	Three Months Ended March 31,	
		2021	2020
Foreign currency forward contracts	Other (income) expense, net	\$ (6.8)	\$ (1.7)

(16) 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 Mobility Coatings. Previously named Transportation Coatings, our Mobility Coatings segment was renamed during the three months ended March 31, 2021 with no changes to the underlying business or segment structure. The CODM reviews financial information at the operating segment level to allocate resources and to assess the operating results and financial performance for each operating segment. Our CODM is identified as the Chief Executive Officer because he has final authority over performance assessment and resource allocation decisions. Our segments are based on the type and concentration of customers served, service requirements, methods of distribution and major product lines.

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

Through our Mobility 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.

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

Adjusted EBIT is 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,	
	2021	2020
Net sales ⁽¹⁾ :		
Refinish	\$ 399.0	\$ 367.8
Industrial	308.3	279.9
Total Net sales Performance Coatings	707.3	647.7
Light Vehicle	278.9	260.1
Commercial Vehicle	77.4	75.7
Total Net sales Mobility Coatings	356.3	335.8
Total Net sales	<u>\$ 1,063.6</u>	<u>\$ 983.5</u>
	March 31,	December 31,
	2021	2020
Investment in unconsolidated affiliates:		
Performance Coatings	\$ 2.0	\$ 2.0
Mobility Coatings	8.3	8.7
Total	<u>\$ 10.3</u>	<u>\$ 10.7</u>

(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,	
	2021	2020
Segment Adjusted EBIT ⁽¹⁾ :		
Performance Coatings	\$ 117.2	\$ 79.4
Mobility Coatings	39.2	25.8
Total ⁽²⁾	<u>156.4</u>	<u>105.2</u>
Interest expense, net	33.5	36.5
Debt extinguishment and refinancing related costs ^(a)	—	2.4
Termination benefits and other employee related costs ^(b)	2.8	19.5
Strategic review and retention costs ^(c)	5.4	11.5
Offering and transactional costs ^(d)	0.2	0.1
Impairment charges ^(e)	—	0.5
Pension special events ^(f)	—	(1.2)
Accelerated depreciation ^(g)	0.6	8.1
Operational matter ^(h)	94.4	—
Income before income taxes	<u>\$ 19.5</u>	<u>\$ 27.8</u>

- (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 as there are additional adjustments that are not allocated to the segments.
- (a) Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
- (b) Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs. Employee termination benefits are primarily associated with Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.
- (c) Represents costs for legal, tax and other advisory fees pertaining to our review of strategic alternatives that was concluded in March 2020, as well as retention awards for certain employees which will be earned over a period of 18-24 months, ending September 2021. These amounts are not considered indicative of our ongoing performance.
- (d) Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.
- (e) Represents impairment charges, which are not considered indicative of our ongoing performance.
- (f) Represents certain defined benefit pension costs associated with special events, including pension curtailments, settlements and special termination benefits, which we do not consider indicative of our ongoing operating performance.
- (g) 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.
- (h) Represents expenses and probable liabilities associated with the operational matter in the Mobility Coatings segment discussed further in Note 5, which is not indicative of our ongoing operating performance.

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

(17) ACCUMULATED OTHER COMPREHENSIVE LOSS

	Unrealized Currency Translation Adjustments	Pension Adjustments	Unrealized (Loss) Gain on Derivatives	Accumulated Other Comprehensive (Loss) Income
Balance at December 31, 2020	\$ (282.0)	\$ (88.7)	\$ (54.1)	\$ (424.8)
Current year deferrals to AOCI	(37.4)	—	1.3	(36.1)
Reclassifications from AOCI to Net income	—	0.7	6.6	7.3
Net Change	(37.4)	0.7	7.9	(28.8)
Balance at March 31, 2021	<u>\$ (319.4)</u>	<u>\$ (88.0)</u>	<u>\$ (46.2)</u>	<u>\$ (453.6)</u>

The cumulative income tax benefit related to the adjustments for pension benefits at March 31, 2021 was \$33.0 million. The cumulative income tax benefit related to the adjustments for unrealized loss on derivatives at March 31, 2021 was \$7.5 million.

	Unrealized Currency Translation Adjustments	Pension Adjustments	Unrealized Gain (Loss) on Derivatives	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2019	\$ (297.0)	\$ (69.9)	\$ (28.6)	\$ (395.5)
Current year deferrals to AOCI	(83.3)	—	(36.3)	(119.6)
Reclassifications from AOCI to Net income	—	(0.4)	1.6	1.2
Net Change	(83.3)	(0.4)	(34.7)	(118.4)
Balance at March 31, 2020	<u>\$ (380.3)</u>	<u>\$ (70.3)</u>	<u>\$ (63.3)</u>	<u>\$ (513.9)</u>

Included within the reclassification from AOCI to Net Income for the three months ended March 31, 2020 was \$1.2 million of curtailment gains. The cumulative income tax benefit related to the adjustments for pension benefits at March 31, 2020 was \$26.8 million. The cumulative income tax benefit related to the adjustments for unrealized loss on derivatives at March 31, 2020 was \$10.3 million.

(18) SUBSEQUENT EVENTS

Share repurchase program

In April 2021, our Board of Directors authorized an increase in our common share repurchase program of \$625.0 million, bringing the size of the program, initially announced in March 2017, to a total of \$1.3 billion, of which we have already repurchased approximately \$500.0 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, 2020.

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 the negative of these words or other comparable or similar terminology. 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, including, but not limited to, those described in "Risk 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.

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 and products. 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 46 manufacturing facilities, four technology centers, 52 customer training centers and approximately 13,000 people 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 Mobility Coatings. Previously named Transportation Coatings, our Mobility Coatings segment was renamed during the three months ended March 31, 2021 with no changes to the underlying business or segment structure. 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 Mobility Coatings segment, we provide advanced coating technologies to original equipment manufacturers ("OEMs") of light and commercial vehicles. These increasingly global customers require a high level of technical support coupled with cost-effective, environmentally responsible, coatings systems that can be applied with a high degree of precision, consistency and speed. The end-markets within this segment are light vehicle and commercial vehicle.

BUSINESS HIGHLIGHTS*General Business Highlights*

Our net sales increased 8.1%, including a 3.2% benefit from foreign currency translation, for the three months ended March 31, 2021 compared with the three months ended March 31, 2020. The increased sales were primarily driven by higher volumes of 4.6% as a result of demand recovery from the impacts of COVID-19 as well as slightly higher average selling price and product mix of 0.3%. The following trends have impacted our segment and end-market net sales performance:

- *Performance Coatings*: Net sales increased 9.2%, including a 4.2% benefit from foreign currency translation, for the three months ended March 31, 2021 compared with the three months ended March 31, 2020. The increased sales were primarily driven by higher volumes of 6.2% as a result of demand recovery from the impacts of COVID-19, partially offset by a 1.2% decrease in average selling prices and product mix. The favorable foreign currency translation is driven primarily by fluctuations of the Euro compared to the U.S. Dollar.
- *Mobility Coatings*: Net sales increased 6.1%, including a 1.5% benefit from foreign currency translation, for the three months ended March 31, 2021 compared with the three months ended March 31, 2020. The increased sales were primarily driven by 3.1% higher average selling prices and product mix, as well as higher volumes of 1.5% as a result of demand recovery from the impacts of COVID-19.

Our business serves four end-markets globally with net sales for the three months ended March 31, 2021 and 2020, as follows:

(In millions)	Three Months Ended March 31,		2021 vs 2020
	2021	2020	% change
Performance Coatings			
Refinish	\$ 399.0	\$ 367.8	8.5 %
Industrial	308.3	279.9	10.1 %
Total Net sales Performance Coatings	707.3	647.7	9.2 %
Mobility Coatings			
Light Vehicle	278.9	260.1	7.2 %
Commercial Vehicle	77.4	75.7	2.2 %
Total Net sales Mobility Coatings	356.3	335.8	6.1 %
Total Net sales	\$ 1,063.6	\$ 983.5	8.1 %

Coronavirus (COVID-19) Pandemic

During the three months ended March 31, 2021, the Company continued its recovery, which began in the second half of 2020, from the significant adverse impact on the demand for our products and, thus, our income from operations, caused by the COVID-19 pandemic during the first half of 2020. While we have continued to see sequential improvements quarter over quarter, we remain cognizant of the potential impacts of new variants, shutdowns or restrictions put in place on our future results of operations, financial condition and cash flows.

We continue to actively monitor and manage supply chain challenges, including logistics, but thus far, there have been no significant disruptions. Our supply chain team is coordinating with our suppliers to identify and mitigate potential areas of risk and manage inventories. Our business continues to be impacted in certain regions and end-markets as a result of government restrictions which were in place for parts of the first quarter and we will continue to monitor impacts.

