FRANCHISE DISCLOSURE DOCUMENT

Valvoline Instant Oil Change Franchising, Inc.
A Delaware Corporation
~~3499 Blazer Parkway~~100 Valvoline Way
Lexington, Kentucky 40509
(859) 357-7000
www.vioc.com

The franchisee will operate a Valvoline Instant Oil Change service center, a quick-service engine oil change facility which offers chassis lubrication, certain routine maintenance checks and other automotive services.

The estimated total investment necessary to begin operation of one Valvoline Instant Oil Change service center ranges from $162,250 to $2,273,500 per service center. This includes a license fee (for an individual service center) of $30,000 for your first facility that must be paid to us.

If you are offered the opportunity to develop multiple service centers under a development agreement, you will pay us a development fee of $2,500 for each existing oil change facility that is to be converted into a service center and $2,500 to $10,000 for each newly constructed service center to be developed by you. The estimated total investment ranges from $167,750 to $2,283,500 for the area development rights and the first service center licensed in connection with the development agreement. This range includes the applicable development fee of $2,500 to $10,000 (for an individual center) and a license fee (for an individual center) of $30,000 for your first facility that must be paid to us.

The disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise" which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. As referenced above, you should be sure to do your own investigation of the franchise.

Issued: January 5, 2017, as amended March 21, 2017

FRANCHISE DISCLOSURE DOCUMENT
STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit B for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise.

THE DEVELOPMENT AGREEMENT AND LICENSE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN LEXINGTON, KENTUCKY. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN KENTUCKY THAN IN YOUR OWN STATE.

THE DEVELOPMENT AGREEMENT AND LICENSE AGREEMENT REQUIRES THAT KENTUCKY LAW GOVERNS THE AGREEMENT(S), AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

FAMILY MEMBERS AND SPOUSES OF THE FRANCHISE OWNER(S) MAY BE BOUND BY THE TERMS OF THE CONFIDENTIALITY/NON-COMPETITION AGREEMENT, LICENSE AGREEMENT AND PERSONAL GUARANTY PLACING THEIR MARITAL AND PERSONAL ASSETS AT RISK.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates.

California	~~Exempt – January 20, 2017~~Pending
Hawaii	Pending
Illinois	~~Exempt~~ Pending
Indiana	~~Exempt~~Pending
Maryland	February 28, 2017, as amended
Michigan	Pending
Minnesota	February 28, 2017, as amended
New York	~~Exempt – February 1, 2017~~Pending
North Dakota	February 2, 2017, as amended
Rhode Island	February 3, 2017, as amended
South Dakota	February 7, 2017, as amended
Virginia	~~Exempt – February 7, 2017~~Pending
Washington	March 3, 2017, as amended
Wisconsin	February 1, 2017, as amended

**ADDENDUM TO VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICEMARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

~~(F)~~ A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A F~~R~~ANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

*** * * ***

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

*** * * ***

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: CSC-LAWYERS INCORPORATING SERVICE CO., 601 ABBOTT ROAD, EAST LANSING, MI 48823

* * * *

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE
G. MENNEN WILLIAMS BUILDING
525 WEST OTTAWA STREET
LANSING, MICHIGAN 48933
TELEPHONE NUMBER 517-373-7117

NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.

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EXHIBITS

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- Exhibit A-2 – Licensee Sign & Equipment Lease
- Exhibit A-3 – Licensee Supply Agreement
- Exhibit A-4 – Covenant Not To Compete
- Exhibit A-5 – Spousal Consent
- Exhibit A-6 – Electronic Funds Transfer Authorization
- Exhibit A-7 – Addendum to Lease
- Exhibit A-8 – Amendment to License
- Exhibit A-9 – Release
- Exhibit A-10 – Incentive Promissory Note
- Exhibit A-11 – Development Agreement & State Amendments
- Exhibit A-12 – SBA Addendum
- Exhibit A-13 – Incentive Program Agreement

B. List of Administrators

C. Agents for Service of Process

D. Financial Statements

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Licensor

To simplify the language in this disclosure document, "VIOCF" means Valvoline Instant Oil Change Franchising, Inc., the licensor. "You" means the person who is awarded the franchise. VIOCF was incorporated in Delaware on August 1, 1988. Its principal place of business is ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509. VIOCF does not conduct business under any other name. VIOCF offers license and development agreements for the establishment and operation of a business that provides quick-service engine oil changes, chassis lubrication, preventive maintenance and other automotive services. VIOCF has not previously offered license or development agreements in any other type of business, nor does VIOCF engage in any other line of business.

VIOCF's agent for service of process in your state is disclosed in Exhibit C.

Our Predecessors And Affiliates

VIOCF is a direct, wholly-owned subsidiary of Valvoline Inc. ("Valvoline"). On September 30, 2016, Valvoline separated from Ashland Inc., formerly known as Ashland Oil, Inc. ("Ashland"), to become a separate publicly-traded company (the "2016 Valvoline IPO"). Ashland currently holds approximately 80% of Valvoline's stock and will continue to hold that stock until the final separation date (expected timing is in the latter half of the first calendar quarter of 2017). Valvoline's principal place of business is ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509. Valvoline is engaged in the business of manufacturing and selling specialty lubricants and related products. Valvoline does not currently offer, nor has it previously offered, license or development agreements of the type offered by VIOCF or any other type of business. Valvoline currently offers, through Valvoline Canada Corp. (previously named Ashland Canada Corp.), a franchise agreement for Valvoline Express Care in Canada. This same program is offered in the United States, but is not considered a franchise.

From October 1, 1989, to September 30, 1993, Valvoline Instant Oil Change, Inc., and from September 30, 1993 to the date of the 2016 Valvoline IPO, as an operating unit of Valvoline, which was a commercial unit of Ashland, and now through Valvoline Instant Oil Change ("VIOC"), which is a commercial unit of our parent Valvoline, VIOC operates company-owned service centers (279 service centers as of September 30, 2015) that offer similar services to those being offered by VIOCF. VIOC's principal place of business is ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509.

Valvoline Branded Finance, Inc. (formerly named Ashland Branded Finance, Inc.) ("VBF") is an affiliate of VIOCF. VBF's principal place of business is ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509. VBF is engaged in a range of financing activities. VBF does not offer license or development agreements of the type offered by VIOCF or any other type of business.

On February 1, 2016, our former parent company, Ashland, acquired the stock of OCH International, Inc. (Oil Can Henry's) ("OCHI"), and Ashland assigned the OCHI stock to a subsidiary of our parent, Valvoline, on August 2, 2016. OCHI operated and franchised approximately 90 quick-lube stores in six states. All of the OCHI franchisees have signed a License Agreement with us and have converted or will convert to a Valvoline Instant Oil Change service center. OCHI's principal place of business is ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509.

The Licensed Business

In its license agreement (the "License Agreement"), VIOCF grants you the right to establish and operate a Valvoline Instant Oil Change service center (the "Center") at a specific location approved by VIOCF (the "Approved Location"). The License Agreement you sign for any additional Center will be in the current form of the License Agreement offered to new licensees at that time.

In its development agreement (the "Development Agreement"), VIOCF grants you the right to establish, whether by converting existing oil change facilities that you acquire that are not currently branded as part of the System (as defined below) and/or by new construction of a specific number of Centers in a defined area (the "Development Area"). An individual License Agreement must be signed for each new Center within the time frame specified in the Development Agreement. The License Agreement you sign for each new Center will be in the current form of the License Agreement offered to new licensees at that time.

Each Center offers its customers a variety of motor vehicle maintenance services, including quick service engine oil change, chassis lubrication, oil filter and air filter change, and a maintenance check that includes top-off of differential, transmission, radiator and windshield washer fluid levels, power steering, battery and safety checks of tire pressure and windshield wipers. Other services include front and rear differential service, transfer case service, manual and automatic transmission services, coolant system flushes, serpentine belt replacement, cabin air filters and complete fuel system treatment service. Other services may include air conditioning recharge, windshield repair, battery replacement, bulb replacement, power steering flush, tire rotation and balancing, and fuel filter replacement. Any other products and services to be offered by a Center, including car washes, brakes and mobile quick lubes, must be pre-approved by VIOCF.

Centers are identified by means of, or use of, certain trade names, service marks, trademarks, logos, and emblems (the "Proprietary Marks"), including the marks "V VALVOLINE INSTANT OIL CHANGE® and design", "VALVOLINE®", "V®", "INSTANT OIL®", "VALVOLINE INSTANT OIL CHANGE®", as well as any other Proprietary Marks as now or later may be designated by VIOCF in writing for use in the Center. Converting OCH Licensees (which are Valvoline franchisees that were originally franchisees under the OCHI franchise system) may have a limited right to use the Oil Can Henry's Proprietary Mark, along with the other Proprietary Marks, in the manner determined by VIOCF.

Centers provide services to the public using the methods, standards, specifications, procedures for operations, consistency of products, services offered, quality and inventory control, and promotional activities as VIOCF requires and may change from time to time (the "System"). VIOCF estimates that a Center's primary market will be individuals and businesses that own or lease vehicles and do not wish to perform their own routine, ongoing maintenance on their vehicles. Centers are usually free-standing buildings and may be established in a variety of locations, for example, in suburban shopping center "pads" or strip shopping center locations.

Centers compete with other quick-lube operations, service stations, automotive repair businesses, automotive service departments at national chain stores, brake and other "specialty" automotive repair stores, tire stores, automobile dealerships and other businesses that offer oil change and lubrication services and other routine automotive maintenance.

Some of the above named competing businesses may use the Valvoline name for promoting the Valvoline® product and may be supplied with VALVOLINE® oil and other products by Valvoline. Valvoline offers two different types of programs to independent quick lube businesses and other automotive service and product sales operations. Valvoline's Express Care® and "We

Feature" programs both provide certain merchandising and promotional programs, including building specifications, demographics, image enhancement and related signage, and operational, marketing, merchandising and advertising assistance based on product purchases and a contract commitment. In addition, the American Oil Change Association (AOCA) Manager and Technician Training Manuals are provided at a discounted fee. Financial assistance is also available. The Express Care® program identifies its locations as Express Care® centers and have use of the marks "Valvoline®" and "V®" and are provided some limited operational and administrative consultation. Valvoline's "We Feature" program also allows its customers the use of the marks "Valvoline®" and "V®". Valvoline does not charge a franchise fee or royalty for the use of these trademarks.

VIOCF also offers its License Agreement and Development Agreement to eligible employees of Valvoline ("Employee Program"). To be considered for the Employee Program, you must be listed as an "Active, Full-Time" employee with Valvoline or one of its affiliates for a minimum of five years. For each of those five years, you must have a performance rating of "effective" and, if you qualify, and if VIOCF agrees to grant you a franchise, you must resign your position with Valvoline or its affiliate when you sign the License Agreement.

Industry-Specific Regulations

The quick lube and automotive maintenance business involves many areas of the law. For example, federal, state and local governmental agencies regulate the storage, management and/or disposal of used oil, used (spent) antifreeze and other automotive products or substances.

Your specific state or local authorities may have their own environmental laws and ordinances that apply to an automotive maintenance business, including hazardous and solid waste laws, air emissions laws, occupational safety laws, right to know requirements, and used oil and oil filter regulations. These laws and ordinances may include certain fees which relate to the operation of a quick lube service center. You should consult your attorney to determine which laws apply. Some of the federal laws which may apply to your licensed business include the Resource Conservation Recovery Act, 42 U.S.C. §6901 et. seq.; Clean Water Act, 33 U.S.C. §1251 et. seq.; Clean Air Act, 42 U.S.C. §7401 et. seq.; Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et. seq.; Occupational Safety and Health Act, 29 U.S.C. §651 et. seq.; and Toxic Substance Control Act 7 U.S.C. §136 et. seq.

A few states require licenses for the operation of quick lube businesses under the Motor Vehicle Repair Shop Act or similar law. A few of the states' laws provide exemptions for quick lubes, but still require certain documents to be filed. Some of the states that have requirements under this law include California, Connecticut, Florida, Michigan, New York, Rhode Island, Utah, Washington and Wisconsin.

ITEM 2
BUSINESS EXPERIENCE

Corporate Director and President: Anthony R. Puckett

Tony Puckett is a member of the Board of Directors and President of VIOCF and President of VIOC. He has served in the capacity of President and Corporate Director of VIOCF and President of VIOC since August 2007. Mr. Puckett is located in Lexington, Kentucky.

Corporate Director and Secretary: Anthony J. Cieri

Anthony J. Cieri is a member of the Board of Directors and is the Secretary of VIOCF and has served in that capacity since August 2016. He also serves as Associate General Counsel of Valvoline, a role which he has held since August 2016 and is lead counsel to VIOC and VIOCF, a role which he has held since October 2013. Mr. Cieri is located in Lexington, Kentucky. Mr. Cieri was General Counsel for Silverback Network, Inc. located in Harrisburg, Pennsylvania from October 2010 to September 2013.

Vice President of Finance and Treasurer: Jason Thompson

Jason Thompson is Vice President of Finance and Treasurer of VIOCF and has served in that capacity since August 2016. Prior to that role, he was the Director of Finance from September 2015 to August 2016, the Director, Investor Relations from November 2012 to November 2015, the Manager, Trust Investments from May 2012 to November 2012 and Business Analyst, Corporate Development from May 2010 to May 2012, all for Ashland. Mr. Thompson is located in Lexington, Kentucky.

Director and Vice President of Franchising: Matthew P. McKeown

Matt McKeown is Vice President of Franchising of VIOCF and has served in that capacity since February 2011. From July 2005 until February 2011, he served as Director of Franchise Operations. Mr. McKeown is located in Lexington, Kentucky.

Director of Quick Lube Channel Sales: Lesley Reed

Lesley Reed is Director of Quick Lube Channel Sales for VIOCF and has served in that capacity since August 2016. From October 2011 until August 2016 he served as Strategic Account Manager in Southeast, US and Canada for Valvoline Instant Oil Change in Lexington, Kentucky. Mr. Reed was an employee of Ashland, its subsidiaries or divisions from April 1990 through August 2016. Mr Reed is located in Lexington, Kentucky.

Director of Franchise Operations: Lisa C. Culp

Lisa Culp is Director of Franchise Operations and has served in that capacity since May 2014. From February 2013 until May 2014, she served as a Market Manager for VIOC. Prior to that role, Ms. Culp served as a Franchise Business Consultant for VIOC from 2009 until February 2013. Ms. Culp is located in Lexington, Kentucky.

Director of Franchising: Ronald F. Huffman, Jr.

Ronald F. (Chip) Huffman is Director of Franchising for VIOCF and has served in that capacity since April 2013. From May 2008 until March 2013, he served as Director of Strategic Accounts on the Walmart and Club Channel business for Valvoline's DIY commercial unit. Mr. Huffman is located in Lexington, Kentucky.

Director of Franchise Marketing: Karen Blakeman

Karen Blakeman is Director of Franchise Marketing and has served in that capacity since February 2015. From November 2010 until January 2015, she served as Franchise Marketing Manager for VIOC. Prior to that role, Ms. Blakeman served as Customer Experience Manager for VIOC from June 2006 until November 2010. Ms. Blakeman is located in Lexington, Kentucky.

Assistant Treasurer: Lynn P. Freeman

Lynn P. Freeman is Assistant Treasurer of VIOCF and has served in that capacity since August 2016 and, prior to that, she served as Treasurer of VIOCF since January 2006. She was also the Assistant Treasurer for Ashland until August 2016. Ms. Freeman is located in Covington, Kentucky.

Vice President of Real Estate: Greg Armbruster

Greg Armbruster is Vice President of Real Estate for VIOC and has served in that capacity since October 2015. From October 2009 through September 2015, he was the Director of Real Estate for VIOC. From October 2006 through September 2009, he was Director of Business Optimization for VIOC. Within Valvoline he has served roles of increasing responsibility in engineering, purchasing, business process management and supply chain planning leadership prior to his role with VIOC. Mr. Armbruster is located in Lexington, Kentucky.

ITEM 3
LITIGATION

PENDING ACTIONS[1]

Other Pending Actions. In addition to the matters discussed below, there are various lawsuits and administrative proceedings pending or threatened against VIOCF and/or its parent company, Valvoline, which were deemed not material or not falling within the disclosure requirements for this disclosure document. These actions are being contested, but their outcome is not predictable with assurance. For a listing of actions considered to be material to VIOCF's parent company, Valvoline, which may not have been deemed necessary for this disclosure, please refer to Valvoline's annual filing on Form 10-K with the Securities and Exchange Commission.

PRIOR ACTIONS

Gary Stepp, et al. v. West Virginia Oil & Lube LLC; Ashland Inc. D/B/A The Valvoline Company and D/B/A Valvoline Instant Oil Change; Valvoline Instant Oil Change Franchising, Inc.; and Valvoline International, Inc., Civil Action No. 02-C-296, filed September 29, 2002, in the Circuit Court of Mingo County West Virginia.

This civil case has been certified as a class action. The representative class plaintiffs, who were customers of West Virginia Oil & Lube LLC ("WVOL"), a VIOCF franchisee, allege claims for breach of contract, deceptive advertising in violation of West Virginia Code §32A-1-2 *et seq*., common law fraud, violation of West Virginia's Consumer Credit and Protection Act (specifically, West Virginia Code §46A-6-102(f)(13)), and punitive damages. Plaintiffs' claims revolve solely around an environmental service fee ("ESF") charged by WVOL at its West Virginia locations. Ashland (the predecessor parent of VIOCF) and its subsidiaries, VIOCF and Valvoline International, Inc. (together the "Ashland Defendants") were named as defendants under theories of direct liability, joint venture and vicarious liability. Plaintiffs allege that they were misled because the advertised price of oil change excluded the ESF, which was added to the sales price at the point of sale. Plaintiffs further claim that the ESF was disclosed in advertisements and at the point of sale in fine print, and in a way that led them to believe the fee was mandatory, when in fact it was not.

[1] The following disclosures are for matters involving VIOCF and its parent, predecessors and affiliates other than OCHI. Matters involving OCHI are below.

The Ashland Defendants and WVOL have raised a number of defenses to these claims, and deny that there was anything deceptive about the way the ESF was charged. The Ashland Defendants further assert that they are not joint venturers with WVOL, and that they were not involved in the decisions surrounding whether to charge the ESF and how the ESF would be disclosed. Because the Ashland Defendants did not have control over WVOL's decisions with respect to charge the ESF or how it disclosed the ESF, the Ashland Defendants argue that they cannot be liable for WVOL's actions.

Plaintiffs are seeking significant damages (several million dollars). Discovery is complete in the case and a number of critical motions filed by the Ashland Defendants are pending before the court. The Matter was settled December 12, 2014 at Mediation. An Order Approving Class Action Settlement was entered on June 2, 2015. The Settlement was not material to Ashland.

Valvoline Instant Oil Change Franchising, Inc.; Ashland Consumer Markets, a commercial unit of Ashland, Inc.; Ashland Licensing and Intellectual Property LLC; Henley Enterprises, Inc.; Henley Pacific LLC: and Henley Pacific SD LLC v. RFG Oil, Inc., Case No: 3:12-cv-2079-GPC-KSC, in the United States District Court for the Southern District of California.

In this case VIOCF, Ashland (the predecessor parent of VIOCF), Ashland Licensing and Intellectual Property, and a VIOCF franchisee have sued VIOCF's former franchisee, RFG Oil, Inc., raising claims of trademark infringement, unfair competition, violations of the California Business and Professions Code, declaratory judgment, breach of contract and tortuous interference. RFG Oil filed a counterclaim against VIOCF, Ashland and related entities alleging breach of contract, intentional interference, breach of confidence, fraudulent misrepresentation, breach of implied covenant of good faith and fair dealing, misappropriation of trade secrets and asking for declaratory relief. This case was initially filed on February 8, 2012 in the United States District Court for the Eastern District of Kentucky, and was transferred to the current venue on August 22, 2012. The claims all stem from VIOCF's termination of the franchise relationship with RFG in November of 2011. An Order Granting Joint Motion to Dismiss was entered on January 23, 2015.

LITIGATION AGAINST FRANCHISEES COMMENCED IN THE LAST FISCAL YEAR

None.

OCHI PENDING ACTIONS[2]

None.

OCHI CONCLUDED ACTIONS

Lon Frey. et al. v. OCHI International, Inc.. No. 07-2-17684-5 SEA (Wash. Super. Ct. filed May 29, 2007).

Plaintiffs, entities constituting an OCHI developer, filed a claim against OCHI alleging breach of contract, violation of Washington's Franchise Investment Protection and Consumer Protection Acts, as well as a claim for declaratory judgment. The plaintiffs sought unspecified damages and a declaration of rights under the disputed agreements among the parties. OCHI denied the plaintiffs' allegations, but nonetheless entered into a complete settlement and mutual release of claims among the parties. OCHI refunded $27,500 in fees and agreed to absorb certain costs related to services performed in connection with certain site development

[2] The following disclosures are for matters involving OCHI only.

work. The plaintiffs dismissed the suit without costs or expense to OCHI. On August 15, 2007, a stipulation and order of dismissal was filed with the court.

Shawn Hankins, Jeri Hankins, and Dungeness Resources, L.L.C. v. OCH International, Inc., No. C07-0727 (W.D. Wash. filed May 10, 2007).

The plaintiffs, a franchisee and developer of OCHI, filed a claim against OCHI alleging violation of Washington's Franchise Investment Protection, violation of the Oregon Franchise Act, breach of contract and an implied covenant of good faith and fair dealing, unjust enrichment, negligent misrepresentation, as well as a claim for declaratory judgment. The plaintiffs sought unspecified damages and rescission of their agreements with OCHI, but never served OCHI with a copy of the summons and complaint. OCHI denied the plaintiffs' allegations, but nonetheless entered into a complete settlement and mutual release of claims among the parties. OCHI agreed to broker the sale assets and inventory of the plaintiff's franchise and to modify a non-compete agreement to allow the plaintiffs to make an investment in certain quick lube service centers. The plaintiffs agreed to fully cooperate with OCHI and any third party purchaser of the franchise assets and to pay all moneys owing to OCHI under the franchise agreement. On June 27, 2007, the plaintiffs dismissed their complaint with prejudice.

OCHI v. Stratton Development Group. LLC et al.. Cv. No. 08-1053HA (D. Or. filed Sept. 10, 2008); Stratton Properties, LLC, et al. v, OCH International. et al.. No. 09-CV-281 (D. Minn. filed Feb. 9, 2009).

In the first action, OCHI filed a suit against a franchise and developer of OCHI alleging (i) breach of contract by failure to devote proper management and full time energy to the Oil Can Henry's service center and (ii) a resulting loss of royalty revenue to OCHI. The defendants were not served with a copy of the summons and complaint. In the second, related action, the plaintiffs, a franchisee and developer of OCHI, filed a claim against OCHI alleging violation of the Minnesota Franchise Act, violation of the Oregon Franchise Act, common law fraud, negligent misrepresentation, and breach of contract and duty of good faith and fair dealing. The plaintiffs sought an order rescinding their agreements with OCHI and unspecified recissionary damages, but never served OCHI with a copy of the summons and complaint. OCHI denied the plaintiffs' allegations, but nonetheless entered into a complete settlement and mutual release of claims among the parties to both actions. Under the settlement agreement, plaintiffs' franchise and development agreements were terminated as of April 1, 2009. OCHI agreed to purchase the plaintiffs' franchised business for a purchase price of $50,000 plus 12 monthly installments of $10,000 each, plus the assumption of the franchisee's loan of less than $65,000 from one of OCHI's suppliers. On March 16, 2009, the plaintiffs dismissed their complaint with prejudice.

OCHI LITIGATION AGAINST FRANCHISEES COMMENCED IN THE LAST FISCAL YEAR

None.

Other than these actions, no litigation is required to be disclosed in this item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this item.

ITEM 5
INITIAL FEES

License Agreement

You must pay to us a license fee of $30,000 for your first Center, with half of the fee to be paid upon execution of the License Agreement (a sample is attached as Exhibit A-1) and half of the fee to be paid on the date the first royalty payment is due after the Center is opened. The license fees for additional Centers are as follows: (i) $20,000 for the first newly constructed Center that is not the first License Agreement entered into by you with us, and (ii) $5,000 for each subsequent (a) newly constructed Center, and (b) existing oil change facility that is converted to a Center.

If you purchase a Center from an existing VIOCF franchisee, the license fee you will pay to us is (i) $5,000 for the first Center that is purchased from the existing VIOCF franchisee, and (ii) $2,500 for each subsequent Center that is purchased from the same, existing VIOCF franchisee.

These license fees are payable upon signing of a License Agreement. VIOCF considers the license fees fully earned when paid, and they are not refundable.

During our last fiscal year, the actual initial license fees paid by individual franchisees were $30,000.

Development Agreement

If you are approved to develop multiple Centers within a given geographic market and you choose to sign a Development Agreement (a sample is attached as Exhibit A-11), you must pay VIOCF a development fee of $2,500 for each existing oil change facility that is not currently branded as part of the System that you intend to acquire and convert into a Center, and $2,500 to $10,000 for each newly constructed Center.

If you are a new franchisee signing a Development Agreement, the license fee under the first License Agreement will be $30,000. Each license fee under subsequent License Agreements executed in connection with the Development Agreement will range from $2,500 in the case of the conversion of an existing oil change facility (that is not currently branded as part of the System) to a Center to at least $10,000 in the case of a newly constructed Center.

If you are an existing franchisee signing a Development Agreement, the license fee under each License Agreement executed in connection with the Development Agreement will be $2,500 in the case of the conversion of an existing oil change facility (that is not currently branded as part of the System) to a Center and $2,500 in the case of a newly constructed Center.

VIOCF considers development fees fully earned when paid, and the fees are not refundable. During our last fiscal year, development fees paid to us were $7,500.

Conversions

If you own or will buy an existing oil change facility, including a Center, we may agree to sell you a franchise to convert to a Center or agree to your assignment of the existing franchise. VIOCF's conversion fee is $30,000 if it is your first Center regardless of whether you are acquiring a service center from a third party or from one of VIOCF's existing franchisees. If the conversion is for other than your first Center and is a qualifying, independent, existing and currently operating quick lube facility that provides similar services in a similar business format as required by VIOCF's standards, then the conversion fee is $5,000. VIOCF has in the past reduced or waived this fee and may do so in the future. You will be required to sign VIOCF's then-current form of License Agreement.

Employee Program

VIOCF's current policy is to waive the license fees for the first Center granted to a person who qualifies under the Employee Program. The license fees will not be waived for any additional Centers and you will be required to sign VIOCF's then current form of License Agreement.

Incentive Programs

VIOCF offers incentive programs to certain licensees and area developers. Repayment in full of the incentive payments is required if there is a default under the License Agreement or Development Agreement. See ITEM 10 for additional information on incentive programs that you may qualify.

ITEM 6
OTHER FEES

Type of Fee	Amount	Date Due	Remarks
Royalties ***1/***	6% of Adjusted Gross Revenue ("AGR") or a graduated royalty rate between 4% and 6% of AGR ***2/***	Payable monthly by electronic funds transfer on the 20th day ***3/***	A Graduated Royalty Conversion Incentive Program is available for conversion of competitor centers. A graduated royalty rate is available to franchisees that are not currently on a graduated royalty schedule that add at least one non-VIOC store. The graduated royalty rate is also available to franchisees who buy existing franchise Centers that are on the graduated royalty schedule even if they sign new agreements. See Exhibit A-8 for the graduated royalty amendment.
General System Fund ***4/***	2% of AGR until the cap amount has been reached	General System Fund contributions are payable monthly on the 20th day of the next month by electronic funds transfer.	Percentage indicates required contributions. The annual cap amount for new franchise Centers opened in 2016 is $6,500 per Center. See Item 11 for more information regarding the cap amount.
Transfer	$30,000 for your first Center if transferred to a new franchisee; $5,000 for your first Center if transferred to an existing franchisee;	Upon Signing	Transfer fee is waived for certain transfers, including transfers within an existing ownership group or to family members who are qualified to operate the Licensed business.

Type of Fee	Amount	Date Due	Remarks
	and $2,500 for any additional Centers transferred in the same transaction.		
Renewal	$2,500 - $5,000	Upon Signing	$2,500 for a 5 year renewal $5,000 for a 10 year renewal $5,000 for a 15 year renewal
Specialized Computer Services	$150.00 per hour as needed	Upon Demand	
Computer Hardware Upgrade ***5/***	Varies, costs may range from $150 - $15,000	Upon Demand	Technological advances may make some computer equipment obsolete. In order to run POS and other programs, additional equipment may be necessary.
Testing	Cost of Testing	When Billed	This covers the costs of testing new products or inspecting new suppliers you propose.
Audit	Cost of inspection or audit	15 days after billing	Due if you do not give us reports, supporting records or other required information, or if you understate required continuing support and Royalty payments or GSF contributions by more than 2%.
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows	15 days after billing	Due on all overdue amounts.
Insurance	Reimburse our costs	15 days after billing	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us.
Insufficient Funds Processing Fee	$100	As incurred	Due if you have insufficient funds in your EFTA to cover a payment, or, if you pay by check, a check is returned for insufficient funds.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the License Agreement and we have to incur expenses to enforce the License Agreement.
Center Upgrading Costs ***6/***	The greater of 2% of AGR during the previous five year period or $50,000 per Center	Upon Demand	Amount varies depending on the amount and costs of needed work. These costs are paid directly to VIOCF or to unrelated 3rd party contractors.
Fleet Program	Recapture third (3rd) party costs	Upon Demand	Fee represents recapture of program administrative expenses and may be adjusted from time to time. Participation in the fleet program is mandatory, including participation

Type of Fee	Amount	Date Due	Remarks
			in national fleet pricing programs for certain services. Payments due you may be offset in the event of failure to make timely payments to us or one of our affiliates.
Warranty & Guarantee Costs ***7***/	Varies, depending on amount of customer claim	Within 30 days of customer complaint	Varies depending upon level of customer service & quality provided by you. Licensee may be required to participate in a social monitoring and customer relations program at a fee of $20 per store per month in addition to cost of settlement of claims which will vary.
Additional Training Costs	Up to $250 per trainer /per day	Upon Demand	You must reimburse VIOCF for all costs associated with the training.
Additional Site Selection Assistance Costs	Actual Costs Incurred	Upon Demand	You must reimburse VIOCF for all costs associated with additional on-site assistance.
Fee related to Development Agreement ***8***/	Varies depending on location of new market and anticipated performance of Centers in new market	Upon the expiration or termination of the Development Agreement due to franchisee's default	This fee is negotiable between you and VIOCF.

Except where otherwise specified, we or our affiliates impose all the fees in this table. You pay the fees to us or our affiliate, and we (or our affiliate) do not refund them. VIOCF, its affiliates, or your customer may receive payment for guarantee costs and either VIOCF or a third party may receive payment for advertising costs.

1/ You must pay VIOCF a continuing, monthly royalty fee of 6% of Adjusted Gross Revenue (See Footnote 2 of this section for definition of Adjusted Gross Revenue). The 6% royalty applies to all licensees with the exception of Licensees eligible for the Graduated Royalty Conversion Incentive Program and some Licensees and license agreements entered into previously which may have a lower royalty fee. In those cases, new License Agreements are amended to include a graduated royalty schedule. A sample Amendment is included as Exhibit A-8. VIOCF may, from time to time, reduce royalty rates during the first two years of the License Agreement term for new stores. Royalty fees are non-negotiable. For late payments, VIOCF charges interest of 1½% per month (18% per year) or the maximum rate allowed by law. VIOCF may charge a higher royalty percentage in any renewal term. VIOCF may, at its discretion, lower the royalty percentage from the standard rate or reallocate a portion of royalties for marketing, based on the unique circumstances of a particular Center.

2/ "Adjusted Gross Revenue" means Gross Revenue excluding the following: (a) sales of trade fixtures, machinery and equipment that you own and use in your business; (b) amounts you separately collect and pay to any governmental authority for any sales, excise or similar tax; and (c) the amount of any discount (including promotions) you give to customers or employees through a coupon or other promotional item, to the extent the amounts were actually included in your Gross Revenue.

"Gross Revenue" means the actual sales prices of all goods, wares and merchandise sold, leased, licensed or delivered and the actual charges for all services you performed from the use of the Center, whether for wholesale or retail, and whether for cash or credit, collected, uncollected or uncollectible, including the value of all consideration other than money received. Gross Revenue includes (a) sales and services performed either at the Center or an offsite location marketed under the Proprietary Marks; (b) any sales or services made by mail, telephone, or similar type orders; and (c) any sales or services you or any subtenant, licensee, concessionaire (to the extent of revenues paid to you) or other person in the normal course of its business, would credit to its operations at the Center or any part of the Center or has been invoiced through the VIOC POS System.

3/ You must enter into an electronic funds transfer authorization agreement ("EFTA") (see Exhibit A-6) allowing us to draft payments from your account. The payments will be taken on the 20th of each month unless alternate arrangements are agreed to in writing. If the 20th falls on Saturday, Sunday or a legal holiday, the payment will be taken on the next business day. We will send to you itemized invoices showing the amount of the payment to be drafted from your account 20 days prior to the draft. You will pay the cost of any fees imposed by your banking institution for the cost of the draft. VIOCF reserves the right to require all payments by electronic funds transfer.

4/ *General System Fund -* VIOCF administers a General System Fund and 2% of your Adjusted Gross Revenue will be contributed to this fund until a maximum or cap has been contributed by each Center. The annual cap amount for new franchise Centers opened in 2017 is $6,500 per Center.

Advertising - Your advertising contributions for any partial first calendar month and for the remainder of the term of your License Agreement will be a minimum of 3% of your Adjusted Gross Revenue to be spent on your media advertising. Your media advertising is used to pay costs associated with the placement of all media in your individual territory. Additional information about advertising programs appears in ITEM 11 of this disclosure document under the heading "Advertising." VIOCF may establish a national advertising fund and/or a regional cooperative fund for the area in which the Center is located, contributions of which would be in addition to the minimum 3% above.

5/ Computer hardware upgrade costs have occurred one time during the past 5 year period; however, they may occur more frequently in the future. These costs are extraordinary costs which result from technological advances; for example, faster processing speeds, increased memory capacity and increased need for better system security. As technological advances occur, you may be required to purchase additional or replacement computer hardware. These costs range from $150-$15,000 per Center (assumes 3 bay configuration). Costs may be higher depending on the particular configuration of a particular Center (for example, a four bay configuration may have higher costs due to additional equipment required in the 4th bay)

6/ At VIOCF's request, you must, at your expense, promptly modify your Center to match to the signage and equipment specifications, building design, trade dress, color schemes, and use of the Proprietary Marks similar to the image for new Centers under the System, including structural changes, remodeling, redecoration, , and maintenance, adoption of new products and services or new methods to market them. You will not have to spend more than the greater of $50,000 or 2% of Adjusted Gross Revenue for each Center during the previous five-year period, unless changes are required by law or required for the adoption of new products, services or methods or upon renewal of the License term.

7/ VIOCF has a 100% satisfaction guarantee program for your customers that you must participate in at your cost. As part of the 100% satisfaction guarantee program, you must notify VIOCF of any customer complaints which you have not satisfied within 30 days of the complaint. VIOCF may at its option take any action needed to satisfy the customer's complaint and invoice you for the costs. In addition, VIOCF may require additional system-wide warranty programs. You must participate in and pay the costs of any program(s).