From a liquidity standpoint, we have \$1,266.9 million of cash and cash equivalents and \$366.0 million of available borrowing capacity under our Senior Secured Credit Facilities. We have no outstanding borrowing on the Revolving Credit Facility and, therefore, are not currently subject to any financial covenants under the Senior Secured Credit Facility.

Capital and Liquidity Highlights

During the three months ended March 31, 2021, the Company repurchased 2.3 million shares for total consideration of \$63.6 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, 2020.

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,		2021 vs 2020	
	2021	2020	\$ Change	% Change
Net sales	\$ 1,063.6	\$ 983.5	\$ 80.1	8.1 %
Volume effect				4.6 %
Price/Mix effect				0.3 %
Exchange rate effect				3.2 %

Net sales increased due to the following:

- Higher sales volumes across both segments as a result of demand recovery from the impacts of COVID-19 which most severely impacted the Asia Pacific region during the three months ended March 31, 2020
- Favorable impacts of currency translation, due primarily to the fluctuations of the Euro and Chinese Renminbi, partially offset by the weakening of the Brazilian Real, compared to the U.S. dollar

Cost of sales

	Three Months Ended March 31,		2021 vs 2020	
	2021	2020	\$ Change	% Change
Cost of sales	\$ 684.5	\$ 646.8	\$ 37.7	5.8 %
% of net sales	64.4 %	65.8 %		

Cost of sales increased due to the following:

- Higher sales volumes across both segments driven by the impacts of COVID-19 which most significantly impacted the Asia Pacific region during the three months ended March 31, 2020
- Unfavorable impacts of currency translation, due primarily to the fluctuations of the Euro and Chinese Renminbi, partially offset by the weakening of the Brazilian Real, compared to the U.S. dollar

Partially offset by:

- Reduction in costs due to operational efficiencies associated with our cost savings initiatives
- Decreased expenses of \$4.1 million associated with improved utilization at manufacturing sites in the current year as manufacturing utilization was negatively impacted during 2020 due to COVID-19
- Decline in depreciation expense for operating equipment, primarily related to the closure of our Mechelen, Belgium site

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

- Higher sales volume covering fixed costs
- Decreases in costs due to operational efficiencies associated with cost savings initiatives

Selling, general and administrative expenses

	Three Months Ended March 31,		2021 vs 2020	
	2021	2020	\$ Change	% Change
SG&A	\$ 179.1	\$ 195.4	\$ (16.3)	(8.3)%

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

- Reduction in costs due to operational efficiencies associated with our cost savings initiatives
- Lower bad debt expenses associated with trade receivables of \$2.7 million

Partially offset by:

- Unfavorable impacts of currency translation, due primarily to the fluctuations of the Euro and Chinese Renminbi compared to the U.S. dollar

Other operating charges

	Three Months Ended March 31,		2021 vs 2020	
	2021	2020	\$ Change	% Change
Other operating charges	\$ 102.8	\$ 31.6	\$ 71.2	225.3 %

Other operating charges increased due to the following:

- Increased expenses of \$94.4 million related to a charge recorded in relation to an operational matter in our Mobility Coatings segment discussed further in Note 5 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q

Partially offset by:

- Decrease of \$16.5 million in termination benefits and other employee related costs associated with our cost saving initiatives from \$19.5 million in the prior year to \$3.0 million in the current year
- Decreased expenses of \$6.1 million associated with the review of strategic alternatives that was concluded in March 2020

Research and development expenses

	Three Months Ended March 31,		2021 vs 2020	
	2021	2020	\$ Change	% Change
Research and development expenses	\$ 15.6	\$ 16.6	\$ (1.0)	(6.0)%

Research and development expenses decreased due to the following:

- Decrease in operating expenses as a result of operational efficiencies associated with cost savings initiatives

Amortization of acquired intangibles

	Three Months Ended March 31,		2021 vs 2020	
	2021	2020	\$ Change	% Change
Amortization of acquired intangibles	\$ 29.0	\$ 28.0	\$ 1.0	3.6 %

Amortization of acquired intangibles increased due to the following:

- Unfavorable impacts of foreign currency translation, primarily related to fluctuations of the Euro compared to the U.S. dollar

Interest expense, net

	Three Months Ended March 31,		2021 vs 2020	
	2021	2020	\$ Change	% Change
Interest expense, net	\$ 33.5	\$ 36.5	\$ (3.0)	(8.2)%

Interest expense, net decreased primarily due to the following:

- Decrease in interest rates due to LIBOR decreases on our variable rate debt over the comparable period

Partially offset by:

- Unfavorable impacts of our derivative instruments used to hedge the variable interest rate exposure on certain debt arrangements
- Net increase in debt principal base as a result of our 2020 refinancing and debt issuance activities

Other (income) expense, net

	Three Months Ended March 31,		2021 vs 2020	
	2021	2020	\$ Change	% Change
Other (income) expense, net	\$ (0.4)	\$ 0.8	\$ (1.2)	(150.0)%

Other (income) expense, net changed due to the following:

- Debt extinguishment and refinancing related costs of \$2.4 million in the prior year quarter, driven by the write off of unamortized deferred financing costs and original issue discounts in relation with the voluntary prepayment of \$300.0 million of outstanding principal on our 2024 Dollar Term Loans in January 2020 compared to no similar activity in the current year quarter

Partially offset by

- Net benefits of \$1.2 million during the prior year period resulting from pension curtailments released from accumulated other comprehensive loss compared to no pension special events in the current year quarter

Provision (benefit) for income taxes

	Three Months Ended March 31,	
	2021	2020
Income before income taxes	\$ 19.5	\$ 27.8
Provision (benefit) for income taxes	3.8	(24.6)
Statutory U.S. Federal income tax rate	21.0 %	21.0 %
Effective tax rate	19.5 %	(88.5)%
Effective tax rate vs. statutory U.S. Federal income tax rate	(1.5)%	(109.5)%

	(Favorable) Unfavorable Impact	
	Three Months Ended March 31,	
	2021	2020
Items impacting the effective tax rate vs. statutory U.S. federal income tax rate		
Earnings generated in jurisdictions where the statutory rate is different from the U.S. Federal rate ⁽¹⁾	\$ (4.6)	\$ (4.3)
Changes in valuation allowance	7.0	(4.5)
Foreign exchange (loss) gain, net	(1.6)	8.5
Non-deductible expenses and interest	0.7	1.3
Increase in unrecognized tax benefits ⁽²⁾	2.2	17.9
Intra-entity asset transfer ⁽³⁾	—	(50.5)

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

(2) In 2020, the Company recorded charges of \$14.3 million related to tax positions in Germany.

(3) In 2020, the Company recorded a tax benefit related to the step-up of tax-deductible basis upon transfer of certain intellectual property rights to our Swiss subsidiary.

SEGMENT RESULTS

The Company's products and operations are managed and reported in two operating segments: Performance Coatings and Mobility Coatings. See Note 16 to the unaudited 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,		2021 vs 2020	
	2021	2020	\$ Change	% Change
Net sales	\$ 707.3	\$ 647.7	\$ 59.6	9.2 %
Volume effect				6.2 %
Price/Mix effect				(1.2)%
Exchange rate effect				4.2 %
Adjusted EBIT	\$ 117.2	\$ 79.4	\$ 37.8	47.6 %
Adjusted EBIT Margin	16.6 %	12.3 %		

Net sales increased due to the following:

- Higher volumes across both end-markets and most regions as a result of demand recovery from the impacts of COVID-19
- Favorable impacts of currency translation, due primarily to the fluctuations of the Euro compared to the U.S. dollar

Partially offset by:

- Lower average selling prices and product mix across both end-markets and driven by North America and EMEA

Adjusted EBIT increased due to the following:

- Lower operating expenses across both end-markets and most regions, resulting from operational efficiencies associated with our cost savings initiatives
- Higher volumes across both end-markets, primarily in the Asia Pacific region as a result of demand recovery from the impacts of COVID-19 and the lack of expenses resulting from underutilized manufacturing assets in the prior year quarter
- Lower variable input costs across both end-markets driven by North America and EMEA
- Favorable impacts of currency translation, due primarily to the fluctuations of the Euro compared to the U.S. dollar

Partially offset by:

- Lower average selling prices and product mix across both end-markets

Adjusted EBIT margins increased during the year due to the following:

- Lower operating expenses across both end-markets and most regions, resulting from operational efficiencies associated with our cost savings initiatives
- Higher volumes covering fixed costs across both end-markets, primarily in the Asia Pacific region as a result of demand recovery from the impacts of COVID-19 and the lack of expenses resulting from underutilized manufacturing assets in the prior year quarter