8/ This fee is negotiable. The amount varies depending on the location of the new market to be developed and the anticipated performance of the Centers in that new market. This fee is waived by us in circumstances where the area developer satisfies the terms and conditions of the Development Agreement, including its obligation to develop a set number of Centers within a specified time period.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment is to be Made
License Fee 1a/	$30,000	Lump Sum	At Signing	VIOCF
Development Fee 1b/	$2,500 to $10,000 per Center	Lump Sum	At Signing of Development Agreement	VIOCF
Land and Improvements Purchased 2a/ or Land and Improvements Leased for Three Months 2b/	$1,200,000 to $1,800,000 $21,000 to $36,000	As Arranged Monthly	Note 2a Note 2b	Note 2a Note 2b
Grand Opening Expenses and Advertising 3/	$7,500 to $10,000	Lump Sum	Opening	VIOCF or designee
Training 4/	$5,000 to $10,000	As Arranged	Before Opening	Suppliers of transportation, food, lodging and wages
Security Deposits 5/	$500 to $11,500	As Arranged	Before Opening	Utilities, Landlord
Insurance 6/	$12,000 to $17,000	As Arranged	As Arranged	Insurers
Start up Supplies 7/	$22,000 to $30,000	As Arranged	As Incurred	VIOCF, VIOCF's affiliates or other vendors
Operating Equipment 8/ (excludes inspection and/or dyno machines)	$15,000 to $100,000	As Arranged	As Incurred	Vendors, Lessors, VIOCF's affiliates
Lube Equipment and Signage Leased for three months 9a/ Or Lube Equipment and Signage Purchased 9b/	$2,250 to $3,000 $150,000 to $200,000	As Arranged As Arranged	Monthly As Incurred	VIOCF or its affiliates or other vendors Vendors
Additional Funds for Three Months 10/	$50,000 to $65,000	As Arranged	As Incurred	Various

TOTAL 11/	Single License	Development Agreement
If Real Property Leased (3 Months), Lube Equipment and Signage Leased	$162,250 to $312,500	$167,750 to $322,500
If Real Property Purchased, Lube Equipment and Signage Leased	$1,344,250 - $2,076,500	$1,346,750 - $2,086,500
If Real Property Purchased, Lube Equipment and Signage Purchased	$1,492,000- $2,273,500	$1,494,500- $2,283,500

1/ a) The license fee is discussed in ITEM 5. VIOCF requires personal guarantees of you, your spouse, and other principals, stockholders and partners of your corporation or partnership. VIOCF does not finance the license fee.

b) The development fee is discussed in ITEM 5. The range of the total development fee will depend on the number of Centers you purchase the right to develop and whether those Centers are converted oil change facilities ($2,500 per Center). VIOCF does not finance the development fee.

2/ a) At minimum, you will need approximately 15,000 square feet of land for your Center, and improvements constructed or remodeled to meet VIOCF's specifications. (See ITEM 8 for specifications.) If you purchase the land and construct the improvements, the cost, based on 15,000 square feet of land, could range between $1,200,000 and $1,800,000 for the land and the construction of the building site and soft costs. Both estimates are subject to wide variation and depend on a variety of factors, including the location and the market conditions. You do not pay these costs to VIOCF and VIOCF will not refund these costs to you.

b) At minimum, you will need approximately 15,000 square feet of land for your Center, and improvements constructed or remodeled to meet VIOCF's specifications. (See ITEM 8 for specifications.) The cost for leasing this land and improvements, based on 15,000 square feet of land area, could range between $7,000 to $12,000 per month. The amounts on the chart cover the three-month period following the opening of the licensed business. You do not pay these costs to VIOCF and VIOCF will not refund these costs to you.

The costs of acquiring an existing service center can vary substantially and we cannot estimate those costs.

3/ The amount of initial advertising and promotional costs vary by market. VIOCF does not finance these costs and these costs are not paid to VIOCF or its affiliates. The grand opening expenses do not include the required minimum 3% of AGR advertising.

4/ VIOCF provides, at no cost to you, one copy of the training materials and instructors for all required training programs, training manuals for all attendees and one copy of our SuperPro 10® training materials for each Center. Additional copies are available to you for a fee. You must pay the costs of additional optional training seminars. The chart lists all the costs required for initial start-up and the three-month period following the opening of the licensed business.

5/ Security Deposits are usually required by utility companies, the landlord and equipment lessors. Amounts will vary depending on lease provisions, utilities' policies and your credit history.

6/ Although VIOCF does not refund these costs, some insurers will refund a portion of your premium if a policy is canceled before its expiration.

7/ The chart lists the costs of supplies including inventory required for initial start-up of the licensed business.

8/ Operating equipment includes small tools, office furniture, data processing equipment, service equipment, for example radiator flush, tire rotation/balance, fluid exchange systems, including lube equipment, and other miscellaneous items. The estimated cost for purchasing data processing equipment ranges from $6,500 to $20,000, including installation. The chart lists the estimated costs to begin operations and the three-month period following the opening of the licensed business.

9/ a) Upon approval from VIOCF you may be allowed to lease signage from VIOCF for the actual cost of a standard sign package without interest (but including any applicable taxes) payable over a period of 120 months. The estimated total cost ranges from $15,000 to $50,000, including installation. Any signage costs above $45,000 ($40,000 for renewal) will be an out of pocket expense for you. The sign program is available for new Centers and existing franchise Centers in good standing. See ITEM 8 for more information.

b) If you purchase signage, the cost is estimated to range from $15,000 to $50,000, including installation. You must install, maintain, and replace the signage at the Center when VIOCF notifies you in writing. You are also responsible for any expenses, including maintenance, repair, associated taxes and normal wear and tear of the signage. Prices may vary for signage depending on vendor.

10/ If Gross Revenue does not cover these expenses, you will need capital to support on-going expenses, such as payroll, restock of inventory and supplies, rent and utilities. Additional funds you may need will vary widely, depending on the particular costs of a Center. You should expect that new businesses usually will generate a negative cash flow. The chart lists the minimum capital recommended by VIOCF for the first three months of operation.

11/ VIOCF relied upon its experience of over 28 years in the industry when preparing these figures.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

At least 95% of the Center's requirements of each of the following product categories to be sold or used: bulk motor oils and packaged motor oils (including conventional, semi-synthetic, and full synthetic motor oils), greases, other lubricants (including automatic transmission fluids and gear oil), oil filters, air filters, cabin air filters, automotive performance chemicals (including fuel system cleaners and fuel additives) and automotive appearance products (for example, tire shine, leather cleaner and waxes) marketed by Valvoline or one of its affiliates (collectively, "VALVOLINE® Products") and must be purchased from VIOCF or its designees. If you purchase VALVOLINE Products from VIOCF or

Valvoline, then the pricing for the VALVOLINE Products will have the same base price as is then being offered to VIOC company-operated Centers. These prices may vary periodically.

Valvoline may from time to time offer incentive or promotional programs for Product purchases. These programs may take into account the relative efficiencies of servicing large franchise systems. As a result of participating in such programs, different franchisees may have different net prices for products depending on a franchisee's size, level of participation, and compliance with such incentive or promotional programs. Incentive and promotional programs may be implemented or discontinued at any time. You will have the right to buy or sell other VIOCF approved products. As a material part of the consideration for the License Agreement, you must use only the VALVOLINE Products if a customer does not specify use of a different brand for any service requiring the addition or replacement of bulk motor oils and packaged motor oils (including but not limited to, conventional, semi-synthetic, and full synthetic motor oils), greases, other lubricants (including automatic transmission fluids and gear oil), oil filters, air filters, air filters, cabin air filters, automatic performance chemicals (including fuel system cleaners and fuel additives) automotive appearance products (for example, tire shine, leather cleaner and waxes) marketed by Valvoline or one of its affiliates. Among the purposes of these requirements are (1) to ensure that the Valvoline name and the national recognition and goodwill associated with it are maximized for the benefit of everyone, (2) to ensure that the goodwill associated with the Proprietary Marks is not harmed by inconsistent or inferior product offerings, (3) to eliminate public confusion which would result if non-VALVOLINE Products were supplied at a Valvoline Instant Oil Change Service Center to a customer who did not request other brands, and (4) to provide consistent and reliable sources of supply of VALVOLINE Products for you. To further eliminate public confusion, you are not allowed to openly advertise non-Valvoline Products by displaying competitor signage, competitor products or by any other means. VIOCF, Valvoline, or other affiliates selling VALVOLINE Products to you, will derive income from direct purchases by you. VIOCF, Valvoline, its affiliates and Valvoline authorized distributors are approved suppliers for the selling of VALVOLINE Products.

During our last fiscal year, VIOCF had total revenues of $24,127,251. VIOCF is an approved supplier of sign equipment. In the last fiscal year, VIOCF received revenue from required purchases of products or services from licensees of $350,000 which represents 1.5% of its total revenues. Valvoline is an approved supplier of VALVOLINE Products. In the last fiscal year, Valvoline received revenues of $113,495,668 from required purchases by licensees, which represents approximately 9.4% of its total revenue of $1,208,066,669. Per internal financial statements, our affiliate VBF (formerly ABF) received $67,605 in revenues from the financing program for licensees described in ITEM 10.

Funding Corp. I is an affiliate of VIOCF and received $44,232 in rental income during fiscal 2016 from licensees.

Your required leases and purchases from VIOCF, Valvoline and other affiliates represent an estimated 5% to 7% of the cost to establish a Center. The required product purchases from VIOCF or its affiliates regardless of the volume of annual Gross Revenue at a Center represents approximately 27% to 33% of the Center's total operating costs.

You must purchase or lease all other products, fixtures, furnishings, signs, and equipment (including, operating oil change, point of sale equipment and data processing equipment) solely from suppliers, including manufacturers, distributors and other sources, who meet VIOCF's then-current standards and specifications; who possess adequate quality controls and capacity to supply your needs promptly and reliably; and have been approved in writing by VIOCF, in its sole discretion, and not later disapproved. If you desire to purchase or lease any of the above, to be used in or sold at the Center, from an unapproved supplier, you must submit to VIOCF a written request for this approval (including specifications, drawings, photographs, samples and any other information which VIOCF may request) or request the supplier itself to do so. VIOCF may require that VIOCF's representatives be permitted to inspect the supplier's facility and that samples from the supplier be delivered for testing, either to VIOCF or to an independent laboratory designated by VIOCF. VIOCF may impose a charge on you for the reasonable cost of the inspection and the actual cost of any test. VIOCF reserves the right, at its option, to re-inspect the facility and products of any approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of VIOCF's then-current standards.

VIOCF establishes and modifies its specifications and standards for products based upon VIOC's experience in operating company owned service centers that offer products and services that are the same or similar to those offered by the Center. The specifications and standards for inventory items are issued to you or to approved suppliers.

Among the items of equipment that you must lease or purchase in order to operate the Center is lubrication equipment. No specifications or standards have been formulated for lubrication equipment, and VIOCF and its affiliates use solely subjective criteria to approve or disapprove these products and their suppliers.

VIOCF is an approved supplier for signs and will receive reimbursement from you for your purchase or lease, in an amount equal to the total purchase price of the signs, not to exceed $45,000 for new or converted centers or $40,000 for renewals.

The operation of your point of sale system requires data processing equipment and a high speed internet connection. VIOC is the approved supplier for data processing equipment and will receive reimbursement from you for the purchase of the equipment, in an amount equal to the purchase price of the data processing equipment. You are also required to use the credit/debit card processing company designated by VIOCF.

VIOCF and its affiliates do not receive any other income from purchases or leases you make from other approved suppliers.

Before you sign any real estate lease or purchase contract, you must obtain VIOCF's written approval under VIOCF's site selection methods as detailed in ITEM 11 of this disclosure document. VIOCF's prior written approval of the real estate lease or purchase may be conditioned upon VIOCF's rights to cure any default or similar provisions as VIOCF considers necessary (see Exhibit A-7 for a copy of form Addendum to Lease).

VIOCF currently imposes no additional restrictions or conditions on specifications or supplies concerning the purchase or lease of goods or services.

VIOCF does not have any purchasing or distribution cooperatives.

VIOCF and its affiliates may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. We do not provide material benefits to you (for example, renewal of granting additional licenses) based on your purchase of particular products or services or use of particular suppliers.

VIOCF requires franchisees to purchase insurance policies, including general liability coverage, garage keepers' insurance and umbrella excess liability coverage, in the amounts detailed in the License Agreement.

VIOCF considers a variety of factors when determining whether to renew or grant additional licenses. Among the factors we consider is compliance with the requirements of the License Agreement. The right to grant any license agreements is in VIOCF's sole discretion.

ITEM 9
FRANCHISEE'S ("LICENSEE'S") OBLIGATIONS

This table lists your principal obligations under the license and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a) Site Selection and acquisition/lease	Section 5 of License Agreement; Section 3 of Development Agreement	Items 7 & 11
b) Pre-opening purchases/leases	Section 8 of License Agreement; Section 3 of Development Agreement	Item 6
c) Site development and other pre-opening requirements	Sections 5 & 6 of License Agreement; Section 3 of Development Agreement	Items 6, 7 & 11
d) Initial and ongoing training	Section 7 of License Agreement	Item 11
e) Opening	Section 6 of License Agreement	Item 11
f) Fees	Section 4 of License Agreement; Section 2 of Development Agreement; Sections 3 & 4 of Sign Lease; Section 3 of Supply Agreement; Sections 3 & 4 of Equipment Lease	Items 5,6 & 7
g) Compliance with standards & policies/Operating manual	Section 8 & 10 of License Agreement;	Items 11 & 14
h) Trademarks & proprietary information	Section 9 of License Agreement; Section 5 of Supply Agreement	Items 13 & 14
i) Restrictions on products/services offered	Section 8 of License Agreement	Item 16
j) Warranty & customer service requirements	Section 8 of License Agreement	Item 6
k) Territorial development & sales quotas	Section 1 of License Agreement; Sections 1 & 3 of Development Agreement	Item 12

l) Ongoing product/service purchases	Section 8 of License Agreement; Section 2 of Supply Agreement	Item 8
m) Maintenance, appearance, & remodeling requirements	Section 8 of License Agreement; Sections 8 & 14 of Sign Lease; Section 8 of Equipment Lease	Item 6
n) Insurance	Section 14 of License Agreement; Section 10 of Development Agreement; Section 7 of Sign Lease; Section 7 of Equipment Lease	Item 7, 11 & 19
o) Advertising	Section 13 of License Agreement	Items 6 & 11
p) Indemnification	Section 21 of License Agreement; Section 9 of Development Agreement; Section 7 of Sign Lease; Section 10 of Supply Agreement; Section 7 of Equipment Lease	None
q) Owner's participation/ management/staffing	Section 18 of License Agreement	Items 11 & 15
r) Records/reports	Section 12 of License Agreement; Section 5 of Development Agreement	Item 11
s) Inspections/audits	Sections 8 & 12 of License Agreement; Section 9 of Supply Agreement	Item 11
t) Transfer	Section 15 of License Agreement; Section 2 of the SBA Addendum; Section 7 of Development Agreement	Item 17
u) Renewal	Section 2 of License Agreement	Item 17
v) Post-termination obligations	Section 17 of License Agreement; Section 3 of the SBA Addendum; Section 6 of Development Agreement	Item 17
w) Non-competition covenants	Section 18 of License Agreement	Item 17
x) Dispute Resolution	Section 26 of License Agreement; Section 11 of Development Agreement	Item 17
y) Guarantee of franchise obligations	Section 29 of License Agreement	Item 15

ITEM 10
FINANCING

Except as described below, neither VIOCF nor any affiliate of VIOCF will offer, directly or indirectly, any arrangements for financing your initial investment or the operation of the Center. VIOCF is unable to estimate whether you will be able to obtain financing for all or any part of your investment and, if you are able to obtain financing, VIOCF cannot predict the terms of this financing.

Valvoline Branded Finance, Inc.

Valvoline Branded Finance, Inc. (formerly named Ashland Branded Finance, Inc.) ("VBF") is a wholly-owned subsidiary of Valvoline, and affiliate of VIOCF. VBF has offered financing to franchisees in the past but does not currently offer any new financing to licensees or area developers.

VIOCF and/or its affiliates have offered indirect financing on a case-by-case basis in the past in the form of guarantees and may do so in the future.

Direct Financing

VIOCF may offer to lease to you signs and equipment required to be displayed at the Center under a "Licensee Sign and Equipment Lease," attached as Exhibit A-2. The lease term will be 15 years running concurrent with the term of the License Agreement. The lease will terminate if the License Agreement terminates or expires. Lease payments will be based on the total value of the signs and equipment being leased and are negotiated by the parties. No interest is charged. A default under the Licensee Sign and Equipment Lease constitutes a default of your License Agreement and all ancillary agreements with us and our affiliates. The licensee's business owners must personally guarantee the obligations under the Licensee Sign and Equipment Lease. If you default, we may remove the signs and equipment from your premises. You must pay our expenses if we have to enforce the terms of the Licensee Sign and Equipment Lease.