Mobility Coatings Segment

	Three Months Ended March 31,		2021 vs 2020	
	2021	2020	\$ Change	% Change
Net sales	\$ 356.3	\$ 335.8	\$ 20.5	6.1 %
Volume effect				1.5 %
Price/Mix effect				3.1 %
Exchange rate effect				1.5 %
Adjusted EBIT	\$ 39.2	\$ 25.8	\$ 13.4	51.9 %
Adjusted EBIT Margin	11.0 %	7.7 %		

Net sales increased due to the following:

- Higher average selling prices and product mix in the Light Vehicle end-market
- Higher volumes across both end-markets, primarily in the Asia Pacific region as a result of demand recovery from the impacts of COVID-19
- Favorable impacts of currency translation, due primarily to the fluctuations of the Euro and Chinese Renminbi, partially offset by the weakening of the Brazilian Real, compared to the U.S. dollar

Adjusted EBIT increased due to the following:

- Higher average selling prices and product mix in the Light Vehicle end-market
- Lower operating expenses across both end-markets and most regions, resulting from operational efficiencies associated with our cost savings initiatives
- Higher volumes across both end-markets, primarily in the Asia Pacific region as a result of demand recovery from the impacts of COVID-19 and the lack of expenses resulting from underutilized manufacturing assets in the prior year quarter

Partially offset by:

- Higher variable input costs driven by Light Vehicle
- Unfavorable impacts of currency translation, due primarily to the weakening of the Brazilian Real compared to the U.S. dollar

Adjusted EBIT margins increased during the year due to the following:

- Higher average selling prices and product mix in the Light Vehicle end-market
- Lower operating expenses across both end-markets and most regions, resulting from operational efficiencies associated with our cost savings initiatives
- Higher volumes covering fixed costs across both end-markets, primarily in the Asia Pacific region as a result of demand recovery from the impacts of COVID-19 and the lack of expenses resulting from underutilized manufacturing assets in the prior year quarter

LIQUIDITY AND CAPITAL RESOURCES

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

At March 31, 2021, availability under the Revolving Credit Facility was \$366.0 million, net of \$34.0 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, 2021, we had \$18.4 million of outstanding borrowings under other lines of credit. Our remaining available borrowing capacity under other lines of credit in certain non-U.S. jurisdictions totaled \$5.7 million.

We, or our affiliates, at any time and from time to time, may purchase shares of our common stock, the Senior Notes, prepay our Term Loans or other indebtedness. Any such purchases of our common stock or Senior Notes 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

(In millions)	Three Months Ended March 31,	
	2021	2020
Net cash provided by (used for):		
Operating activities:		
Net income	\$ 15.7	\$ 52.4
Depreciation and amortization	76.4	86.6
Amortization of deferred financing costs and original issue discount	2.2	2.2
Debt extinguishment and refinancing related costs	—	2.4
Deferred income taxes	(18.3)	(45.7)
Realized and unrealized foreign exchange losses, net	8.6	3.7
Stock-based compensation	3.6	5.1
Divestiture and impairment charges	—	0.5
Interest income on swaps designated as net investment hedges	(3.5)	(3.7)
Other non-cash, net	1.4	(1.9)
Net income adjusted for non-cash items	86.1	101.6
Changes in operating assets and liabilities	(46.5)	(102.4)
Operating activities	39.6	(0.8)
Investing activities	(27.8)	(18.6)
Financing activities	(92.5)	(321.3)
Effect of exchange rate changes on cash	(13.5)	(19.8)
Net decrease in cash, cash equivalents and restricted cash	\$ (94.2)	\$ (360.5)

Three months ended March 31, 2021
Net Cash Provided by Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2021 was \$39.6 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of \$86.1 million. This was offset by net uses of working capital of \$46.5 million, for which the most significant drivers were increases in accounts and notes receivable, inventory, and prepaid expenses and other assets of \$52.6 million, \$36.2 million, and \$18.0 million, respectively. These outflows were primarily driven by timing of collections and building inventory to pre-COVID levels to align with returning demand and inflation of raw material costs. The outflows were partially offset by increases in accounts payable of \$33.4 million due to increased production and inflation of raw material costs and other accruals of \$30.7 million due to accruals related to the operational matter within the Mobility Coatings segment, which is discussed further in Note 5 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, partially offset by the timing of cash payments for employee related benefits, customer incentive payments and payments related to normal seasonal operating activities.

Net Cash Used for Investing Activities

Net cash used for investing activities for the three months ended March 31, 2021 was \$27.8 million. The primary use was for purchases of property, plant and equipment of \$31.8 million, partially offset by interest proceeds on swaps designated as net investment hedges of \$3.5 million.

Net Cash Used for Financing Activities

Net cash used for financing activities for the three months ended March 31, 2021 was \$92.5 million. The primary uses were for the purchase of common stock totaling \$63.7 million and payments of \$26.7 million on borrowings.

Other Impacts on Cash

Currency exchange impacts on cash for the three months ended March 31, 2021 were unfavorable by \$13.5 million, which was driven primarily by weakening of the Euro compared to the U.S. Dollar.

Three months ended March 31, 2020

Net Cash Used for Operating Activities

Net cash used for operating activities for the three months ended March 31, 2020 was \$0.8 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of \$101.6 million. This was offset by net uses of working capital of \$102.4 million, for which the most significant drivers were decreases in other accrued liabilities of \$73.3 million and increases in prepaid expenses and other assets of \$38.2 million and inventory of \$27.1 million, during the three months ended March 31, 2020. These outflows were primarily related to the timing of cash payments for employee related benefits, customer incentive payments and payments related to normal seasonal operating activities. Partially offsetting these outflows were increases in accounts payable of \$29.0 million.

Net Cash Used for Investing Activities

Net cash used for investing activities for the three months ended March 31, 2020 was \$18.6 million. The primary use was for purchases of property, plant and equipment of \$22.7 million partially offset by interest proceeds on swaps designated as net investment hedges of \$3.7 million.

Net Cash Used for Financing Activities

Net cash used for financing activities for the three months ended March 31, 2020 was \$321.3 million. This change was driven primarily by the voluntary prepayment of \$300.0 million of the outstanding principal on the 2024 Dollar Term Loans, routine repayments of \$17.8 million on short-term and long-term borrowings, investments in noncontrolling interests of \$1.6 million, and net cash outflows related to stock-based awards of \$1.1 million.

Other Impacts on Cash

Currency exchange impacts on cash for the three months ended March 31, 2020 were unfavorable by \$19.8 million, which was driven primarily by weakening of the Mexican Peso, British Pound, South African Rand and Russian Ruble compared to the U.S. Dollar.

Financial Condition

We had cash and cash equivalents at March 31, 2021 and December 31, 2020 of \$1,266.9 million and \$1,360.9 million, respectively. Of these balances, \$664.3 million and \$761.7 million were maintained in non-U.S. jurisdictions as of March 31, 2021 and December 31, 2020, respectively. We believe our organizational structure allows us the necessary flexibility to move funds throughout our subsidiaries to meet our operational working capital needs.

Our business may not generate sufficient cash flow from operations and future borrowings may not be available under our Senior Secured Credit Facilities in an amount sufficient to enable us to pay our indebtedness, or to fund our other liquidity needs, including planned capital expenditures. In such circumstances, we may need to refinance all or a portion of our indebtedness on or before maturity. We may not be able to refinance any of our indebtedness on commercially reasonable terms or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. Our primary sources of liquidity are cash on hand, cash flow from operations and available borrowing capacity under our 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, including the effects of COVID-19.

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

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

(In millions)	March 31, 2021	December 31, 2020
2024 Dollar Term Loans	\$ 2,057.1	\$ 2,063.2
2025 Euro Senior Notes	528.6	552.1
2027 Dollar Senior Notes	500.0	500.0
2029 Dollar Senior Notes	700.0	700.0
Short-term and other borrowings	112.9	118.0
Unamortized original issue discount	(6.0)	(6.3)
Unamortized deferred financing costs	(32.6)	(34.3)
Total borrowings, net	3,860.0	3,892.7
Less:		
Short-term borrowings	25.6	29.9
Current portion of long-term borrowings	24.3	24.3
Long-term debt	\$ 3,810.1	\$ 3,838.5

Our indebtedness, including the Senior Secured Credit Facilities and Senior Notes, is more fully described in Note 18 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2020.

We believe that 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 \$366.0 million at March 31, 2021 and December 31, 2020, 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.

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, 2020. There have been no material changes in the Company's contractual obligations since December 31, 2020.

Off-Balance Sheet Arrangements

See Note 5 "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, 2020. 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, 2020.

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, 2020.

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, 2021.

Changes in internal control over financial reporting

There were no changes in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

We are from time to time party to legal proceedings that arise in the ordinary course of business. We are not involved in any litigation other than that which has arisen in the ordinary course of business. We do not expect that any currently pending lawsuits will have a material adverse effect upon our results of operations, financial condition or cash flows on a consolidated annual basis.

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, 2020.

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, 2021:

(in millions, except per share data)

Month	Total Number of Shares Purchased ⁽¹⁾⁽²⁾	Average Price Paid per Share ⁽¹⁾⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽¹⁾	Approximate Dollar Value of Shares That May Yet Be Purchased Under Our Share Repurchase Program ⁽¹⁾
January 2021	0.7	\$ 27.63	0.7	\$ 216.9
February 2021	0.3	26.96	0.3	210.2
March 2021	1.3	28.28	1.3	172.5
Total	2.3	\$ 27.94	2.3	\$ 172.5

(1) Substantially all shares were repurchased through the \$675.0 million share repurchase program announced in March 2017 (the "Program"). Under the Program, we repurchased \$63.6 million of our common shares during the three months ended March 31, 2021 and \$438.9 million in prior periods. At March 31, 2021, the Company had remaining authorization to repurchase \$172.5 million of shares. There is no expiration date on the Program. In April 2021, our Board of Directors authorized an increase in the Program by \$625.0 million, bringing the total size of the Program to \$1.3 billion, of which we have already purchased \$502.5 million.

(2) These amounts include share repurchases totaling \$0.1 million in February 2021 pursuant to the Company's 2014 Incentive Award Plan, as amended and restated (the "2014 Plan"), and applicable award agreements, under which participants may request the Company to withhold or may tender to the Company shares as satisfaction of applicable tax withholding on the vesting of restricted stock and performance stock. Shares so withheld or tendered will have been repurchased pursuant to the terms of the 2014 Plan and applicable award agreements and not pursuant to publicly announced share repurchase programs.

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
10.1	Axalta Coating Systems Ltd. Restrictive Covenant and Severance Policy
10.2	Form of Performance Share Unit Award Agreement for U.S. Employees
10.3	Form of Restricted Stock Unit Award Agreement for 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 - Inline 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 - Inline XBRL Taxonomy Extension Schema Document
101	CAL - Inline XBRL Taxonomy Extension Calculation Linkbase Document
101	DEF - Inline XBRL Taxonomy Extension Definition Linkbase Document
101	LAB - Inline XBRL Taxonomy Extension Label Linkbase Document
101	PRE - Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
†	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 26, 2021

By: /s/ Robert W. Bryant

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

Date: April 26, 2021

By: /s/ Sean M. Lannon

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

Date: April 26, 2021

By: /s/ Anthony Massey

Anthony Massey
Vice President and Global Controller
(Principal Accounting Officer)

Axalta Coating Systems Ltd.
Restrictive Covenant and Severance Policy
Effective: December 1, 2015

This Axalta Coating Systems Ltd. Restrictive Covenant and Severance Policy (this “*Policy*”) sets forth the severance benefits available to Covered Employees (as defined below) of Axalta Coating Systems Ltd. (the “*Company*” and as the context requires the Company shall include the Company’s subsidiaries) in the event a Covered Employee’s employment with the Company is terminated under certain circumstances as provided herein and certain restrictive covenants in favor of the Company.

1. Eligibility. Except as provided below, an individual will only be eligible to participate in this Policy if such individual has been specifically designated as eligible to participate in this Policy by action of the Policy Administrator (each, a “*Covered Employee*”). The initial Covered Employees are set forth on Exhibit A. In the event the employment of any Covered Employee is replaced following the Effective Date by the employment of an individual with comparable responsibilities and duties as such Covered Employee, as determined by the Chief Executive Officer or Chief Human Resources Officer of the Company, such individual shall be eligible to participate in this Policy.

2. Severance.

(a) Severance Upon Qualifying Termination. If a Covered Employee has a Qualifying Termination that does not occur within two years following a Change in Control, then subject to the requirements of this Section 2, the Covered Employee shall be entitled to receive:

(i) *Cash Severance Pay*. The Covered Employee shall be entitled to receive the Pre-Change in Control Cash Severance Pay, payable in regular installments over the Severance Period in accordance with the Company’s regular payroll practices, except as otherwise provided in clause (g) of Exhibit C.

(ii) *Unpaid Earned Bonus*. To the extent unpaid as of the date of the Qualifying Termination, the Covered Employee shall be entitled to receive any Unpaid Earned Bonus, which amount shall be paid in the Company’s fiscal year in which the Qualifying Termination occurs at the same time annual bonuses are generally paid to similarly situated employees of the Company.

(iii) *Healthcare Premium Payment*. If so indicated on Exhibit A, the Covered Employee shall be entitled to receive a Healthcare Premium Payment, which amount shall be paid in a single lump sum on the First Payment Date, except as otherwise provided in Exhibit C.

(b) Severance Upon Qualifying Termination Occurring Within Two Years Following a Change in Control. If a Covered Employee has a Qualifying Termination that occurs within two years following a Change in Control, then subject to the requirements of this Section 2, the Covered Employee shall be entitled to receive:

(i) *Salary Payment*. The Covered Employee shall be entitled to receive severance pay in an amount equal to the Change in Control Severance Multiple times the Base Amount, payable in a single lump sum on the First Payment Date, except as otherwise provided in clause (g) of Exhibit C.

(ii) *Change in Control Bonus Amount*. If so indicated on Exhibit A, the Covered Employee shall be entitled to receive additional severance pay in an amount equal to the Change in

Control Severance Multiple times the Bonus Amount, payable in a single lump sum on the First Payment Date, except as otherwise provided in clause (g) of Exhibit C.

(iii) *Unpaid Earned Bonus*. To the extent unpaid as of the date of the Qualifying Termination, the Covered Employee shall be entitled to receive any Unpaid Earned Bonus, which amount shall be paid in the Company's fiscal year in which the Qualifying Termination occurs at the same time annual bonuses are generally paid to similarly situated employees of the Company.

(iv) *Healthcare Premium Payment*. If so indicated on Exhibit A, the Covered Employee shall be entitled to receive a Healthcare Premium Payment, which amount shall be paid in a single lump sum on the First Payment Date, except as otherwise provided in Exhibit C.

(v) *Equity Acceleration*. If so indicated on Exhibit A, and notwithstanding anything to the contrary in any existing equity award agreement, all unvested equity or equity-based awards granted to the Covered Employee under any equity compensation plans of the Company shall immediately become 100% vested, provided that, unless a provision more favorable to the Covered Employee is included in an applicable award agreement, any such awards that are subject to performance-based vesting conditions shall only be payable subject to the attainment of the performance measures for the applicable performance period as provided under the terms of the applicable award agreement.

(c) *Other Terminations*. Upon a Covered Employee's termination of employment for any reason other than as set forth in Section 2(a) and 2(b), the Company shall not have any other or further obligations to a Covered Employee under this Policy (including any financial obligations).

(d) *Release*. As a condition to a Covered Employee's receipt of any amounts set forth in Section 2(a) or 2(b) above, the Covered Employee shall 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 (the "*Release*") in the form substantially similar to the form attached hereto as Exhibit D (and any statutorily prescribed revocation period applicable to such Release shall have expired) within the thirty (30) day period following the date of the Covered Employee's Qualifying Termination.

(e) *Withholding*. All compensation and benefits to a Covered Employee hereunder shall be reduced by all federal, state, local and other withholdings and similar taxes and payments required by applicable law.

3. *At-Will Employment Relationship*. Unless otherwise required by applicable non-U.S. laws, the Covered Employee's employment with the Company is at-will and not for any specified period and may be terminated at any time, with or without Cause, by either the Covered Employee or the Company. Nothing in this Policy is intended to or should be construed to contradict, modify or alter this at-will relationship.

4. *Definitions*. For purposes of this Policy, the terms set forth on Exhibit B shall have the meanings specified therein.

5. *General Provisions*. The general provisions applicable to this Policy are set forth on Exhibit C.

AMENDMENT TO THE AXALTA COATING SYSTEMS LTD.

RESTRICTIVE COVENANT AND SEVERANCE Policy

THIS AMENDMENT (“*Amendment*”) to the Axalta Coating Systems Ltd. Restrictive Covenant and Severance Policy (the “*Policy*”) is made and adopted by Axalta Coating Systems Ltd., a Bermuda exempted limited liability company (the “*Company*”), effective as of July 23, 2019 (the “*Effective Date*”).