Small Business Administration

VIOCF is an approved franchisor concept with the Small Business Administration Registry. VIOCF's preferred vendor for Small Business Administration ("SBA") financing is Stearns Bank based out of St. Cloud, Minnesota ("SBA Lender"). The terms of the program may vary from time to time and is at the sole discretion of the SBA Lender. Typically, the SBA Lender will finance up to 80%-85% of the total costs to construct a new VIOC center, or for the acquisition of an existing quick lube facility. Costs that may be included in the loan are: land, building & improvements, franchise fee, equipment, working capital, and initial investment costs relating to advertising, payroll, and training. Loans can also be obtained for remodeling or upgrading of existing centers, as well as debt consolidation. The loans are variable rate loans based upon a spread over the Prime Rate. The Prime Rate was 3.75% as of January 4, 2017, and the additional spread is typically 2% to 3%. Loan maturity is generally longer than available through conventional financing, with the amortization schedule equal to the term of the loan. Real estate acquisition or construction loans are available up to a maximum of 25 years. If you qualify for SBA financing and loan processing, you and VIOCF will be required to sign a Small Business Administration Addendum to the License Agreement (a form is attached as Exhibit A-12). Our rights as a secured creditor granted in the License Agreement are subordinate to, any rights granted to SBA as a secured creditor under the SBA's loan authorization documents. More information about this program can be provided to you at your request.

Franchisees of the VIOCF system are eligible for expedited and streamlined SBA loan processing through the SBA's Franchise Registry Program, www.franchiseregistry.com.

SunTrust

VIOCF has developed a franchisee financing program with SunTrust Bank ("SunTrust"). Pursuant to this arrangement, you may enter into a loan agreement with SunTrust. Each of VIOCF and Valvoline has agreed to guarantee up to $15 million of funding through this program and it is expected to be available until December 31, 2017. This program may be extended or expanded at the sole discretion of SunTrust and VIOCF.

SunTrust makes loans to qualified borrowers ("Borrower") to finance new and existing quick lube facilities ("Centers"), including equipment, business value, real estate, and real estate construction. In exchange for the loan, the Borrower gives SunTrust a security interest in the real property, Center assets, and fixtures by signing: a mortgage or deed of trust, assignment of leases and rents, security agreement, loan agreement, promissory note, corporate guaranty, personal guaranty of each of the principal owners, and related financing documents, establishing the Borrower's obligation to repay the loan. Examples of these documents are included in this disclosure document as Exhibit I. SunTrust holds a first priority lien on and security interest in the Borrower's right, title and interest in and to the Center. The Borrower may not allow any other security interests or liens to encumber the property while the loan is outstanding except as permitted under the License Agreement and/or loan documents (which, in certain cases, may be subordinated to the SunTrust loan (Loan Agreement, Section 6).

SunTrust financing is available to qualified Borrowers who meet certain financial tests in order to qualify and the Center used as collateral must meet certain revenue requirements in order to qualify. In addition, the Center must continue to meet certain financial tests throughout the term of the loan.

A Borrower, if qualified, may borrow a total principal amount of not less than $100,000 ($250,000 if related to real estate financing). The amount that may be borrowed for each Center financed varies depending upon whether the Center is existing or is to be developed. If the Center is an existing Center, the Borrower may finance up to 75% of the business value for the existing Center plus 80% of the appraised value of the real property; however, any borrowed funds must be used for one of the valid business purposes listed above. The "business value" is four (4) times a Center's adjusted annual cash flow. If the Center is to be developed, the Borrower may borrow up to 80% of the cost of the real estate, subject to appraisal and 100% of the cost of the equipment. Financing is generally not available under the SunTrust program for other initial or on-going expenses, including the initial license fee or any development fee, the purchase of supplies, operating inventories, initial working capital or on-going working capital.

The term for all loans in the SunTrust program, regardless of type, will be for a period not to exceed ten (10) years. Loans for real estate will be amortized for a period of up to twenty (20) years. Loans for equipment and improvements on leased property or business value loans will be amortized for a period of up to ten (10) years. Construction financing for Centers to be developed will be provided for a period of up to twelve (12) months, and upon completion of construction will convert to the appropriate amortizing term loan. You will have the option to decide between a fixed-rate term loan or a variable-rate term loan. The interest rate on a variable-rate term loan will be equal to the sum of a base rate plus a margin of 3.75%. The base rate will be tied to the LIBOR market index rate and will be reset monthly as the interest rate for the market index changes. The LIBOR market rate as of December 5, 2016 is 0.61%. The total interest rate as of December 5, 2016 is 4.36% which is the sum of the LIBOR market rate of 0.61% plus 3.75%. The interest rate for a fixed-rate term loan will be equal to the sum of a base rate plus a percent margin of 3.75%. The base rate for a fixed-rate term loan will be tied to SunTrust's fixed cost of funds as determined by SunTrust. SunTrust's cost of funds rate as of December 5, 2016 is 3.89%. The total interest rate for a fixed rate loan as of December 5, 2016 is 7.64% which is the sum of SunTrust's cost of funds rate of 3.89% plus 3.75%. The interest rate on a fixed rate loan will remain the same throughout the term of the loan. An additional one half of one percent (.50%) will be added to the percent margin for construction financing during the construction period.

Loan payments consisting of principal and interest will be due and payable monthly on a scheduled date. The monthly principal payments will be established once the loan is fully funded. Payments are made by electronic funds transfer through the Automated Clearing House (ACH) System.

All term loans may be prepaid in full or in part at any time, on a scheduled monthly payment date, without prepayment penalties. You must give SunTrust three (3) Business Days' prior notice of your intention to prepay, including the amount and the date of the prepayment. The prepayments must be at least $5,000 and will be applied to the loan installments due in the inverse order of maturity.

If you fail to make your loan payments, make a false representation to SunTrust, or fail to meet your obligations under the loan documents, License Agreement, or other documents material to the transaction, you will be in default. (Section 7.1, Loan Agreement.) If you are in default for failure to make your loan payments or for any other reason, SunTrust may terminate any commitment to make any further advances or additional loans to you, require you to pay the entire balance of the loan (principal and interest) immediately, or enforce its rights to the collateral under applicable law. These rights include the right to demand payment from any guarantor, to take possession of the collateral, or to sell the collateral. If SunTrust must take action against you, you must pay all costs and expenses of the action. (Loan Agreement Article XII.) A default under the loan documents constitutes a default of your License Agreement and all ancillary agreements with VIOCF and its affiliates.

Incentive Programs

VIOCF offers incentive programs to certain licensees and area developers on an individual Center basis. All incentive payments are evidenced by an incentive promissory note with a term of at least 5 years and up to 15 years that does not require re-payment unless there is a default under the incentive promissory note or the License Agreement (and related documents) for the Center that relates to the incentive payment (See Exhibit A-10). If licensee or area developer is in default of any of these agreements, VIOCF may accelerate all amounts due under the promissory note. The incentive promissory note does not require the payment of interest, however, in the event of a default, interest will begin accruing on the balance due at the time of default. A default under the loan documents would constitute a default of your License Agreement and all ancillary agreements with VIOCF and its affiliates. Upon a default, we may collect reasonable attorneys' fees and our expenses of collection, including court costs. You waive a jury trial and presentment of the promissory note.

The current incentive programs for licensees and area developers are described in more detail below. We have the right at any time to change or discontinue the incentive programs by providing notice to you.

New/Renewal Store Incentive Program:

VIOCF is currently offering incentives to new or existing franchisees that meet certain conditions and construct new Centers, acquire existing oil change facilities and convert them to Centers or renew existing Centers. An example of the side letter you will be required to sign with us for any incentive programs that you are permitted to participate in is attached to this disclosure document as Exhibit A-13. If you construct a new Center (ground up) and that Center is projected by VIOCF to perform more than 7,500 oil changes on an annualized basis as of the 2-year anniversary of the store opening, the Center may qualify for an incentive payment from VIOCF ranging from $75,000 to $200,000. If you acquire an existing oil change facility that has performed more than 7,500 oil changes in the 12 months preceding purchase or, in the absence of documentation supporting such 12-month trailing historical oil change figures, is projected by VIOCF to perform more than 7,500 oil changes on an annualized basis as of the 2-year anniversary of the store conversion, the Center may qualify for an incentive payment from VIOCF ranging from $75,000 to $200,000. Incentive payments are generally made within thirty (30) days of the store opening (ground-up) or store conversion (acquisition).

VIOCF also currently offers incentives for franchisees that renew an existing Center for a term of no less than 15 years. If you renew and sign a new License Agreement for an existing Center for a term of not less than 15 years, and that Center performed more than 7,500 oil changes in the 12 months preceding renewal, the Center may qualify for an incentive payment from VIOCF ranging from $75,000 to $200,000.

We will measure the actual number of oil changes to true-up the incentive payment made to you at the end of (i) at least eighteen (18) months after the opening of a converted Center, and (ii) at least twenty-four (24) months after the opening of the ground-up Center. The number of actual oil changes performed by the Center in the preceding six (6) months of the measurement date will be annualized and compared against the projected number of oil changes for the Center used to determine the incentive payment we made to you. If we overpaid you, you will be required to repay to us the overpayment within thirty (30) days. If we underpaid you based on the actual number of oil changes, we will pay you the additional incentive payment within thirty (30) days.

Development Agreement Incentive Program:

VIOCF may offer incentives to those franchisees that sign a Development Agreement and construct a new Center or acquire an existing oil change facility in a given geographic market. If you construct a new Center (ground up) under a Development Agreement and that Center is projected by VIOCF to perform more than 9,375 oil changes on an annualized basis as of the 2-year anniversary of the store opening, the Center may qualify for an incentive payment ranging from $93,750 to $187,500. If you acquire an existing oil change facility (that is not currently branded as part of the System) that has performed more than 7,500 oil changes in the 12 months preceding purchase or, in the absence of documentation supporting such 12-month trailing historical oil change figures, is projected by VIOCF to perform more than 7,500 oil changes on an annualized basis as of the 2-year anniversary of the store conversion, the Center may qualify for an incentive payment ranging from $75,000 to $150,000.

We will measure the actual number of oil changes to true-up the incentive payment made to you at the end of (i) at least eighteen (18) months after the opening of a converted Center, and (ii) at least twenty-four (24) months after the opening of the ground-up Center. The number of actual oil changes performed by the Center in the preceding six (6) months of the date when measured will be annualized and compared against the projected number of oil changes for the Center used to determine the incentive payment we made to you. If we overpaid you, you will be required to repay to us the overpayment within thirty (30) days. If we underpaid you based on the actual number of oil changes, we will pay you the additional incentive payment within thirty (30) days. We currently calculate the underpayment or overpayment for this incentive program for purposes of the true-up at $10 per oil change.

ITEM 11
FRANCHISOR'S ("LICENSOR'S) ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, VIOCF is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your business, VIOCF must provide the following assistance and services to you under the License Agreement:

1. If you do not have an Approved Location for the Center at the time the License Agreement is signed, VIOCF will give to you the following assistance based on the License Agreement:

a. Site Selection Methods

If you do not have an approved location for the Center when you sign the License Agreement, you must lease or acquire a location, as provided in the License Agreement. (License Agreement Section 1.2)

The site selection procedure is as follows:

Within one year after the date of the License Agreement, you must submit for VIOCF's approval, the Site Approval Application for the Center. This site must be located within a territory designated in the License Agreement (the "Site Selection Area"). VIOCF will have 45 days after receipt of this information to approve the Site Approval Application. (License Agreement, Section 5.4.1.)

The site has not been approved until you have received VIOCF's written approval. If you do not submit an acceptable site to us for our approval within the time limits described above, VIOCF may terminate the License Agreement.

Some of the factors considered in approving a site include the general location, neighborhood, traffic patterns, access to property, parking facilities, size of the lot, income of community, population, surrounding retailers, competing businesses, lease or purchase terms and the proximity to existing franchise and company center locations.

After a site for the Center has been approved in writing by VIOCF and acquired by you, the site is the Approved Location referred to in the License Agreement.

After the construction of the Center, you must obtain VIOCF's written approval before opening the Center. You must open the Center within 2 years from the date of the License Agreement. (License Agreement, Sections 6.4, 6.5, & 6.6)

VIOCF usually does not own or lease the Premises to you. For a description of certain restrictions relating to the lease of the Premises, please see ITEM 8 of this disclosure document. VIOCF's prior written approval of the lease or purchase may be conditioned upon VIOCF's rights to cure any default or similar provisions as VIOCF considers necessary.

b. The on-site evaluation(s) of proposed Center locations as VIOCF considers necessary after you request site approval. (License Agreement, Section 5.3.2)

2. VIOCF will provide one set of its current building plans to you at no charge for your first Center. These building plans are "Not For Construction". You must hire an architect and/or an engineer to draw plans based on the design and provide to you stamped blueprints for use in construction, and since these building plans are not site-specific and may not meet your local codes, you must modify the building plans for your specific site (License Agreement, Section 3.1.).

3. VIOCF will lend you one copy of VIOCF's confidential operating Manual(s) for use during the term of the License Agreement (License Agreement, Section 3.4).

4. VIOCF will provide initial training programs for you and your managers, as detailed below under the heading "Training" (License Agreement, Section 3.2).

VIOCF is not obligated by the License Agreement or any other agreement, to provide you with any other supervision, assistance, or services before the Center opens.

Center Opening

VIOCF estimates that the typical length of time between the signing of the License Agreement and the opening of the Center to be 180 days to 650 days. Some factors which may affect this time period include acts of God, the time required to select a site, negotiate a lease or purchase agreement, obtain permits and satisfy other contingencies, arrange financing, construct the improvements, install necessary fixtures and decorations, obtain required equipment and inventory, and successfully complete all initial training.

Continuing Obligations

The License Agreement requires VIOCF to provide the following assistance to you while the Center is operating:

1. Advice and materials to help you in the operation, advertising, and promotion of the Center as VIOCF considers appropriate (License Agreement, Section 3.3).

2. The loan of any additions or updates to VIOCF's Manual (License Agreement, Sections 3.4 and 10.4).

3. A General System Fund was designed to promote general public recognition, acceptance and use of the Proprietary Marks for the System. The fund is described below under the heading "Advertising." (License Agreement, Section 13.1).

VIOCF is not obligated under the Development Agreement to provide you with any assistance. We are obligated to provide you with some assistance with respect to an individual Center under a License Agreement as described above.

Advertising

General System Fund

VIOCF and VIOC have a General System Fund ("System Fund"), for the research, production, manufacture and/or installation of programs and advertising materials that are intended to promote public recognition and acceptance of the Proprietary Marks and market the System. Programs and advertising materials may include (but are not limited to) on-line search and display campaigns, in-store materials, point of purchase displays, trade dress design, consumer relationship tools, pricing consultancy, direct response advertising and consultancy, loyalty programs and data analysis related to any one or more of the programs. You must contribute 2% of your Center's Adjusted Gross Revenue on a monthly basis to the System Fund until a maximum or cap amount, which is $6,500.00 in 2017, has been contributed by each Center. The VIOC company owned Centers also contribute to the System Fund on the same basis. The maximum or cap amount will be established by VIOCF and VIOC at the beginning of each fiscal year. See ITEM 6 for information on the current year's cap. We reserve the right to waive or prorate the fee during the first partial year of operation.

During the last fiscal year, VIOCF and VIOC spent the System Fund contributions as follows: 59% on expenses and fees for agency fees and media costs, 17% on software licenses and hardware maintenance costs for the POS system and 16% on interactive advertising, and 8% on customer care/monitoring. No portion of the System Fund is devoted directly to the solicitation of new franchisees. At the request of franchisees, the annual cost of software licenses and maintenance costs for the Point of Sale System was added as an additional contribution to the System Fund and the fees are then paid out of the System Fund.

In administering the System Fund, VIOCF and VIOC are not required to make expenditures for you that are equal or proportionate to your contribution, or to make sure that any particular licensee or VIOC company owned center benefits directly or proportionately from expenditures by the System Fund. VIOCF, VIOC or their designee administers the System Fund as follows:

1. VIOCF and VIOC direct all promotional programs, with sole discretion over the use and placement of concepts, materials, and media.

2. You will contribute to the System Fund by electronic funds transfer as described in Item 6.

3. The System Fund, including all contributions and earnings, if any, pays for the costs of maintaining, administering, directing, and preparing advertising or promotional activities, including the cost of creating brand-generic television, radio, interactive, magazine, and newspaper advertising campaigns; direct mail and outdoor billboard advertising; marketing surveys and other public relations activities; use of advertising agencies' assistance; and promotional brochures and other marketing materials for all of the Centers operating under the System. The System Fund may also, for the convenience of the System, collect money for and pay certain technology charges related to software licenses and service plans related to the point of sale system. The System Fund and its earnings do not otherwise benefit VIOCF, VIOC or its affiliates. VIOCF, VIOC or its designee keep separate bookkeeping accounts for the System Fund.

4. VIOCF and VIOC expect that all contributions and earnings of the System Fund will be spent, as stated in Paragraph 3 above, during the same fiscal year they are received. If any amounts remain in the System Fund at the end of the fiscal year, initial expenditures in the following fiscal year(s) will be made from the previous year's contributions.

5. VIOCF and VIOC prepare an annual statement of System Fund activity as shown on the books and copies are available to you upon written request. The fund is not audited on a regular basis.

6. Although VIOCF and VIOC currently intend to use the System Fund, VIOCF and VIOC may terminate it in the future. The System Fund will not be terminated, however, until all monies have been spent as stated in Paragraph 3 or returned to contributors on the basis of their contributions. (License Agreement Section 13.5).

Media Advertising

Under the License Agreement, you are required to spend a minimum of 3% of your Adjusted Gross Revenue to pay costs associated with the following media categories: print, direct mail, interactive, outdoor billboards, radio, and television for the benefit of your Center.

1. VIOCF has sole discretion over all of the advertising concepts, materials and media.

2. VIOCF may audit your media advertising expenditures at any time.

3. VIOCF has the right to establish and require contributions to any regional advertising cooperatives which would be in addition to the required 3% contribution for local advertising.

4. VIOCF may require contributions from you for national advertising which would be in addition to the 3% contribution for local advertising.