WHEREAS, the Plan was adopted by the Company effective as of December 1, 2015;

WHEREAS, the Compensation Committee believes it to be in the best interests of the Company and its stockholders to amend the Policy to provide for the Company to pay attorney’s fees and legal costs incurred by a participant in connection with disputes arising under the Policy following a Change in Control (as defined in the Policy), and to add a “best net” clause under which parachute payments are reduced to avoid Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended, unless the participant is in a better after-tax position by paying the 20% excise tax on excess parachute payments; and

WHEREAS, Section (i) of the “General Provisions” of the Policy set forth in Exhibit C to the Policy provides, in pertinent part, that the Policy Administrator shall have the power to amend or terminate the Policy from time to time in its discretion and for any reason (or no reason); and

WHEREAS, the Compensation Committee serves as the “Policy Administrator” of the Policy.

NOW, THEREFORE, the Policy is hereby amended as follows:

1. This Amendment shall become effective at the Effective Date.
2. Exhibit C to the Policy (General Provisions) is hereby amended by adding the following new section (k):

“(k) Parachute Payments.

(i) It is the objective of this Policy to maximize the Covered Employee’s net after-tax benefit if payments or benefits provided under this Policy or otherwise are subject to excise tax under Section 4999 of the Code. Notwithstanding any other provisions of this Policy, in the event that any payment or benefit by the Company or otherwise to or for the benefit of the Covered Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Policy or otherwise (all such payments and benefits, including the payments and benefits under Section 2(a) and Section 2(b) hereof, being hereinafter referred to as the “*Total Payments*”), would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code (the “*Excise Tax*”), then payments and benefits shall be reduced to the extent necessary so that no portion of the Total Payments shall be subject to the Excise Tax, but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Covered Employee would be subject in respect of such unreduced

Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(ii) If payments are to be reduced, they shall be reduced as follows: (A) first from cash severance payments that are included in full as parachute payments, (B) second from other cash payments that are included in full as parachute payments, (C) third from equity awards that are included in full as parachute payments, (D) fourth from cash payments that are partially included as parachute payments and (E) fifth from equity awards that are partially included as parachute payments, in each instance provided that Section 409A of the Code is complied with and, provided further, that to the greatest extent possible reductions shall be made in a manner that results in the greatest reduction in parachute payments at the least economic cost to the Covered Employee (and, to the extent the economic cost is equivalent, in the inverse order of when the payment or benefit would have been provided to the Covered Employee), and only payments or benefits (or portions thereof) that, if reduced, would reduce the total amount of parachute payments shall be reduced. To the extent required to comply with Section 409A of the Code, reduction shall first be made to amounts that are exempt from Section 409A and then to amounts that are subject to Section 409A, with any such amounts subject to Section 409A being reduced in inverse order of when the payment or benefit would have been provided to the Covered Employee. For purposes of making the calculations required by this Section (k), the Independent Advisor may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority.

(iii) All determinations regarding the application of this Section (k) shall be made by an accounting or consulting firm with experience in performing calculations regarding the applicability of Section 280G of the Code and the Excise Tax selected by the Company prior to the Change in Control (“**Independent Advisors**”). For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (A) no portion of the Total Payments the receipt or enjoyment of which the Covered Employee shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (B) no portion of the Total Payments shall be taken into account which, in the opinion of the Independent Advisors, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation and (C) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. The costs of obtaining such determination and all related fees and expenses (including related fees and expenses incurred in any later audit) shall be borne by the Company. The Independent Advisor’s determinations and conclusions shall be final and binding on all parties.

(iv) In the event it is later determined that a greater reduction in the Total Payments should have been made to implement the objective and intent of this Section (k), the excess amount shall be returned immediately by the Covered Employee to the Company.”

3. Exhibit C to the Policy (General Provisions) is hereby amended by adding the following new section (l):

“(1) Fees and Expenses. The Company shall pay its attorney’s fees and expenses and, unless the independent finder of fact in the controversy, claim or dispute determines that the Covered Employee’s claim or defense was frivolous or without merit, the Covered Employee’s attorney’s fees and expenses incurred in connection with any controversy, claim or dispute arising out of or relating to this Policy following a Change in Control.”

4. Except as hereby modified, the Policy shall remain in full force and effect.

Amendment – 3

Exhibit A*

Covered Employee and Title	Pre-Change in Control Cash Severance Pay (Section 2(a)(i))	Severance Period	Healthcare Premium Payment (Sections 2(a)(iii) and 2(b)(iv)) (Y/N)	Change in Control Severance Multiple	Change in Control Bonus Amount (Section 2(b)(ii)) (Y/N)	Equity Acceleration (Section 2(b)(v)) (Y/N)

* With respect to any Covered Employee whose primary work location is outside of the United States, such Covered Employee’s entitlement to payments under this Policy is limited to the amount that the total cash payments under this Policy exceed the cash payments such Covered Employee is entitled to receive pursuant to applicable law and/or an individual employment and/or severance agreement and/or any cash payments required by applicable law, including cash payments made during a notice of termination that is required by applicable law. By way of example, if an overseas Covered Employee is entitled to cash payments pursuant to contract and/or applicable law (all together, the “*Non-Policy Payments*”) such Covered Employee will not receive monies under this Policy unless such Non-Policy Payments combined together are less than the amount owed under this Policy, in which case the differential shall be paid to the Covered Employee. Thus, as a further example, if an overseas Covered Employee is entitled to Non-Policy Payments of \$200,000 and would be entitled to a cash severance payment under this Policy of \$250,000, the Covered Employee will receive the \$200,000 in Non-Policy Payments, plus \$50,000 under this Policy. If the overseas Covered Employee is entitled to Non-Policy Payments of \$300,000 and would receive a cash severance payment under this Policy of \$250,000, the Covered Employee will receive the \$300,000 in Non-Policy Payments, but will not receive anything under this Policy.

For the avoidance of doubt and to the extent eligible under this Policy, the Covered Employee shall receive the equity acceleration set forth in the Policy.

Exhibit B

Definitions

Capitalized terms used in the Policy shall have the following meanings:

- (a) “**Affiliate**” means with respect to any person or entity, any other person or entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person or entity.
- (b) “**Average Bonus Amount**” means the average annual bonus earned by the Covered Employee for the two full fiscal years prior to the fiscal year in which the Qualifying Termination occurs; provided, that, if the Covered Employee has only been employed for one full fiscal year prior to the year in which the Qualifying Termination occurs, then “Average Bonus Amount” means the annual bonus earned for such full fiscal year; provided, further, if the Covered Employee has not been employed for at least one full fiscal year prior to the year in which the Qualifying Termination occurs, then “Average Bonus Amount” means the Covered Employee’s Bonus Amount.
- (c) “**Base Amount**” means the Covered Employee’s annual base salary at the rate in effect on the day prior to the date of the Covered Employee’s Qualifying Termination, without regard to any decrease that may occur after the date of a Change in Control.
- (d) “**Board**” shall mean the Board of Directors of the Company.
- (e) “**Bonus Amount**” means the Covered Employee’s target annual bonus amount as in effect at the time of the Covered Employee’s Qualifying Termination, without regard to any decrease that may occur after the date of a Change in Control.
- (f) “**Cause**” shall mean any of the following: (i) the Covered Employee’s failure to (A) substantially perform his or her duties with the Company (other than any such failure resulting from the Covered Employee’s disability) or (B) comply with, in any material respect, any of the Company’s policies; (ii) the Board’s determination that the Covered Employee failed in any material respect to carry out or comply with any lawful and reasonable directive of the Board; (iii) the Covered Employee’s breach of a material provision of this Policy; (iv) the Covered Employee’s conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony or crime involving moral turpitude; (v) the Covered Employee’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 the Covered Employee’s duties and responsibilities for the Company; or (vi) the Covered Employee’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 (i), (ii) and (iii) above, no Cause will have occurred unless and until the Company has: (a) provided the Covered Employee written notice describing the applicable facts and circumstances underlying such finding of Cause; and (b) provided the Covered Employee with an opportunity to cure the same within 30 days after the receipt of such notice; provided, however, that the Covered Employee shall be provided only one cure opportunity per category of Cause event in any rolling six (6) month period. If the Covered Employee 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.
- (g) “**Change in Control**” shall mean and includes each of the following: (i) a transaction or series of transactions occurring after the Effective Date whereby any “person” or related “group” of “persons” (as

such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing 30% or more of the total combined voting power of the Company’s securities outstanding immediately after such transaction; (ii) during any 12 month period, individuals who, at the beginning of such period, constitute the Board together with any new members of the Board whose election by the Board or nomination for election by the Company’s members was approved by a vote of at least two-thirds of the members of the Board then still in office who either were members of the Board at the beginning of the one-year period or whose election or nomination for election was previously so approved (other than (x) an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, and (y) any member of the Board whose initial assumption of office during such 12 month period in connection with a transaction described in clause (g)(iii)(x) below that occurs with a non-Affiliate third party), cease for any reason to constitute a majority thereof; or (iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) after the Effective Date of (x) a merger, consolidation, reorganization, or business combination or (y) a sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the Company’s assets or (z) the acquisition of assets or stock of another entity, other than a transaction:

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

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

(h) “*Change in Control Severance Multiple*” means that change in control severance multiple set forth opposite such Covered Employee’s name on Exhibit A under the column “Change in Control Severance Multiple.”

(i) “*Code*” shall mean the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and other interpretive guidance thereunder.

(j) “*Effective Date*” shall mean December 1, 2015.

(k) “*Good Reason*” shall mean the occurrence of any of the following events or conditions without the Covered Employee’s written consent: (i) a decrease in the Covered Employee’s Base Amount, other

than a reduction in the Covered Employee's Base Amount 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, (ii) a material decrease in the Covered Employee's authority or areas of responsibility as are commensurate with such Covered Employee's title or position, or (iii) the relocation of the Covered Employee's primary office to a location more than 35 miles from the Covered Employee's then-current primary office location. The Covered Employee 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 the Covered Employee 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 the Covered Employee. 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 the Covered Employee. The Covered Employee's voluntary Separation from Service by reason of resignation from employment with the Company for Good Reason shall be treated as involuntary.

(l) "**Healthcare Premium Payment**" shall mean a payment in an amount equal to the amount of the premiums the Covered Employee would be required to pay under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**") (without regard to whether the Covered Employee is eligible for or elects COBRA continuation coverage) to continue the Covered Employee's and the Covered Employee's covered dependents' medical, dental and vision coverage in effect on the date of the Covered Employee's Qualifying Termination, which amount shall be calculated by multiplying the premium amount for the first month of COBRA coverage by (i) in the event of a Qualifying Termination under Section 2(a), the number of months in the Severance Period, and (ii) in the event of a Qualifying Termination under Section 2(b), two times the number of months in the Severance Period.

(m) "**Policy Administrator**" means the Board or a committee thereof to which the Board may delegate such function.

(n) "**Pre-Change in Control Cash Severance Pay**" means that amount determined in accordance with the column "Pre-Change in Control Cash Severance Pay" set forth opposite such Covered Employee's name on Exhibit A.

(o) "**Qualifying Termination**" means (i) in the case of a termination that does not occur within two years following a Change in Control, a termination by the Company of the Covered Employee's employment with the Company without Cause and (ii) in the case of a termination that occurs within two years following a Change in Control, (A) a termination by the Covered Employee of the Covered Employee's employment with the Company for Good Reason or (B) a termination by the Company of the Covered Employee's employment with the Company without Cause.

(p) "**Separation from Service**" means a "separation from service" with the Company as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto.

(q) "**Severance Period**" means that period of time commencing on the effective date of a Covered Employee's Qualifying Termination and ending upon the expiration of that period of time set forth opposite such Covered Employee's name on Exhibit A under the column "Severance Period."

(r) "**Unpaid Earned Bonus**" means, to the extent unpaid, an amount of cash equal to any annual bonus earned by the Covered Employee for the Company's fiscal year prior to the fiscal year in which the Qualifying Termination occurs.

Exhibit C

General Provisions

The following provisions shall apply to the Policy as if stated directly therein:

- (a) Successors and Assigns. The rights of the Company under this Policy may, without the consent of a Covered Employee, be assigned by the Company to any person, firm, corporation or other business entity which at any time acquires all or substantially all of the assets or business of the Company. The Covered Employee shall not be entitled to assign any of the Covered Employee's rights or obligations under this Policy. This Policy shall inure to the benefit of and be enforceable by the Covered Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.
- (b) Severability. In the event any provision of this Policy is found to be unenforceable by a court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited.
- (c) Governing Law and Venue. This Policy will be governed by and construed in accordance with the laws of the United States and the Commonwealth of Pennsylvania and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in Philadelphia, Pennsylvania, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each Party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by Pennsylvania law.
- (d) Notices. Any notice required or permitted by this Policy shall be in writing and shall be delivered as follows with notice deemed given as indicated: (a) by personal delivery when delivered personally; (b) by overnight courier upon written verification of receipt; (c) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (d) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to the Covered Employee at the address set forth below and to the Company at its principal place of business, or such other address as either Party may specify in writing.
- (e) Survival. All Sections of this Policy shall survive termination of the Covered Employee's employment with the Company, except Section 3.
- (f) No Other Rights to Severance Pay or Benefits. To the extent a Covered Employee incurs a Qualifying Termination and is entitled to receive severance pay or severance benefits under this Policy, the Covered Employee shall not be entitled to any other severance pay or severance benefits from the Company or any of its Affiliates.
- (g) Code Section 409A.
 - (i) The intent of the Parties is that the payments and benefits under this Policy comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "**Section 409A**") and, accordingly, to the maximum extent permitted, this Policy shall be interpreted to be in compliance therewith.

(ii) Notwithstanding anything in this Policy to the contrary, to the extent required to ensure that any compensation or benefits payable under this Policy to a Covered Employee that is designated under this Policy as payable upon the Covered Employee's termination of employment comply with or satisfy an exemption from Section 409A of the Code, such compensation and benefits shall be payable only upon the Covered Employee's "separation from service" with the Company within the meaning of Section 409A (a "**Separation from Service**") and, except as provided below, any such compensation or benefits shall not be paid, or, in the case of installments, shall not commence payment, until the thirtieth (30th) day following the Covered Employee's Separation from Service (the "**First Payment Date**"). Any installment payments that would have been made to the Covered Employee during the thirty (30) day period immediately following the Covered Employee's Separation from Service but for the preceding sentence shall be paid to the Covered Employee on the First Payment Date and the remaining payments shall be made as provided in this Policy.

(iii) Notwithstanding anything in this Policy to the contrary, if the Covered Employee is deemed by the Company at the time of the Covered Employee's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which the Covered Employee is entitled under this Policy is required in order to avoid a prohibited distribution under Section 409A, such portion of the Covered Employee benefits shall not be provided to the Covered Employee prior to the earlier of (i) the expiration of the six-month period measured from the date of the Covered Employee's Separation from Service with the Company or (ii) the date of the Covered Employee's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to the Covered Employee (or the Covered Employee's estate or beneficiaries), and any remaining payments due to the Covered Employee under this Policy shall be paid as otherwise provided herein.

(iv) The Covered Employee's right to receive any installment payments under this Policy shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

(v) To the extent that any reimbursements under this Policy are subject to Section 409A, any such reimbursements payable to the Covered Employee shall be paid to the Covered Employee no later than December 31 of the year following the year in which the expense was incurred; provided, that the Covered Employee submits the Covered Employee's reimbursement request promptly following the date the expense is incurred, the amount of expenses reimbursed in one year and the amount of in-kind benefits provided in one year shall not affect the amount eligible for reimbursement or in-kind benefits to be provided in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code, and the Covered Employee's right to reimbursement or in-kind benefits under this Policy will not be subject to liquidation or exchange for another benefit.

Notwithstanding anything in this Policy to the contrary, in the event any portion of a Covered Employee's cash severance payable pursuant to Section 2 did not satisfy an exemption from Section 409A prior to the Effective Date and does not satisfy an exemption from Section 409A at the time of such Covered Employee's Qualifying Termination, then the timing of such portion of the cash severance that remains subject to Section 409A shall be paid in accordance with the payment timing provisions set forth in any employment agreement between the Covered Employee and the Company, if applicable. In

addition, in the event a Change in Control does not constitute a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5), any portion of the Covered Employee’s cash severance payable pursuant to Section 2(b) that does not satisfy an exemption from Section 409A shall be paid at the same time and in the same manner as the related cash severance would have been paid under Section 2(a).

(h) Policy Administration. The Policy Administrator is responsible for the general administration and management of this Policy and shall have all powers and duties necessary to fulfill its responsibilities, including, but not limited to, the discretion to interpret and apply this Policy and to determine all questions relating to eligibility for benefits. All actions taken and all determinations made in good faith by the Policy Administrator will be final and binding on all persons claiming any interest in or under this Policy.