Media Cooperatives

At its sole discretion, VIOCF may designate any geographic area as a cooperative (each, a "Cooperative"), and determine if a Cooperative applies to the Center. VIOCF can also require a Cooperative to be changed, dissolved, or merged. If a Cooperative applies to the Center at the time you begin operations under the License Agreement, you must immediately become a member of the Cooperative. If a Cooperative applies to the Center and is established at any later time during the term of the License Agreement, you must become a member of the Cooperative within 30 days after the Cooperative begins operation. If the Center is within the territory of more than one Cooperative, that Center will be required to be a member of only one Cooperative. If you have more than one Center, you may be required to be a member of more than one Cooperative. VIOC company owned Centers within the geographic area of the Cooperative must become members of the Cooperative and contribute to the Cooperative on the same basis as other members. The following provisions will apply to each Cooperative:

1. VIOCF must approve, in advance, the government and operation of each cooperative. The Cooperative's governing documents must be in written form available for review.

2. Each Cooperative must be organized only for administering regional advertising programs and developing standardized advertising materials, subject to VIOCF's approval, for use by the members in local advertising.

3. VIOCF must approve all promotional materials used by a Cooperative or given to its members before these materials are used or distributed to members. All materials must be submitted to VIOCF as outlined in the License Agreement.

4. Each Cooperative may vote unanimously to contribute reasonable amounts determined by the Cooperative which would be in addition to the required 3% contribution for local advertising.

5. Each member must submit to the Cooperative, by the 20th day of each month, for the preceding calendar month, its contribution and other reports required by VIOCF or the Cooperative. The Cooperative prepares annual financial statements which are available for your review.

6. VIOCF, in its sole discretion, may grant to any licensee an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of the licensee stating

reasons supporting the exemption. VIOCF's decision concerning the request for exemption will be final. (License Agreement Section 13.3)

Advertising conducted by the System Fund and the Cooperatives may be used in print, radio, or television. VIOCF in-house and VIOCF's agency of record prepare advertising for the System Fund. Agencies selected by the Cooperatives prepare advertising for the cooperatives. For both the System Fund and the Cooperatives, contributions not spent in the fiscal year are spent in the next fiscal year. Neither the System Fund nor the Cooperatives use any funds for advertising to solicit for the sale of franchises. VIOCF may audit the advertising fund.

VIOCF is not obligated to spend any amount on advertising in the area where you are located, except as described above. VIOCF has an advisory council made up of licensees who discuss with VIOCF various operational and marketing topics. The council consists of four licensees selected by their peers and approved by VIOCF. The council acts in an advisory capacity only, and VIOCF may change or dissolve the council.

Data Processing System

VIOCF's point of sale computer system includes one computer system for each Center ("POS System") and a remote terminal on each bay. You must purchase the POS System from VIOC and maintain the POS System in good working order and condition including all necessary adjustments, repairs and replacements. VIOCF's central system ("Central Web Application") is the back-end management piece to the POS System and is accessed through the internet.

VIOCF will require that you have a high speed internet connection (20 mb down and 5mb up) for the POS System. The software used with the current system is Windows Server 2008 R2 operating system, Chek-Chart software, and SprDr credit-card software. In addition, VIOCF will provide to you the POS System software which is owned by our parent, Valvoline. Since this software is considered confidential and proprietary information, you cannot alter it in any way and you must return it to VIOCF at the termination of your License Agreement. (See ITEM 6 for more information.)

The Central Web Application gives you the ability to manage the POS System. Some of the functions of the Central Web Application are running reports, changing prices and adding new employees to the system. The Central Web Application and the internet browser must meet the requirements that VIOC establishes, and you will be responsible for your own maintenance of the hardware. The Central Web Application operates on Windows Internet Explorer 10 or higher. In addition, VIOCF will grant you access to the Central Web Application which is owned by our parent, Valvoline. Since this software is considered confidential and proprietary information, you cannot alter it in any way and your access will be terminated at the termination of your License Agreement. (See ITEM 6 for more information.)

The Central Web Application stores and maintains information and communicates data to the POS System. There is no contractual limitation on our right to receive information through the POS System. All data received from the POS System is stored at our office in Lexington, Kentucky. The system located at the Center helps you process customer invoice transactions and store operating information. It also helps you retain customer vehicle information, control cash, checks and charges as well as administrative items.

VIOCF requires that you have electronic mail capabilities, including internet access, to operate the Central Web Application, communicate with your centers, communicate with VIOCF's office, and to transfer and receive reports and other data.

Manual

We will loan you one copy of VIOCF's confidential operating manual (the "Manual"), during the term of your license. The Manual may be modified and updated to reflect changes in the System. See Exhibit H for the table of contents of the Manual as of the end of our last fiscal year. (See ITEM 14 for more information.)

VIOCF is not obligated by the License Agreement or any other agreement, to provide any other supervision, assistance or service in connection with the on-going operation of the Center.

Training

TRAINING PROGRAM

SUBJECT	**HOURS OF CLASSROOM TRAINING**	**HOURS OF ON-THE-JOB TRAINING**	**LOCATION**
Real Estate & Development	8	20-30	Franchisee Market Area
Administration	24	16	Lexington, KY
Operations Training	40	160	Company owned Region Market
Center Opening Assistance	0	80	Franchised Location
Follow-Up Training	0	24-40	Franchised Location

VIOCF conducts training programs for both you and some of your employees. The training program will include four segments, which are conducted as needed.

VIOCF's Real Estate & Development Training introduces you to the site selection, real estate, and construction and acquisition strategy portions of the business. It will begin promptly after you sign the License Agreement and will include 1 day of orientation and 2-3 days of site visits once a site is identified. You (or if your business is a corporation or partnership, a principal of the business) must attend and complete, to VIOCF's satisfaction, VIOCF's Real Estate & Development Training.

VIOCF's Administration Training provides you with business training and Center management training. This program introduces you to the human resources, compensation, fleets, marketing, legal, EH&S, credit, security, training, point of sale, and pricing aspects of the business. The Administration Training will begin approximately 60 days before the opening of the initial Center and will include approximately 3 days of classroom instruction and approximately 3 days of on-the-job training at Centers operated by VIOCF's affiliate or licensee. You (or if your business is a corporation or partnership, a principal of your business) must complete, to VIOCF's satisfaction, VIOCF's Administration Training.

VIOCF's Operations Training for your initial manager focuses entirely on Center management and is intended to train qualified individuals to manage Centers. The Operations Training will begin approximately 60 days before the opening of the initial Center and will include approximately 5 days of classroom instruction and approximately 20 days of on-the-job training at a Center operated by VIOCF's affiliate or licensee. Your initial manager must complete, to VIOCF's satisfaction, VIOCF's Center management training program portion of Operations Training before your Center opens.

VIOCF's Center Opening Training is designed to assist you in the opening of a new Center. Center Opening Training will be held at your Center, approximately 1 week before the opening of the Center, and will include operational training and assistance. The exact duration and timing of Center Opening Training, however, will depend on your preparation.

Approximately 3-6 months after your first Center opens, an operations representative will return to your Center and provide VIOCF's Follow-Up Training.

It is your responsibility to insure that <u>all</u> subsequent managers and employees are trained in the SuperPro 10® training materials for the System and that the SuperPro 10® System is utilized at the Center. VIOCF may audit your Center at any time to ensure compliance with the SuperPro 10®System.

Instructional materials for all training will utilize manuals, lectures, intranet site demonstrations, classroom discussion and hands-on training as indicated above.

While there is no charge for the training program, you are required to pay for your travel, lodging, meals and any other expense (including wages) you incur.

Real Estate & Development Training:

<u>Subject</u>	<u>Length of Experience of Instructor</u>	<u>Experience of Instructor</u>
Development	Field – 34+ years Company – 34+ years	Real estate, site selection, construction

Administration Training:

<u>Instructor</u>	<u>Length of Experience of Instructor</u>	<u>Experience of Instructor</u>
Franchise Analyst Subject	Company – 15+ years	Reporting procedures and general franchise information
Fleet	Company – 10+ years	Fleet accounts
Marketing	Company – 7+ years Field – 18+ years	Marketing and advertising
Legal	Company – 8+ years Field – 13+ years	Franchise and commercial law
Environmental	Company – 15+ years	Environmental Issues
Credit	Company – 18+ year	Credit
Security	Company – 9+ years	Security
IT	Company – 28+ years	Point of Sale
Training	Company – 8+ years Field – 13+ years	VIOC University, management, operations and franchise
Human Resources	Company – 19+ years	General Human Resources
Recruiting	Company –13+ years	Recruiting
Business Optimization	Company – 23+ years	Purchasing
Technical Advisor - Automotive	Company – 26+ years	Technical Issues / Claims

Center Opening Assistance:

<u>Subject</u>	<u>Length of Experience of Instructor</u>	<u>Experience of Instructor</u>

Franchise Business Consultant/Franchise Trainers	Company – 28+ years	Store management, operations and POS

The corporate officer in charge of training is Jamie Hinely. He is the Learning Solutions Manager for VIOC and his background consists of more than 21 years of experience in training and employee development.

On-going Training

In addition to the required training programs outlined above, VIOCF will provide additional training or assistance to you at your request. The additional training or assistance can be provided at your location at a cost of $250 per day per trainer required. Other scheduled optional VIOC training classes will be offered at no cost other than your own expenses for travel, lodging, meals, and any other expenses (including wages) you incur.

There is no specific training required under the Area Development Agreement.

ITEM 12
TERRITORY

License Agreement

The License Agreement designates an Approved Location, if the site is known, or a Site Selection Area for the Center, if the site is unknown, when you sign the License Agreement. It also designates a two-mile radius from the most central point of the Approved Location where we agree not to establish or operate a Center under the System and the Proprietary Marks. Once you have established the Center, the Approved Location and the two-mile radius surrounding it will be considered the Territory (the "Territory") where we agree not to establish or operate a Center under the System and the Proprietary Marks. Your rights to your Territory do not depend on certain sales volumes, market penetration or other contingencies. However, your Territory may be altered if the Center is relocated or if Centers are acquired through an acquisition, as described below. You may not relocate the Center without VIOCF's prior written consent. If VIOCF consents to the Center's relocation, VIOCF may eliminate, reduce, or alter the Territory.

Except as described in this ITEM 12, you will not receive an exclusive territory. You may face competition from other VIOCF Centers that we or our affiliates franchise or own and that operate at traditional sites outside your territory. Also, you may face competition from other outlets that we franchise or own, or from other channels of distribution or competitive brands we control.

During the term of the License Agreement, VIOCF will not operate, or license other persons to operate, any Center, within the Territory, which is under the System and uses the Proprietary Marks. However, VIOCF, or any of its affiliates, have the right to buy an existing business within your Territory, which business VIOCF, or any of its affiliates, may operate or license others to operate, even though the business offers similar products and services to the System, so long as the business uses different Proprietary Marks. With respect to your rights within the Territory, the mark "Valvoline®" and the mark "V®" will not be considered to be a "Proprietary Mark" licensed to the Center if either mark is used apart from the mark "Instant Oil Change". VIOCF is not required to pay you if we exercise any of the rights specified above inside your territory.

As mentioned in Item 1, Valvoline allows and plans to continue to allow operators of automotive service facilities to use its "Express Care" trademark and/or its "We Feature" program and those automotive service facilities may be located within your Territory.

The License Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional licenses within the Site Selection Area or Territory after VIOCF has approved a site.

Valvoline, an affiliate of VIOCF, sells VALVOLINE® products, which are similar to the products that you will be selling in your Center, to other quick-lube operations, service stations, automotive service departments at national chain stores, brake shops and other "specialty" automotive repair stores, tire stores, automotive dealerships, and other businesses that offer oil change and lubrication services and other routine automotive maintenance. VALVOLINE® products are also sold at gasoline/convenience stores, grocery stores, discount stores, retail stores, and mass merchandisers.

VIOCF does not restrict you from soliciting business from outside your Territory, but you do not have the right to use other channels of distribution.

Development Agreement

If you are offered the opportunity to develop multiple Centers within a designated geographic territory (the "Development Area"), you will execute a Development Agreement with us. The Development Agreement specifies the number of Centers that you are expected to develop within the Development Area and the time frame for that development.

The Development Area may range from areas within a city to several counties within a state, depending upon population and the number of proposed centers to be developed. Each License Agreement designates the Territory for each individual Center and includes the area within a two-mile radius of the most central point of the Center.

During the term of the Development Agreement, VIOCF will not operate, or license other persons to operate, any Center within the Development Area which is under the System and uses the Proprietary Marks. However, VIOCF has the right to buy an existing business within your territory, which business VIOCF may operate or license others to operate, even though the business offers similar products and services of the System, and we will be able to use the Proprietary Marks but we will work with you to determine the appropriate territory boundaries between the acquired business and your existing Centers by referencing the parameters of Developer's then-existing License Agreements for its Centers within the Development Area. With respect to the Developer's rights under the Development Area, the mark "Valvoline" and the Mark "V" will not be considered to be a "Proprietary Mark" if either mark is used apart from the Mark "Instant Oil Change."

Your rights within the Development Area are not based on any specific sales volume.

VIOCF may not change the Development Area except by mutual consent or termination of the Development Agreement.

ITEM 13
TRADEMARKS

The License Agreement grants you a limited right and non-exclusive, revocable license to use VIOCF's System, as defined in Item 1, which includes the non-exclusive license to use the Proprietary Marks, as they may be changed (including additions and deletions) at VIOCF's sole discretion. Your license to use the Proprietary Marks is limited solely to the operation of the Center, advertising for the business, and can be used only with the System.

You must obtain from VIOCF prior approval to use the Proprietary Marks on any website or any other interactive venue you may use.

Valvoline Licensing and Intellectual Property LLC ("VLIP"), holds the following United States trademarks and service marks, both registered and pending which may be licensed to you or which you may otherwise use in conjunction with the limited circumstances specified above. VLIP, a wholly-owned subsidiary of Valvoline.

MARK	REGISTRATION NO.	REGISTRATION DATE	LAST RENEWAL DATE
V VALVOLINE INSTANT OIL CHANGE℠ and (Design)	2118621	December 9, 1997	December 9, 2007
V VALVOLINE INSTANT OIL CHANGE℠ and (Color Design)	2913216	December 21, 2004	December 21, 2014
VALVOLINE INSTANT OIL CHANGE℠	1531277	March 21, 1989	March 21, 2009
INSTANT OIL℠	1687316	May 12, 1992	July 19, 2012
VALVOLINE™ (Stylized)	1601798	June 19, 1990	July 19, 2010
Symbol "V" ™ (special color of red and blue)	0867342	April 1, 1969	April 1, 2009
Symbol "V" ℠ (black and white)	2015438	November 12, 1996	November 12, 2016
(Cylindrical Sign Configuration)	1575539	January 2, 1990	January 2, 2010
SUPERPRO 10℠	3441732	June 3, 2008	NONE (DUE June 3, 2018)
SUPERPRO 10℠ (Design)	3367955	January 15, 2008	NONE (DUE January 15, 2018)
Driven By Your Satisfaction℠	3389964	February 26, 2008	NONE (DUE February 26, 2018)
We Work On Satisfaction, Not Commission℠	3176760	November 28, 2006	November 28, 2016
Cars, We Know'em. We Love'em℠	2286621	October 12, 1999	October 12, 2009
V Valvoline Instant Oil Change℠ (Logo)	3642386	June 23, 2009	NONE (DUE June 23, 2019)
V Valvoline Instant Oil Change℠ (Design)	3642387	January 23, 2009	NONE (DUE January 23, 2019)

Symbol "V"SM (Color Design)	3564645	January 20, 2009	NONE (DUE January 20, 2019)
Changing Expectations SM	3162717	October 24, 2006	DUE October 24, 2016
ValvolineSM	3512482	October 7, 2008	NONE (DUE October 7, 2018)
Rapid Oil ChangeSM (Design)	1542903	June 6, 1989	June 6, 2009
Oil Can Henry's SM	1156661	June 2, 1981	June 3, 2011
Oil Can Henry's (Design) SM	1496174	July 12, 1988	July 18, 2008

All trademarks are registered on the Principal Register. Common Law rights are also claimed for the above listed trademarks and service marks, which have been used in interstate commerce.

There are no currently effective determinations of the United States Patent or Trademark Office, the trademark trial and appeal board, the trademark administrator of this state, or any court, nor is there any pending infringement or opposition of cancellation proceeding, nor any pending material litigation involving the trademarks which may be relevant to their use in this state or in any other state.

VIOCF and VLIP are parties to a trademark license agreement in which VLIP, as the owner of the above registered marks, has licensed VIOCF to use the marks and VIOCF and OCHI are also parties to a trademark license agreement in which OCHI, as the owner of the above registered marks, has licensed VIOCF to use the marks. Other than these trademark license agreements, there are no agreements that limit the rights of VIOCF to use or license the use of any Proprietary Mark.

VIOCF reserves the right to substitute different Proprietary Marks for use in identifying the System and the businesses operated under the System. If the Proprietary Marks are discontinued or if VIOCF, in its sole discretion, determines that substitution of different Proprietary Marks will be beneficial to the System, VIOCF's liability to you will be limited to the costs of modifying your signs and advertising materials to conform to the newly-required Proprietary Marks, except that VIOCF may require you to pay for the cost of these modifications out of your funds, as described under the heading "Center Upgrading Costs" in ITEM 6 of this Disclosure Document.

You must promptly notify VIOCF of any infringement of the Proprietary Marks of which you may become aware, but take no other action(s). Any action taken to protect the Proprietary Marks from any infringing use will be in the sole discretion of VIOCF and at VIOCF's expense.

You must promptly notify VIOCF if litigation involving the Proprietary Marks is filed or threatened against you. If the Proprietary Marks have been used properly, VIOCF, or its designee, will defend or settle the litigation at its own expense, including payment of any judgment or settlement. If the Proprietary Marks have not been properly used by you, VIOCF will have the right to defend or settle the litigation at your expense, including the payment by you of any judgment or settlement. You will cooperate fully in any investigation, defense, litigation, or settlement.