(i) Effective Date of Policy/Amendment. This Policy shall be effective on the Effective Date. The Policy Administrator shall have the power to amend or terminate this Policy from time to time in its discretion and for any reason (or no reason); provided that no such amendment or termination that occurs (i) following the applicable Covered Employee’s Qualifying Termination, or (ii) within two years following the date of a Change in Control, shall materially impair the rights of a Covered Employee prior to the date of such amendment or termination, and provided further that no amendment or termination of this Policy shall result in an acceleration of the time of payment of any amount hereunder that is deemed to be nonqualified deferred compensation under Section 409A of the Code, except as permitted in accordance with Treasury Regulation Section 1.409A-3(j)(4).

(j) Source of Funds. Cash amounts payable to a Covered Employee under this Policy shall be from the general funds of the entity that pays regular wages to such Covered Employee and such entity shall be the primary obligor with respect to cash amounts payable to the Covered Employee under this Policy. A Covered Employee's rights to unpaid amounts under this Policy shall be solely those of an unsecured creditor of such entity.

Exhibit D

General Release of Claims

[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]

Separation Agreement and Release

This Separation Agreement and Release (“Agreement”) is made by and between _____ (“Covered Employee”) and [Axalta Coating Systems Ltd., a Bermuda exempted limited liability company] (the “Company” and as the context requires the Company shall include the Company’s subsidiaries) (collectively, referred to as the “Parties” or individually referred to as a “Party”). Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Policy (as defined below).

WHEREAS, the Covered Employee is a participant in that certain Restrictive Covenant and Severance Policy of the Company, effective as of December 1, 2015 (the “Policy”); and

WHEREAS, in connection with the Covered Employee’s termination of employment with the Company or a subsidiary or affiliate of the Company effective _____, 20__, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Covered Employee may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Covered Employee’s employment with or separation from the Company or its subsidiaries or affiliates but, for the avoidance of doubt, nothing herein will be deemed to release any rights or remedies in connection with Covered Employee’s ownership of vested equity securities of the Company or Covered Employee’s right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law (collectively, the “Retained Claims”).

NOW, THEREFORE, in consideration of the severance payments described in Section 2 of the Policy, which, pursuant to the Policy, are conditioned on Covered Employee’s execution and non-revocation of this Agreement, and in consideration of the mutual promises made herein, the Company and Covered Employee hereby agree as follows:

1. **Severance Payments; Salary and Benefits.** The Company agrees to provide Covered Employee with the severance payments and benefits described in Section **[2(a)/2(b)]** of the Policy, payable at the times set forth in, and subject to the terms and conditions of, the Policy. In addition, to the extent not already paid, and subject to the terms and conditions of the Policy, the Company shall pay or provide to Covered Employee all other payments or benefits described in Section **[2(a)/2(b)]** of the Policy, subject to and in accordance with the terms thereof.

2. **Release of Claims.** Covered Employee agrees that, other than with respect to the Retained Claims, the foregoing consideration represents settlement in full of all outstanding obligations owed to Covered Employee by the Company any of its Affiliates, and any of their current and former officers, directors, equity holders, managers, employees, agents, investors, attorneys, shareholders, members, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries and predecessor and successor corporations and assigns (collectively, the “Releasees”). Covered Employee, on his own behalf and on behalf of any of Covered Employee’s affiliated companies or entities and any of their respective heirs, family members, executors, agents, and assigns, other than

with respect to the Retained Claims, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Covered Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement (as defined in Section 10 below), including, without limitation:

(a) any and all claims relating to or arising from Covered Employee's employment or service relationship with the Company or any of its direct or indirect subsidiaries or affiliates and the termination of that relationship;

(b) any and all claims relating to, or arising from, Covered Employee's right to purchase, or actual purchase of any common shares or other equity interests of the Company or any of its affiliates, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; and the Sarbanes-Oxley Act of 2002;

(e) any and all claims for violation of the federal or any state constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Covered Employee as a result of this Agreement; and

(h) any and all claims for attorneys' fees and costs.

Covered Employee agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Covered Employee's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company (with the understanding that Covered Employee's release of claims herein bars Covered Employee from recovering such monetary relief from the Company or any Releasee), claims for unemployment compensation or any state disability insurance

benefits pursuant to the terms of applicable state law, claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA, claims to any benefit entitlements vested as the date of separation of Covered Employee's employment, pursuant to written terms of any employee benefit plan of the Company or its affiliates and Covered Employee's right under applicable law and any Retained Claims. This release further does not release claims for breach of Section [2(a)/2(b)] of the Policy.

3. Acknowledgment of Waiver of Claims under ADEA. Covered Employee understands and acknowledges that Covered Employee is waiving and releasing any rights Covered Employee may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Covered Employee understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Covered Employee understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Covered Employee was already entitled. Covered Employee further understands and acknowledges that Covered Employee has been advised by this writing that: (a) Covered Employee should consult with an attorney prior to executing this Agreement; (b) Covered Employee has 21 days within which to consider this Agreement; (c) Covered Employee has 7 days following Covered Employee's execution of this Agreement to revoke this Agreement pursuant to written notice to the General Counsel of the Company; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Covered Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Covered Employee signs this Agreement and returns it to the Company in less than the 21 day period identified above, Covered Employee hereby acknowledges that Covered Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement.

4. Restrictive Covenants.

(a) As a condition to receiving benefits under the Policy and in addition to any other non-competition or non-solicitation provisions between Covered Employee and the Company or any of its Affiliates, Covered Employee shall not, at any time during the Restriction Period (as defined below), directly or indirectly:

i. 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 anywhere in the world. Nothing herein shall prohibit the Covered Employee from practicing law or being a passive owner of not more than 2% of the outstanding equity interest in any entity that is publicly traded, so long as the Covered Employee has no active participation in the business of such entity; or

ii. (A) solicit, divert or take away any customers, clients, or business acquisition or other business opportunity of the Company, (B) contact or solicit, with respect to hiring, or hire any employee of the Company or any person employed by the Company at any time during the 12 month period immediately preceding the date of termination, (C) induce or otherwise counsel, advise or encourage any employee of the Company to leave the employment of the Company, or (D) induce any

distributor, representative or agent of the Company to terminate or modify its relationship with the Company.

(b) In the event the terms of this Section 4 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(c) As used in this Section 4, (i) the term “**Company**” shall include the Company and its direct and indirect parents and subsidiaries, (ii) the term “**Business**” shall mean 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 Covered Employee’s employment with the Company and (iii) the term “**Restriction Period**” shall mean, with respect to the Covered Employee, the period beginning on the date of the Covered Employee’s Separation from Service and ending at the end of the Severance Period; provided, however, that in the event the Covered Employee receives severance payments and benefits under Section 2(b) of the Policy, the Restriction Period shall continue for a period of months following the Covered Employee’s Separation from Service determined by multiplying the Change in Control Severance Multiple by twelve (12).

5. Condition to Severance Obligations; Claw-back. The Company shall be entitled to cease all severance payments and benefits to the Covered Employee in the event of the Covered Employee’s breach any of the provision of Section 4 of this Agreement or of any other non-competition, non-solicitation, non-disparagement, confidentiality, or assignment of inventions covenants contained in any other agreement between the Covered Employee and the Company or any of its Affiliates, which other covenants are hereby incorporated by reference into this Agreement. All payments and benefits provided to the Covered Employee pursuant to the Policy will be subject to any Company claw-back policy adopted to comply with applicable laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) and any such payments or benefits may be forfeited, adjusted or subject to recoupment as a result of the implementation of such claw-back policy.

6. Injunctive Relief. A breach of the covenants contained in Section 4 of this Agreement will cause irreparable damage to the Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, as a condition to receiving payments and benefits under the Policy the Covered Employee shall and does agree that in the event of a breach of any of the covenants contained in Section 4 of this Agreement, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief without the requirement to post bond.

7. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

8. No Oral Modification. This Agreement may only be amended in a writing signed by Covered Employee and a duly authorized officer of the Company.

9. Governing Law. This Agreement shall be subject to the provisions of clauses (c) and (d) of Exhibit C to the Policy.

10. Effective Date. If Covered Employee has attained or is over the age of 40 as of the date of Covered Employee's termination of employment, then each Party has seven days after that Party signs this Agreement to revoke it and this Agreement will become effective on the eighth day after Covered Employee signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "Effective Date"). If Covered Employee has not attained the age of 40 as of the date of Covered Employee's termination of employment, then the "Effective Date" shall be the date on which Covered Employee signs this Agreement.