Neither the License Agreement nor any other agreement obligates VIOCF to defend or indemnify you for damages or expenses that you may have if you are a party to an administrative or judicial proceeding involving a Proprietary Mark.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Copyrights

On March 3, 1995, Valvoline obtained a copyright registration for its Operations Manual under Registration Number VA 597-420. Valvoline has obtained copyright registration on its Super-Pro 10™ Training Manuals, and it claims copyright protection on these manuals under Registration Numbers VA-856-151, VA-856-153, VA-856-148, VA-856-145, VA-856-150, VA-856-147, VA-856-146, VA-856-149, VA-856-154, VA856154, VA-856-152. The information within these materials is considered confidential and proprietary. Item 11 of the Disclosure Document describes the Manual in the manner in which you are permitted to use it.

You must tell VIOCF immediately if you learn about an infringement or challenge of these copyrights. VIOCF, in its sole discretion, will take the action it considers appropriate. You must promptly notify VIOCF if litigation involving these copyrights is filed or threatened against you. VIOCF will defend or settle the litigation at its expense, unless you have not used the copyrights properly. If you have not used the copyrights properly, VIOCF has the right to defend or settle the litigation at your expense.

Confidential Information

License Agreement

VIOCF will lend you a copy of its Manual before your Center opens. You must treat the Manual and any other manuals, instructional materials, techniques, processes, policies, procedures, systems, data and know-how regarding the development, designs, specifications and information about products and services, operation and franchising of a center, all information regarding customers, potential customer leads, and suppliers, including any statistical and/or financial information (including but not limited to historical gross revenue and adjusted gross revenue and future projections, if any), all lists and customer information or other information that Licensee enters into Licensor's POS System database, all contracts, marketing and promotional materials, publications, videos or other related materials created or approved for use in relation to the operation of the Center, any licensed computer software programs, and all information contained within these materials as secret and confidential. The Manual remains VIOCF's sole property and must be kept in a secure place at the Center. The Manual and all other manuals or information given to you may not be reproduced in any form or distributed to any unauthorized person. Your only interest in any of the proprietary or confidential information is the right to use it pursuant to the License Agreement.

If VIOCF revises the Manual you must comply with any new requirement. If any discrepancies occur regarding the Manual, the Master copy of the Manual at VIOCF headquarters will control.

Under the terms of the License Agreement, VIOCF is the sole and exclusive owner and controls all information, lists and data related to past, present and future customers of the Center, and you are subject to use restrictions by VIOCF. Valvoline owns and controls all domain names and URLs relating to any VIOCF Center. In addition, you may not reveal or use for the benefit of any other person any confidential information concerning the operation methods of the Center (including information that you enter into VIOCF's POS System database). Reveal this confidential information only to the employees for whom the information is necessary in order to operate the Center, and only after impressing upon them the need for strict confidentiality. Your only interest in the proprietary and/or confidential information is the right to use it pursuant to the License Agreement.

You must keep all information disclosed to you by VIOCF confidential. You may give this information only to the employees who must have access to the confidential information, after first impressing upon them the need for strict confidentiality on their part. You may not reproduce this information or distribute it to any unauthorized person.

ITEM 15
OBLIGATION TO PARTICIPATE
IN THE ACTUAL OPERATION OF THE LICENSED BUSINESS

The License Agreement requires you or your designee to devote full time, energy, and best efforts to the management of the Center(s). A manager who has successfully completed the SuperPro 10® training program must directly supervise the Center. The manager is not required to have an ownership interest in the licensed business.

Any principal with a 5% or greater ownership interest in your business and certain people related to you may be required to sign a consent to the License Agreement transaction and/or covenants of confidentiality and non-competition and to personally guarantee the performance of the business.

ITEM 16
RESTRICTIONS ON WHAT THE LICENSEE MAY SELL

You are required to restrict your activities to the operation of the Center and you may not use the premises for any purpose other than a Center, unless you have first obtained VIOCF's written consent. You must keep the Center open and in operation for a minimum of Monday through Saturday, 9:00 a.m. through 5:00 p.m., excluding up to 10 nationally or regionally recognized holidays. The Center must operate strictly within the guidelines set by VIOCF.

For a description of some purchase restrictions, see ITEM 8 of this Disclosure Document.

VIOCF provides a list of all products and services you must offer for sale. You may offer only approved items and may not sell any products which VIOCF has not approved in writing.

VIOCF has the unlimited right to change the types of authorized products and services.

VIOCF places no restrictions on your ability to serve customers, except as described above.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the license and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Development Agreement ("DA") License Agreement ("LA") SBA Addendum ("SBA")	Summary
a. Length of the franchise term	DA – Section 4 LA – Section 2 SBA – Not Applicable	DA – Subject to negotiation LA -15 years
b. Renewal or extension of the term	DA – Not Applicable LA - Section 2 SBA – Not Applicable	LA - Option of two consecutive terms of 5 years each, one 10 year term, or one 15 year term.
c. Requirements for you to renew or extend	DA – Not Applicable LA - Section 2 SBA – Not Applicable	LA - VIOCF and you will conduct a site review at least 18 months before expiration to determine site maintenance and upgrade requirements. You must provide VIOCF with 12-18 months written notice advising of your election to renew or not renew with VIOCF. Renewal requires: a) compliance with monetary, training, site upgrade, and other obligations (i.e., not in default), b) signed release of claims, c) sign then current license agreement (and related agreements); and d) renewal fee. The then-current license agreement may contain terms and conditions materially different from those in your previous License Agreement.
d. Termination by you	Not Applicable	
e. Termination by VIOCF without cause	Not Applicable	

Provision	Section in Development Agreement (“DA”) License Agreement (“LA”) SBA Addendum (“SBA”)	Summary
f. Termination by VIOCF with cause	DA – Section 6 LA - Section 16 SBA – Not Applicable	DA & LA - VIOCF can terminate only if you default
g. “Cause” defined-defaults which can be cured	DA – Section 6.3 LA - Section 16.4 & 16.5 SBA – Not Applicable	DA – 15 days after written notice for all defaults LA - 5 days after written notice for defaults of payments of fees; 30 day cure period for all other defaults
h. “Cause” defined-defaults which cannot be cured	DA – Section 6.1-6.2 LA - Section 16.1 - 16.4 SBA – Not Applicable	DA – Bankruptcy, appointment of receiver, insolvency, your company dissolves, execution levied on property, sale of personal property after levy, appointment of custodian by court, failure to comply with development schedule, default by you under any License or other agreements, felony conviction, repeated defaults, unapproved transfer, maintaining false books or submitting false reports. Failure to maintain insurance. LA - Bankruptcy, appointment of receiver, insolvency, your company dissolves, execution levied on property, default by you under any other agreement between you and us, felony conviction, repeated defaults, failure to submit site approval within one year, failure to open within two years, unapproved transfer abandonment, loss of premises, submit false reports, understates payments, failure to maintain insurance, reveal confidential information.
i. Your obligations on termination/non-renewal	DA – Section 6.5 LA - Section 17 SBA – Not Applicable	Cease business and use of marks and procedures, pay all sums due, turn in manual and other confidential materials and remove signage (also see r. below)
j. Assignment of contract by us	DA – Not Applicable LA - Section 15.1 SBA – Not Applicable	No restriction on VIOCF’s right to assign

Provision	Section in Development Agreement ("DA") License Agreement ("LA") SBA Addendum ("SBA")	Summary
k. "Transfer" by you-definition	DA – Not Applicable LA - Section 15.2 SBA – Not Applicable	Includes sell, assign, transfer, convey, give away or encumber all or substantially all of the assets comprising the Center or interest in the licensed business
l. Our approval of transfer by you	DA – Section 7.2 LA - Section 15.2-15.7 SBA – Not Applicable	VIOCF has the right to approve all transfers but will not unreasonably withhold approval
m. Conditions for our approval of transfer	DA – Section 7.2 LA - Section 15.2-15.7 SBA – Not Applicable	Money obligations satisfied, not in default, release signed, assignment to discharge prior obligations, new franchisee qualifies, execution of current form documents, training
n. Our right of first refusal to acquire your business	DA – Not Applicable LA - Section 15.4 SBA – Section 1	VIOCF can match any offer; SBA – VIOCF may not exercise right of first refusal in the case of the sale of a partial interest in a franchisee Center that is financed with SBA-assisted financing
o. Our option to purchase your business	DA – Section 6.5.7 LA - Section 17.9 SBA – Section 1	DA – Upon termination or default VIOCF can buy certain assets for fair market value as defined in Section 6.5.7 LA - Upon termination or expiration VIOCF can buy certain assets for fair market value as defined in Section 15.4 SBA – VIOCF may not purchase any real estate owned by Franchisee that is financed with SBA-assisted financing
p. Your death or disability	DA – Not Applicable LA - Section 15.5 SBA – Not Applicable	Franchise must be transferred to an approved transferee within 1 year
q. Non-competition covenants during the term of the license	DA – Not Applicable LA - Section 18 SBA – Not Applicable	Shall not divert business, employ person employed by VIOCF, operate a similar business
r. Non-competition covenants after the license is terminated or expires	DA – Not Applicable LA - Section 18 SBA – Not Applicable	Cannot be involved in similar business for 2 years within 25-mile radius of any Center*

Provision	Section in Development Agreement ("DA") License Agreement ("LA") SBA Addendum ("SBA")	Summary
s. Modification of the agreement	DA – Section 11.5 LA - Section 24 SBA – Not Applicable	Made only in writing with prior approval by VIOCF
t. Integration / merger clause	DA – Not Applicable LA - Section 24 SBA – Not Applicable	Only terms of License Agreement are binding (subject to state law). Any statements or promises not in the License Agreement or this disclosure document should not be relied upon and may not be enforceable.
u. Dispute resolution by arbitration or mediation	DA - Not Applicable LA – Not Applicable SBA – Not Applicable	
v. Choice of forum	DA – Section 11.7 LA - Section 26 SBA – Not Applicable	Litigation must be in Kentucky*These provisions are subject to state law.
w. Choice of law	DA – Section 11.7 LA - Section 26 SBA – Not Applicable	Kentucky law applies* These provisions are subject to state law.

* State specific laws may amend these provisions. See State Addenda.

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "[a] provision in a franchise agreement restricting jurisdiction of venue to a forum outside this state or requiring the application of laws of another state is void with respect to a claim otherwise enforceable under this Act".

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

These states have statutes which may supersede the license agreement in your relationship with the Licensor including the areas of termination and renewal of your license: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-6], ILLINOIS [815ILCS 705/1 - 44], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17 and 537A.10], MICHIGAN [Stat. Section 19.854(27)], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-11], SOUTH DAKOTA [SDCL 37-5B], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions which may supersede the license agreement and related agreements in your relationship with VIOCF including the areas of termination and renewal of your license.

The provisions in the License Agreement which provide for termination upon bankruptcy of a licensee may not be enforceable under federal bankruptcy law [11 U.S.C. Section 101 et seq.].

Restrictions on our Post-Termination Rights

These and other states have laws that may limit our ability to restrict your activity after the franchise expires, is not renewed, or has been terminated: California Business and Professions Code Section 16600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.772 *et seq.*, Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, and Washington Code Section 19.86.030.

In addition to the provisions noted in the chart above, the License Agreement and Development Agreement contain a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. (Development Agreement – Section 11.7, License Agreement – Section 26). We recommend that you carefully review all of these provisions, and each of the agreements attached to this disclosure document in their entirety, with a lawyer. Applicable state law might require additional disclosures related to the information contained in this Item 17.

ITEM 18
PUBLIC FIGURES

VIOCF does not use any public figures to promote the sale of its licenses.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Some stores have sold this amount. Your individual results may differ.

All fiscal years referenced below are from October 1 through September 30 of the respective year.

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Section A – VIOC Company Operated Stores

Fiscal 2013			Based on Average Net Sales [1]					
Average Unit Data:	All Stores		High		Mid		Low	
Number of Stores	260		65		130		65	
% of Total Number of Stores	100%		25%		50%		25%	
% of Aggregate Store Sales	100%		35%		48%		17%	
Average Unit Net Sales (AUNS)	769,923		1,070,954		739,372		529,995	
Number of Units Above AUNS	109		25		61		36	
Number of Units Below AUNS	151		40		69		29	
Net Sales - Highest Unit	1,855,711		1,855,711		887,680		606,230	
Net Sales - Lowest Unit	400,851		888,066		614,122		400,851	
Contribution - Highest Unit	775,669		775,669		319,258		166,039	
Contribution - Lowest Unit	20,310		235,875		117,054		20,310	
Average Oil Changes	11,392		15,722		10,952		7,943	
Average Oil Changes Per Day [4]	37.1		51.2		35.7		25.9	
Average Ticket	$67.58		$68.12		$67.51		$66.72	
% of Premium Oil Changes	55.2%		55.7%		55.1%		54.5%	
Average Financial Performances:	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Gross Sales	905,766		1,259,096		869,998		623,972	
Sales Tax	(50,065)	5.5%	(71,753)	5.7%	(47,708)	5.5%	(33,092)	5.3%
Adjusted Gross Sales	855,701	94.5%	1,187,343	94.3%	822,290	94.5%	590,880	94.7%
Sales Deductions	(85,778)	9.5%	(116,389)	9.2%	(82,918)	9.5%	(60,885)	9.8%
Net Sales	769,923	90.0%	1,070,954	90.2%	739,372	89.9%	529,995	89.7%
Product	(225,435)	29.3%	(309,254)	28.9%	(217,307)	29.4%	(157,871)	29.8%
Labor	(216,657)	28.1%	(265,329)	24.8%	(210,066)	28.4%	(181,167)	34.2%
Gross Profit	327,831	42.6%	496,371	46.3%	311,999	42.2%	190,957	36.0%
Store Expenses [2]	(63,657)	8.3%	(77,528)	7.2%	(62,478)	8.5%	(52,145)	9.8%
Advertising [3]	(35,117)	4.6%	(35,117)	3.3%	(35,117)	4.7%	(35,117)	6.6%
Contribution	229,058	29.8%	383,727	35.8%	214,404	29.0%	103,695	19.6%

Fiscal 2014			Based on Average Net Sales [1]					
Average Unit Data:	All Stores		High		Mid		Low	
Number of Stores	260		65		130		65	
% of Total Number of Stores	100%		25%		50%		25%	
% of Aggregate Store Sales	100%		35%		48%		17%	
Average Unit Net Sales (AUNS)	804,629		1,122,081		770,981		554,474	
Number of Units Above AUNS	108		23		59		38	
Number of Units Below AUNS	152		42		71		27	
Net Sales - Highest Unit	1,927,731		1,927,731		934,814		637,140	
Net Sales - Lowest Unit	408,587		935,540		637,674		408,587	
Contribution - Highest Unit	762,331		762,331		346,525		180,626	
Contribution - Lowest Unit	(43,903)		284,631		112,846		(43,903)	
Average Oil Changes	11,809		16,354		11,335		8,214	
Average Oil Changes Per Day [4]	38.4		53.3		36.9		26.8	
Average Ticket	$68.13		$68.61		$68.02		$67.50	
% of Premium Oil Changes	55.6%		56.2%		55.3%		55.1%	
Average Financial Performances:	$	%	$	%	$	%	$	%
Gross Sales	946,452		1,319,067		906,529		653,683	
Sales Tax	(53,092)	5.6%	(76,352)	5.8%	(50,255)	5.5%	(35,506)	5.4%
Adjusted Gross Sales	893,360	94.4%	1,242,715	94.2%	856,274	94.5%	618,177	94.6%
Sales Deductions	(88,730)	9.4%	(120,634)	9.1%	(85,293)	9.4%	(63,702)	9.7%
Net Sales	804,630	90.1%	1,122,081	90.3%	770,981	90.0%	554,475	89.7%
Product	(230,979)	28.7%	(318,729)	28.4%	(222,030)	28.8%	(161,126)	29.1%
Labor	(226,176)	28.1%	(276,897)	24.7%	(218,576)	28.4%	(190,654)	34.4%
Gross Profit	347,475	43.2%	526,455	46.9%	330,375	42.9%	202,695	36.6%
Store Expenses [2]	(80,278)	10.0%	(93,809)	8.4%	(80,869)	10.5%	(65,564)	11.8%
Advertising [3]	(34,212)	4.3%	(34,212)	3.0%	(34,212)	4.4%	(34,212)	6.2%
Contribution	232,986	29.0%	398,434	35.5%	215,294	27.9%	102,919	18.6%