11. Voluntary Execution of Agreement. Covered Employee understands and agrees that Covered Employee executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Covered Employee's claims against the Company and any of the other Releasees. Covered Employee acknowledges that: (a) Covered Employee has read this Agreement; (b) Covered Employee has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement; (c) Covered Employee has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his own choice or has elected not to retain legal counsel; (d) Covered Employee understands the terms and consequences of this Agreement and of the releases it contains; and (e) Covered Employee is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Dated: _____ COVERED EMPLOYEE

COMPANY

Dated: _____ By: _____
Name: _____
Title: _____

**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 [] to []% 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:

By:

Print Name:

Print Name:

Title:

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 [] to []% 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 []% 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 [___], 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 satisfy 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 Recoupment. Notwithstanding any other provision of the Agreement to the contrary, Participant acknowledges and agrees that all Shares acquired pursuant to the Plan, under this Agreement or otherwise, shall be and remain subject to any incentive compensation recoupment policy of the Company currently in effect or as may be adopted by the Company and, in each case, as may be amended from time to time. No such policy adoption or amendment shall require Participant's prior consent. For purposes of the foregoing, Participant expressly and explicitly authorizes the Company to issue instructions, on Participant's behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold Participant's Shares, and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company.

3.19 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 [] .

(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 [] and ending on [].

* * * * *

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 [____]% and [____]% 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 [____]% and [____]% 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 [____]% 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 [____]% and [____]% 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 [____]% and [____]% 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 [____]% of the Target PSUs (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”

<i>ADJUSTED EPS</i>	Fiscal Year []	Fiscal Year []	Fiscal Year []	Performance Period ([]% 3-year)
Metric Target	\$[]	\$[]	\$[]	\$[]
Threshold (% of metric target)	\$[] ([]%)	\$[] ([]%)	\$[] ([]%)	\$[] ([]%)
Target (% or metric target)	\$[] ([]%)	\$[] ([]%)	\$[] ([]%)	\$[] ([]%)
Maximum (% of metric target)	\$[] ([]%)	\$[] ([]%)	\$[] ([]%)	\$[] ([]%)

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 []% and []% 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 []% and []% 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 []% 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 over the Performance Period, a number of PSUs equal to between []% and []% 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 over the Performance Period, a number of PSUs equal to between []% and []% 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 over the Performance Period, a number of PSUs equal to []% of the Target PSUs (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”

ROIC	Fiscal Year []	Fiscal Year []	Fiscal Year []	Performance Period ([] 3-year)
Metric Target	[]%	[]%	[]%	[]%
Threshold (% of metric target)	[]% ([]%)	[]% ([]%)	[]% ([]%)	[]% ([]%)
Target (% or metric target)	[]% ([]%)	[]% ([]%)	[]% ([]%)	[]% ([]%)
Maximum (% of metric target)	[]% ([]%)	[]% ([]%)	[]% ([]%)	[]% ([]%)

TSR MODIFIER

1. If the Company achieves a TSR over the Performance Period that is at or below the [] percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to []% of the Banked PSUs shall vest.
2. If the Company achieves a TSR over the Performance Period that is between the [] percentile and [] percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to []% of the Banked PSUs shall vest.
3. If the Company achieves a TSR over the Performance Period that is at or above the [] 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) []% 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) []%, []% or []% of the Target PSUs if the Change in Control occurs during fiscal year [], [] or [], 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 [____].

(d) “Ending Average Market Value” means the Average Market Value as of [____]; 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 [____] Index as of [____]; *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 [____] and ending on [____] %.

(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.

(i) “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 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 Customer¹ or a Prospective Customer,² 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

¹ "Customer" refers to any person or entity (a) to which Axalta sells any of its products, processes, or services during Employee's employment with Axalta, and (b) with which Employee has one or more business contacts or as to which Employee receives or acquires any Confidential Information at any time in the course of the final 24 months of Employee's employment with Axalta.

² "Prospective Customer" refers to any person or entity with respect to which, at any time in the course of the final 24 months of Employee's employment with Axalta, Employee is involved in seeking to market, sell, or develop opportunities for the sale of any of Axalta's products, processes, or services.

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.
2014 INCENTIVE AWARD PLAN**

RESTRICTED STOCK UNIT GRANT NOTICE

Axalta Coating Systems Ltd., a Bermuda exempted limited liability company (the “Company”), pursuant to its 2014 Incentive Award Plan, as amended from time to time (the “Plan”), hereby grants to the holder listed below (“Participant”) the number of Restricted Stock Units (the “RSUs”) set forth below. The RSUs are subject to the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the “Grant Notice”) and the Restricted Stock Unit Agreement attached hereto as Exhibit A, including Appendix 1 (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:

Number of RSUs:

Type of Shares Issuable: Common Stock

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 RESTRICTED STOCK UNIT GRANT NOTICE
RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

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

ARTICLE II.

award of restricted stock UNITS and DIVIDEND EQUIVALENTS

2.1 Award of RSUs and Dividend Equivalents.

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

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

2.2 Vesting of RSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with or service to the Company or a Subsidiary on each applicable vesting date and subject to the terms of this Agreement, the RSUs shall vest as follows: three equal installments occurring on the first, second and third anniversaries of the Grant Date. Each additional RSU which results from deemed reinvestments of Dividend Equivalents pursuant to Section 2.1(b) hereof shall vest whenever the underlying RSU to which such additional RSU relates vests. In the event of Participant's Termination of Service (i) by the Company without Cause within two (2) years after a Change in Control (subject to Section 2.2(c)), (ii) by the Company by reason of Participant's Disability or (iii) by reason of death, any unvested RSUs shall immediately vest in full and be settled; provided, that if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, in either case, that provides greater vesting protection to Participant, the RSUs shall be treated in accordance with the applicable terms of such agreement or policy.

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

(c) As a condition to any accelerated vesting of the RSUs due to Participant's Termination of Service by the Company without Cause within two (2) years after a Change in Control as set forth in Section 2.2(a), Participant shall, within the thirty (30) day period following the date of Participant's Termination of Service, execute and not revoke a general release of all claims, including all known and unknown and current and potential claims, in favor of the Company and its affiliates in either (A) a form provided to Participant by the Company or (B) if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, the form of release of claims applicable to Participant under such agreement or policy.

2.3 Distribution or Payment of RSUs.

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

(b) In the event that the Company elects to make payment of Participant's RSUs in cash, the amount of cash payable with respect to each RSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in

Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

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

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

(a) Participant shall be required to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. 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 RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(a), including the transactions described in the previous sentence, as applicable. Alternatively, Participant may elect to satisfy 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 RSUs, unless otherwise determined by the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested Shares otherwise issuable pursuant to the RSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes (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 RSUs, unless otherwise determined by the Administrator, by tendering to the Company vested Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the

withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes (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 RSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to (i) deduct such amounts from other compensation payable to Participant and/or (ii) treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a) above. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs. The Company may refuse to issue any Shares in settlement of the RSUs to Participant until the foregoing tax withholding obligations are satisfied, *provided* that no payment shall be delayed under this Section 2.5 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 RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

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

ARTICLE III.

other provisions

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

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

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

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

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

3.7 Conformity to Securities Laws. Participant acknowledges that the Plan, 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 RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

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

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

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs (including RSUs which result from the deemed reinvestment of Dividend Equivalents), the Dividend Equivalents, 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 RSUs 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 1, then Appendix 1 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 1.

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 RSUs 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 Recoupment. Notwithstanding any other provision of the Agreement to the contrary, Participant acknowledges and agrees that all Shares acquired pursuant to the Plan, under this Agreement or otherwise, shall be and remain subject to any incentive compensation recoupment policy of the Company currently in effect or as may be adopted by the Company and, in each case, as may be amended from time to time. No such policy adoption or amendment shall require Participant's prior consent. For purposes of the foregoing, Participant expressly and explicitly authorizes the Company to issue instructions, on Participant's behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold Participant's Shares, and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company.

3.19 Definitions. Notwithstanding anything to the contrary in the Plan, for purposes of this Agreement:

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

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

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

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

(b) “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 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.

* * * *

Appendix 1
TO RESTRICTED STOCK UNIT AGREEMENT

CONFIDENTIALITY AND BUSINESS PROTECTION Agreement

Capitalized terms used but not defined in this Appendix 1 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 RSUs are 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 RSUs, 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 Customer¹ or a Prospective Customer,² 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.

¹ "Customer" refers to any person or entity (a) to which Axalta sells any of its products, processes, or services during Employee's employment with Axalta, and (b) with which Employee has one or more business contacts or as to which Employee receives or acquires any Confidential Information at any time in the course of the final 24 months of Employee's employment with Axalta.

² "Prospective Customer" refers to any person or entity with respect to which, at any time in the course of the final 24 months of Employee's employment with Axalta, Employee is involved in seeking to market, sell, or develop opportunities for the sale of any of Axalta's products, processes, or services.

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.

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 26, 2021

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 26, 2021

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, 2021 (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 26, 2021

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, 2021 (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 26, 2021

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.