Fiscal 2015			Based on Average Net Sales [1]					
Average Unit Data:	All Stores		High		Mid		Low	
Number of Stores	261		65.25		130.5		65.25	
% of Total Number of Stores	100%		25%		50%		25%	
% of Aggregate Store Sales	100%		35%		48%		17%	
Average Unit Net Sales (AUNS)	864,418		1,206,995		828,645		593,938	
Number of Units Above AUNS	105		24		63		34	
Number of Units Below AUNS	156		41		68		31	
Net Sales - Highest Unit	2,001,001		2,001,001		995,392		699,853	
Net Sales - Lowest Unit	399,577		996,112		701,886		399,577	
Contribution - Highest Unit	789,300		789,300		360,154		196,715	
Contribution - Lowest Unit	(32,163)		343,703		82,053		(32,163)	
Average Oil Changes	12,481		17,332		11,990		8,621	
Average Oil Changes Per Day [4]	40.7		56.5		39.1		28.1	
Average Ticket	$69.26		$69.64		$69.11		$68.89	
% of Premium Oil Changes	57.4%		58.0%		57.3%		56.6%	
Average Financial Performances:	$	%	$	%	$	%	$	%
Gross Sales	1,026,397		1,430,855		985,069		705,229	
Sales Tax	(57,414)	5.6%	(82,013)	5.7%	(55,053)	5.6%	(37,573)	5.3%
Adjusted Gross Sales	968,983	94.4%	1,348,842	94.3%	930,016	94.4%	667,656	94.7%
Sales Deductions	(104,565)	10.2%	(141,846)	9.9%	(101,371)	10.3%	(73,719)	10.5%
Net Sales	864,418	89.2%	1,206,995	89.5%	828,645	89.1%	593,938	89.0%
Product	(243,979)	28.2%	(336,868)	27.9%	(234,520)	28.3%	(170,152)	28.6%
Labor	(242,612)	28.1%	(299,538)	24.8%	(234,187)	28.3%	(202,666)	34.1%
Gross Profit	377,827	43.7%	570,589	47.3%	359,938	43.4%	221,120	37.2%
Store Expenses [2]	(84,379)	9.8%	(100,501)	8.3%	(82,971)	10.0%	(71,094)	12.0%
Advertising [3]	(38,446)	4.4%	(38,446)	3.2%	(38,446)	4.6%	(38,446)	6.5%
Contribution	255,002	29.5%	431,642	35.8%	238,521	28.8%	111,580	18.8%

Fiscal 2016			Based on Average Net Sales [1]					
Average Unit Data:	All Stores		High		Mid		Low	
Number of Stores	271		67		136		68	
% of Total Number of Stores	100%		25%		50%		25%	
% of Aggregate Store Sales	100%		35%		48%		17%	
Average Unit Net Sales (AUNS)	914,956		1,274,278		882,302		626,228	
Number of Units Above AUNS	117		22		60		35	
Number of Units Below AUNS	156		45		76		33	
Net Sales - Highest Unit	2,169,290		2,169,290		1,050,243		724,618	
Net Sales - Lowest Unit	469,843		1,061,791		733,586		469,843	
Contribution - Highest Unit	879,998		879,998		320,258		178,269	
Contribution - Lowest Unit	36,885		399,855		189,717		36,885	
Average Oil Changes	13,115		18,143		12,648		9,096	
Average Oil Changes Per Day [4]	42.6		58.9		41.1		29.5	
Average Ticket	$69.76		$70.24		$69.76		$68.85	
% of Premium Oil Changes	59.1%		64.6%		58.9%		53.6%	
Average Financial Performances:	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Gross Sales	1,095,349		1,222,330		846,744		606,928	
Sales Tax	(61,359)	5.6%	(68,162)	5.6%	(46,775)	5.5%	(32,304)	5.3%
Adjusted Gross Sales	1,033,989	94.4%	1,154,168	94.4%	799,775	94.5%	574,624	94.7%
Sales Deductions	(119,033)	10.9%	(104,162)	8.5%	(72,204)	8.5%	(53,787)	8.9%
Net Sales	914,956	88.5%	1,050,005	91.0%	727,765	91.0%	520,837	90.6%
Product	(243,789)	26.6%	(317,512)	30.2%	(222,516)	30.6%	(160,409)	30.8%
Labor	(260,901)	28.5%	(268,749)	25.6%	(210,193)	28.9%	(176,611)	33.9%
Gross Profit	410,266	44.8%	463,745	44.2%	295,056	40.5%	183,817	35.3%
Store Expenses [2]	(86,120)	9.4%	(73,239)	7.0%	(60,826)	8.4%	(50,575)	9.7%
Advertising [3]	(42,079)	4.6%	(33,621)	3.2%	(33,621)	4.6%	(33,621)	6.5%
Contribution	282,067	30.8%	356,885	34.0%	200,609	27.6%	99,621	19.1%

[1] Sales bands were determined by ranking all stores with a full year of operations from highest to lowest net sales. The list was then divided into tiers based on number of stores making up 25%, 50% and 25% of total number of stores.

[2] Store expenses exclude operating leases, market overhead, corporate overhead, and depreciation. Company stores do not pay royalties.

[3] Total Advertising budget is equally allocated across all stores and is not necessarily the actual amount spent by store.

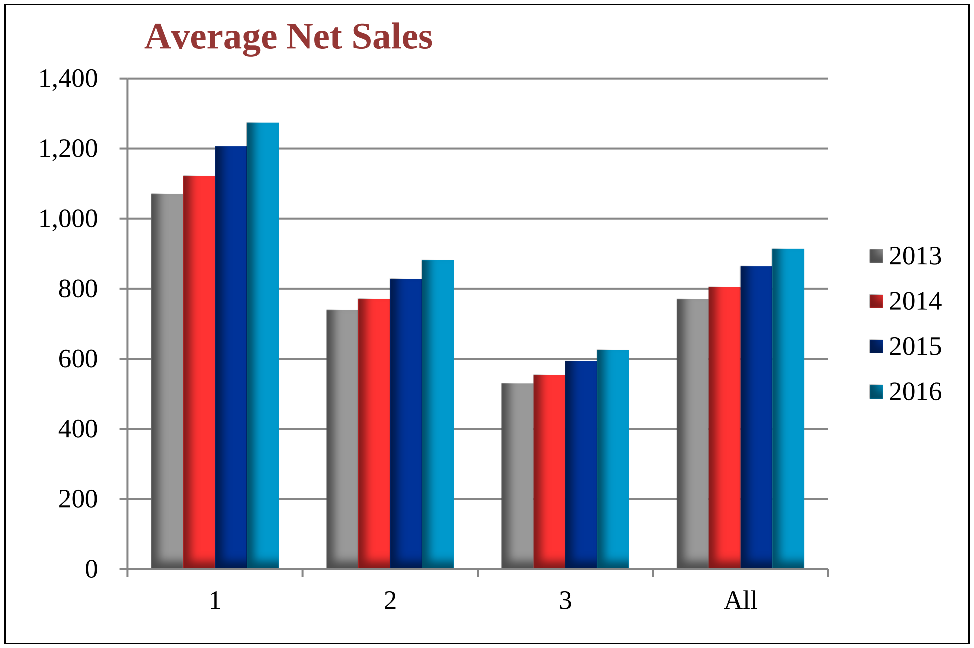
[4] 90% - 92% of car counts include an oil change.

AVERAGE OIL CHANGE PER DAY

Average oil change per day ("OCPD") for company-owned stores, average ticket and gross sales improvements presented above continue a trend that began in FY 2006. Average OCPD was 32.1 in FY 2006, 33.2 in FY 2007, 33.9 in FY 2008, 35.8 in FY 2009, 37.2 in FY 2010, 37.2 in FY 2011, 37.1 in FY 2012, 37.1 in FY 2013, 38.4 in FY 2014, 40.7 in FY 2015, and 42.6 in FY 2016. Average ticket was $47.92 in FY 2006, $53.22 in FY 2007, $56.76 in FY 2008, $58.33 in FY 2009, $60.25 in FY 2010, $63.31 in FY 2011, $66.03 in FY 2012, $67.58 in FY 2013, $68.13 in FY 2014, $69.26 in FY 2015 and $69.76 in FY 2016. Average gross sales were $484,615 in FY 2006, $553,365 in FY 2007, $594,729 in FY 2008, $645,220 in FY 2009, $694,923 in FY 2010, $838,836 in FY 2011, $880,555 in FY 2012, $905,766 in FY 2013, $946,452 in FY 2014, $1,026,397 in FY 2015, and $1,095,349 in FY 2016.

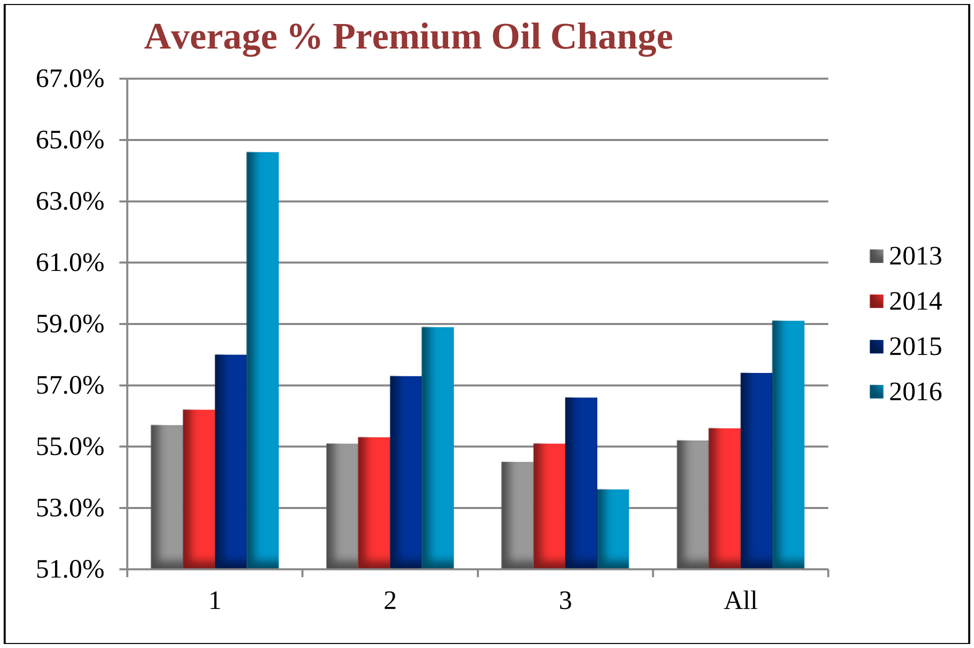
For the fiscal years 2006 through 2016, VIOC company owned stores experienced an aggregate average increase of 10.5 OCPD per store, an increase in average ticket of $21.84 per oil change and an aggregate average increase of gross revenue per stores of $610,734.

The following table shows the average net sales for company owned stores in the fiscal years ending 2013 through 2016. Column 1 is the top 25% of all stores, column 2 is the mid 50% of all stores, column 3 is the bottom 25% of all stores and the "All" column is the average of all stores.

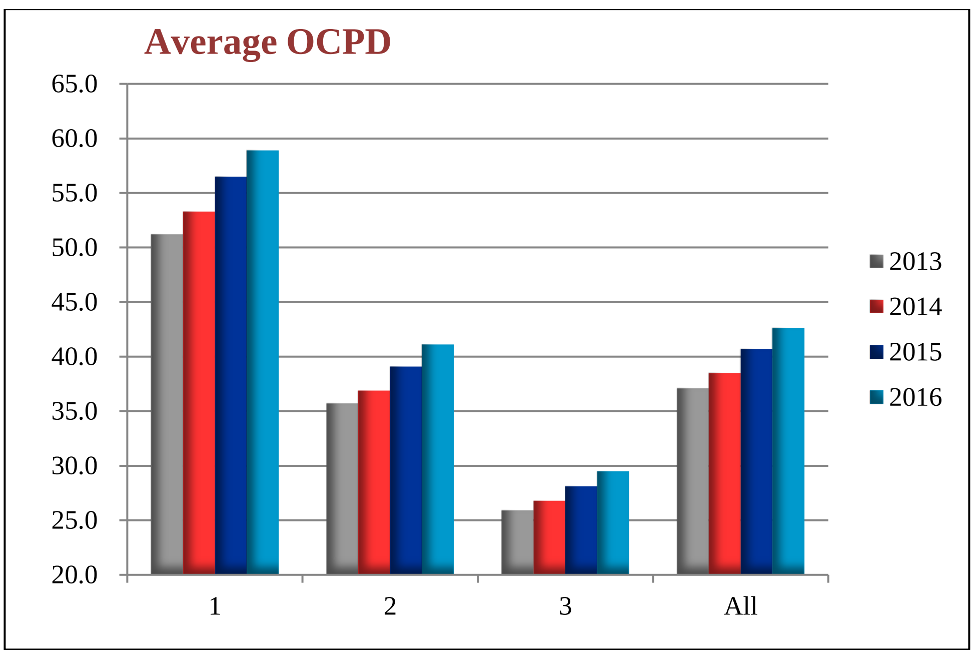


* The numbers in the chart above are in 000s.

The following table shows the average percentage of oil changes which are premium oil changes (and commonly have a higher average sales ticket) for company-owned stores in the fiscal years ending 2013 through 2016. Column 1 is the top 25% of all stores, column 2 is the mid 50% of all stores, column 3 is the bottom 25% of all stores and the "All" column is the average of all stores.



The following table shows the average OCPD for company owned stores. Column 1 is the top 25% of all stores, column 2 is the mid 50% of all stores, column 3 is the bottom 25% of all stores and the "All" column is the average of all stores.



Section B – VIOCF Franchisee Operated Stores

The following financial performance representation consists of historical data for franchised Centers. We compiled this information from the point of sale data for franchised Centers for the 12 month fiscal years ended September 30, 2013, 2014, 2015, and 2016. Any Center not open the full 12 months of the relevant fiscal year has been excluded from the data. We will provide you with written substantiation of the data used in preparing the financial performance representations in this Item 19 upon reasonable request.

Some stores have sold this amount. Your individual results may differ.

FY 2013					
	Total # of Stores	Range		Average Store	# Stores at or Above Average
		Low	High		
Net Sales	582	$138,416	$2,090,801	$717,172	245
Oil Changes Per Day	582	8.1	94.0	33.5	244
Average Ticket	582	$43.76	$109.40	$69.36	236
Premium Oils	582	11.3%	74.5%	47.2%	288

FY 2014					
	Total # of Stores	Range		Average Store	# Stores at or Above Average
		Low	High		
Net Sales	574	$189,446	$2,246,420	$761,974	239
Oil Changes Per Day	574	9.8	94.8	34.6	237
Average Ticket	574	$48.99	$111.20	$71.57	240
Premium Oils	574	22.9%	71.8%	50.7%	289

FY 2015					
	Total # of Stores	Range		Average Store	# Stores at or Above Average
		Low	High		
Net Sales	609	$211,322	$2,208,694	$806,334	256
Oil Changes Per Day	609	10.6	95.3	36.4	261
Average Ticket	609	$50.90	$130.56	$71.93	255
Premium Oils	609	28.8%	71.0%	52.9%	309

FY 2016					
	Total # of Stores	Range		Average Store	# Stores at or Above Average
		Low	High		
Net Sales	607	$209,994	$2,317,342	$869,913	262
Oil Changes Per Day	607	11.2	98.1	38.4	277
Average Ticket	607	$48.23	$110.57	$73.27	264
Premium Oils	607	27.6%	72.2%	55.7%	307

Financial Projections

If requested by a prospective franchisee with an existing quick lube store, we can provide a store conversion model that shows financial projections of an existing quick lube store if it meets the average service penetration levels as seen in our franchisee-owned stores.[3] In order to build a customized model, the prospective franchisee must provide current performance data and cost data to allow comparison to our system performance. The conversion model makes projected representations as to how much an individual

3 Company stores are not included in the conversion model calculations. They generally have higher penetration rates.

prospective franchisee could earn in the future if it meets the average service penetration levels as seen in existing franchise stores. The figures represented in the conversion model are only estimates of potential earnings. There is no assurance you will do as well or achieve the average service penetration rate we assume in the model. If you rely upon our figures, you must accept the risk of not performing as well.

In addition to the assumptions related to service penetration rates, the conversion model makes an assumption of improved oil changes per day based on marketing program effectiveness relative to standard reminder mail programs. Conversion candidates should note that there will be a transition period within which they should expect lower service penetration levels before they might achieve parity with existing franchise store averages. In addition, some non-oil change services require special equipment. If prospective franchisees do not have this equipment, they have to purchase it to perform the service.

Following is a table showing the range of service penetration rates as well as an aggregate average in the categories of "Visual Services," "OEM Services," and "VAL Recommended Services" in FY 2015 that are used in store conversion model financial projections for prospective franchisees that have existing quick lube stores. Visual Services include air filter replacement, battery replacement, bulb replacement, cabin air filter replacement, and wiper blade replacement. OEM Services include automatic transmission fluid replacement service, front differential fluid replacement service, manual transmission fluid replacement service, radiator fluid replacement service, rear differential fluid replacement service, transfer case fluid replacement service, tire rotation service and serpentine belt replacement service. VAL Recommended Services include a 12-month fuel treatment additive, air conditioning test and recharge service and a 3-part fuel system cleaner, which includes a throttle body service, a fuel treatment additive and an intake valve cleaning service. Service Penetration rates include calculations from franchise stores that have been open for the entire 12 month reporting period. Stores that were not open for the entire 12-month period have been excluded.

	FY 2016 – Conversion Model			
	Total # Of Stores	% Penetration Range	Service Penetration Rate (aggregate)	# Of Stores at or Above Average
Visual Services[4]	607	11.44 % to 62.86	37.09%	296
OEM Services	607	0.52% to 31.00%	9.14%	302
VAL Recommended Services	607	0.0% to 11.11%	1.94%	268

Penetration rates are based on identified services performed as a percentage of total oil changes. In the example below, if your store performed at the average penetration rate of 3.9% for Val Recommended Services, you would expect to perform 39 Val Recommended Services for every 1,000 oil changes you perform. The range for "Visual Services," "OEM Services," and "VAL Recommended Services" is calculated utilizing store-specific methodology. The minimum rate is the sum of the minimum penetration rates for all services within a category. For example, within the category of "VAL Recommended Services", if the penetration rates for each of the VAL Recommended Services (such as air conditioning recharge, fuel injection cleaners, and tire rotation) are 1%, 0.6%, and 2.3% respectively, then the aggregate minimum rate for the category will be 3.9%. In this example, the rate of 3.9% indicates the percentage of total oil changes that will have at least one of the services within the category of "VAL Recommended Services." The same methodology is used for the maximum rate in the range of each category. The rate

4 Excludes oil changes.

disclosed for each category is an aggregate and no individual service within a service category has a rate that high.

Assumptions of the conversion model

The conversion model makes assumptions on the impact to the converting business of our fleet program, search engine marketing, and direct mail program. We assume that you use a simple reminder mail program. The model assumes that the service penetration rates of the existing stores are influenced by the stores' utilization of the fleet and direct mail programs as well as our proprietary sales presentation and point of sale system. We will use data you provide on your entity's fleet business. An assumption of improved performance is only made if your fleet business percentage is lower than our average.

The conversion model uses standard pricing assumptions. Except for the premium oil change incentive program, the pricing model does not include the positive impact of the other incentives because participation in those programs is voluntary. Franchisees receive a scaled discount on conventional motor oil purchases depending on the percentage of premium oil changes. The conversion model uses the applicable discount that would apply if you achieved the franchisee average premium oil change percentage. Your incentive discount may be higher or lower depending on the premium oil change percentage that you actually achieve. We also offer a 1% discount for early payment for all product purchases (within 14 days of the date of the invoice and payment must be made by ACH draft). We also offer a discount on MaxLife ATF for franchisees that purchase and use MaxLife ATF as their exclusive ATF fluid (except where other fluids are necessary – i.e., CVT applications).

Other than as outlined above, VIOCF does not furnish, or authorize our salespersons (or anyone else) to furnish, and you should not rely on, any oral or written information concerning the actual or potential sales, income or profits of a Center. We have not suggested that you will succeed in the operation of your Center, because the most important factors in the success of any Center, including the one to be operated by you, are your personal business, marketing, management, judgment and other skills and your willingness to work hard and follow the System. Actual results vary from store to store, area to area, and market to market. Except for projections made with the conversion model for prospective franchisees with existing quick lube stores, we cannot estimate or project the results for any particular Center.

You are likely to achieve results that are different, possibly significantly and adversely, from the results shown above. Many factors, including location, management capabilities, local market conditions, and other factors, are unique to each store and may significantly impact the financial performance of your Center. Consider that a newly opened business should not be expected to achieve sales volumes or maintain expenses similar to those of an established business.

Neither VIOCF nor any of its affiliates, make any promises or representations of any kind that you will achieve any particular results or level of sales or profitability or even achieve break-even results in any particular year of operation.

You are responsible for developing your own business plan for your Center, including capital budgets, financial statements, projections and other elements appropriate to your particular circumstances. The expenses identified in this statement are not the only expenses that you will incur in connection with the operation of your Center. Additional expenses that you may incur include royalty and marketing fees (see ITEM 6 of this disclosure document), interest on debt service (see ITEM 10 of this disclosure document), insurance, legal and accounting charges, and depreciation/amortization. We encourage you to consult with your own accounting, business, and legal advisors to assist you to identify the expenses you likely will incur in connection with your Center, to prepare your budgets, and to assess the likely or potential financial performance of your Center. We also encourage you to contact existing Center operators to discuss the quick oil change business.

In developing the business plan for your Center, you are cautioned to make necessary allowance for change in financial results to income, expenses, or both, that may result from operation of your Center during periods of, or in geographic areas suffering from, economic downturns, inflation, unemployment, or other negative economic influences.

Historical costs and revenues do not necessarily correspond to future costs and revenues because of factors such as inflation, deflation, changes in competition, minimum wage laws, location, financing, construction costs, lease-related costs and other variables. For example, costs such as rent, CAM charges, taxes, interest, insurance and utilities vary from store to store. All information should be evaluated in light of current market conditions, including such costs and price information as may then be available.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

A list of Valvoline Instant Oil Change Center franchisees, and the addresses and telephone numbers of their Centers, is attached as Exhibit F to this disclosure document.

As disclosed in Item 1 of this disclosure document, VIOCF does not operate company owned Valvoline Instant Oil Change service centers. Valvoline Instant Oil Change ("VIOC"), an operating unit of Valvoline, a commercial unit of VIOCF's parent company, Valvoline, operates company owned service centers that offer similar services and products of those provided by Valvoline Instant Oil Change Center franchisees. These service centers are disclosed in this Item 20 as company owned Valvoline Instant Oil Change service centers.

Valvoline Instant Oil Change Centers

Following is information on VIOCF franchised Centers, and VIOC company owned Valvoline Instant Oil Change service centers as of the end of its 2014, 2015 and 2016 fiscal years:[5]

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY*
FOR FISCAL YEARS 2014/2015/2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised*	2014	638	650	+12
	2015	650	663	+13
	2016	663	725	+62
Company-Owned	2014	261	272	+11
	2015	272	279	+7
	2016	279	347	+68
	2014	899	922	+23

[5] Both Valvoline's and Ashland Inc.'s fiscal year ends on September 30. Ashland Inc. was the parent company of VIOCF until September 30, 2016 when Valvoline separated from Ashland and became a separate independently publically traded company. Valvoline is our parent company.

Total Outlets	2015	922	942	+20
	2016	942	1072	+130

* As disclosed in Item 1 of this disclosure document, VIOCF offers qualifying franchisees the opportunity to develop multiple Centers under rights granted in a Development Agreement. This Item 20, Table No. 1 includes the total number of company owned Valvoline Instant Oil Change service centers and the total number of franchised Centers, including any Center opened under rights granted to a franchisee in a Development Agreement.

As of the date of this disclosure document, VIOCF has entered into two Development Agreements. The names, business addresses and telephone numbers of franchisees that have signed a Development Agreement are included in Exhibit F of this disclosure document.

Following is information on transfers of Valvoline Instant Oil Change Center franchises to new owners (other than to VIOCF) as of the end of its 2014, 2015 and 2016 fiscal years:

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS 2014/2015/2016

State	Year	Number of Transfers
Arizona	2014	0
	2015	0
	2016	0
Arkansas	2014	0
	2015	0
	2016	0
California	2014	0
	2015	0
	2016	0
Colorado	2014	0
	2015	0
	2016	0
Connecticut	2014	0
	2015	0
	2016	0
Delaware	2014	0
	2015	0
	2016	0
Florida	2014	0
	2015	0
	2016	0
Georgia	2014	0
	2015	0
	2016	0
Illinois	2014	0
	2015	3
	2016	0
Indiana	2014	0
	2015	0
	2016	0
Iowa	2014	0
	2015	0
	2016	0
Kansas	2014	0
	2015	0
	2016	0
Kentucky	2014	0
	2015	1
	2016	0
Maryland	2014	0
	2015	0
	2016	0
Massachusetts	2014	0
	2015	0
	2016	0
Michigan	2014	0
	2015	1

	2016	0
Mississippi	2014	0
	2015	0
	2016	0
Missouri	2014	0
	2015	0
	2016	0
Minnesota	2014	0
	2015	0
	2016	0
Montana	2014	0
	2015	0
	2016	0
Nebraska	2014	0
	2015	2
	2016	0
Nevada	2014	0
	2015	0
	2016	0
New Hampshire	2014	0
	2015	0
	2016	0
New Jersey	2014	0
	2015	0
	2016	0
New Mexico	2014	0
	2015	0
	2016	0
New York	2014	0
	2015	1
	2016	0
North Carolina	2014	2
	2015	0
	2016	0
North Dakota	2014	0
	2015	0
	2016	0
Ohio	2014	0
	2015	1
	2016	0
Oklahoma	2014	0
	2015	0
	2016	0
Oregon	2014	0
	2015	0
	2016	0
Pennsylvania	2014	0
	2015	0
	2016	0

Rhode Island	2014	0
	2015	0
	2016	0
South Carolina	2014	0
	2015	0
	2016	0
South Dakota	2014	0
	2015	0
	2016	0
Tennessee	2014	0
	2015	0
	2016	0
Texas	2014	0
	2015	0
	2016	0
Vermont	2014	0
	2015	0
	2016	0
Virginia	2014	0
	2015	0
	2016	0
Washington	2014	0
	2015	0
	2016	0
Wisconsin	2014	0
	2015	27
	2016	0
Wyoming	2014	0
	2015	0
	2016	0
TOTAL	2014	2
	2015	36
	2016	0

Following is information on Valvoline Instant Oil Change Center franchises as of the end of its 2014, 2015 and 2016 fiscal years:

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS*
FOR FISCAL YEARS 2014/2015/2016

State	Year	Outlets at Start of Year	Outlets Opened	Termina -tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arizona	2014	5	0	0	0	0	0	5
	2015	5	0	0	0	0	0	5
	2016	5	5	0	0	0	0	10

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arkansas	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
California	2014	76	0	1	0	0	0	75
	2015	75	4	1	0	0	1	78
	2016	78	12	0	0	0	0	90
Colorado	2014	10	0	1	0	0	0	9
	2015	9	0	0	0	0	0	9
	2016	9	3	0	0	0	0	12
Connecticut	2014	30	2	1	0	0	0	31
	2015	31	0	0	0	0	0	31
	2016	31	0	0	0	0	0	31
Delaware	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Florida	2014	58	3	4	0	0	0	57
	2015	57	2	0	0	0	4	55
	2016	55	2	0	0	0	0	57
Georgia	2014	9	0	0	0	0	0	9
	2015	9	0	0	0	0	6	3
	2016	3	0	0	0	0	0	3
Illinois	2014	7	1	0	0	0	0	7
	2015	8	1	0	0	0	0	9
	2016	9	0	0	0	0	0	9
Indiana	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	1	0	1
Iowa	2014	5	0	0	0	0	0	5
	2015	5	0	0	0	0	0	5
	2016	5	0	0	0	0	0	5
Kansas	2014	7	0	1	0	0	0	6
	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	0	6
Kentucky	2014	18	0	0	0	1	0	17
	2015	17	1	0	0	0	0	18
	2016	18	1	0	0	0	0	19
Maryland	2014	11	2	0	0	0	0	13
	2015	13	2	0	0	0	0	15
	2016	15	0	0	0	0	0	15
Massachusetts	2014	36	0	0	0	0	0	36
	2015	36	3	0	0	0	0	39
	2016	39	0	0	0	0	0	39
Michigan	2014	48	1	0	0	0	0	49
	2015	49	0	0	0	0	0	49
	2016	49	1	0	0	0	0	50

State	Year	Outlets at Start of Year	Outlets Opened	Termina -tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Mississippi	2014	6	0	0	0	0	0	6
	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	0	6
Missouri	2014	13	0	0	0	0	0	13
	2015	13	0	0	0	0	0	13
	2016	13	0	0	0	0	0	13
Minnesota	2014	15	0	0	0	0	0	15
	2015	15	0	0	0	0	2	13
	2016	13	0	0	0	0	0	13
Montana	2014	1	3	0	0	0	0	4
	2015	4	1	0	0	0	0	5
	2016	5	0	0	0	0	0	5
Nebraska	2014	5	0	0	0	0	0	5
	2015	5	0	0	0	0	0	5
	2016	5	1	0	0	0	0	6
Nevada	2014	0	3	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
New Hampshire	2014	11	0	0	0	0	0	11
	2015	11	1	0	0	0	0	12
	2016	12	1	0	0	0	0	13
New Jersey	2014	16	0	0	0	0	0	16
	2015	16	2	0	0	0	0	18
	2016	18	5	0	0	0	0	23
New Mexico	2014	9	0	0	0	0	0	9
	2015	9	0	0	0	0	0	9
	2016	9	0	0	0	0	0	9
New York	2014	52	0	1	0	0	0	51
	2015	51	0	0	0	0	0	51
	2016	51	0	0	0	0	0	51
North Carolina	2014	23	5	0	0	0	0	28
	2015	28	1	0	0	0	0	29
	2016	29	8	0	0	0	0	37
North Dakota	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	1	0	0	0	0	3
Ohio	2014	15	0	0	0	0	0	15
	2015	15	0	0	0	0	0	15
	2016	15	1	0	0	0	0	16
Oklahoma	2014	10	0	0	0	0	0	10
	2015	10	0	0	0	0	0	10
	2016	10	0	0	0	0	0	10
Oregon	2014	4	1	0	0	0	0	5
	2015	5	0	0	0	0	0	5
	2016	5	11	0	1	0	0	15

State	Year	Outlets at Start of Year	Outlets Opened	Termina -tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Pennsylvania	2014	17	1	0	0	0	0	18
	2015	18	3	0	0	0	0	21
	2016	21	0	0	0	0	0	21
Rhode Island	2014	6	0	0	0	0	0	6
	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	0	6
South Carolina	2014	11	0	1	0	0	0	10
	2015	10	2	0	0	0	0	12
	2016	12	1	0	0	0	0	13
South Dakota	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
Tennessee	2014	9	1	0	0	0	0	10
	2015	10	0	0	0	0	0	10
	2016	10	0	0	0	0	0	10
Texas	2014	38	0	0	0	0	0	38
	2015	38	3	0	0	0	0	41
	2016	41	2	0	0	0	0	43
Vermont	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Virginia	2014	7	1	0	0	0	0	8
	2015	8	1	0	0	0	0	9
	2016	9	0	0	0	0	0	9
Washington	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	9	0	0	0	0	10
Wisconsin	2014	33	0	0	0	0	0	33
	2015	33	0	0	0	1	2	30
	2016	30	0	0	0	0	2	28
West Virginia	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	1	0	0	0	0	3
Wyoming	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
TOTAL	2014	638	23	10	0	1	0	650
	2015	650	28	0	0	3	11	663
	2016	663	66	0	1	1	2	725

* As disclosed in Item 1 of this disclosure document, VIOCF offers qualifying franchisees the opportunity to develop multiple Valvoline Instant Oil Change Centers under a Development Agreement. Table No. 3 of this Item 20 reflects the actual number of franchised Centers, including any Center opened under rights granted to a franchisee in a Development Agreement.

Following is information on company owned Valvoline Instant Oil Change service centers as of the end of its 2014, 2015 and 2016 fiscal years:

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR FISCAL YEARS 2014/2015/2016

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	2	0	0	0	2
Georgia	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
Idaho	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	3	0	0	0	3
Illinois	2014	13	0	0	0	0	13
	2015	13	0	0	0	0	13
	2016	13	0	0	0	0	13
Indiana	2014	2	4	0	0	0	6
	2015	6	0	0	0	0	6
	2016	6	1	0	0	0	7
Kentucky	2014	41	2	1	0	0	44
	2015	44	0	0	0	0	44
	2016	44	0	0	0	0	44
Minnesota	2014	42	0	0	0	0	42
	2015	42	0	0	0	0	42
	2016	42	3	0	0	0	45
Mississippi	2014	3	0	0	0	0	3
	2015	3	0	0	0	0	3
	2016	3	0	0	0	0	3
Missouri	2014	24	0	0	0	0	24
	2015	24	0	0	0	0	24
	2016	24	0	0	0	0	24
New York	2014	23	0	0	0	0	23
	2015	23	1	0	0	0	24
	2016	24	1	0	0	0	25
Ohio	2014	64	4	0	0	0	68
	2015	68	1	0	0	0	69
	2016	69	5	0	0	0	74

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Oregon	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	32	0	0	0	32
Pennsylvania	2014	6	0	0	0	0	6
	2015	6	1	0	0	0	7
	2016	7	0	0	0	0	7
Tennessee	2014	41	0	0	0	0	41
	2015	41	1	0	0	0	42
	2016	42	0	0	0	0	42
Washington	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	23	0	0	0	23
Wisconsin	2014	1	0	0	0	0	1
	2015	1	1	0	0	0	2
	2016	2	0	0	0	0	2
TOTAL	2014	261	10	1	0	0	272
	2015	272	6	1	0	0	279
	2016	279	68	0	0	0	347

Following is information on VIOCF's projections for new Valvoline Instant Oil Change franchised and company owned outlets during its 2016 fiscal year (October 1, 2016 through September 30, 2017):

TABLE NO. 5
PROJECTED OPENINGS AS OF SEPTEMBER 30, 2016

State	License Agreements Signed But Outlet Not Opened	Projected New Franchise Outlets In Next Fiscal Year*	Projected New Area Developers In Next Fiscal Year	Projected New Company-Owned Outlets In Next Fiscal Year
Alaska	0	0	0	0
Arizona	1	0	0	0
Arkansas	0	0	1	0
California	0	5	0	0
Colorado	0	2	0	0
Connecticut	0	0	0	0
Delaware	0	1	0	0
Florida	0	5	0	0
Georgia	0	0	0	0
Illinois	0	0	0	0
Indiana	0	2	0	1
Iowa	0	1	0	0
Kansas	0	0	0	0
Kentucky	1	1	0	0
Louisiana	0	0	0	0
Maryland	0	1	0	0

Massachusetts	0	1	0	0
Michigan	0	1	0	0
Minnesota	0	0	0	0
Mississippi	0	0	0	0
Missouri	0	0	0	0
Montana	0	0	0	0
Nebraska	0	0	0	0
Nevada	0	0	0	0
New Hampshire	0	0	0	0
New Jersey	0	1	0	0
New Mexico	0	0	0	0
New York	0	1	0	0
North Carolina	0	5	0	0
North Dakota	0	0	0	0
Ohio	0	0	0	6
Oklahoma	0	0	0	0
Oregon	0	2	0	1
Pennsylvania	0	1	0	0
Rhode Island	0	0	0	0
South Carolina	0	0	0	0
South Dakota	0	1	0	0
Tennessee	0	1	0	0
Texas	0	2	0	1
Utah	0	2	0	0
Virginia	0	0	0	0
Washington	0	0	0	0
West Virginia	0	3	0	0
Wisconsin	0	0	0	0
Wyoming	0	0	0	0
TOTAL	2	39	1	9

* As disclosed in Item 1 of this disclosure document, VIOCF offers qualifying franchisees the opportunity to develop multiple Centers under rights granted in a Development Agreement. The number of projected new franchise outlets on this Item 20, Table No. 5 includes Centers opened under rights granted in a license agreement or a development agreement.

Exhibit G lists the name, city and state, and the current business telephone number (or if unknown the last known home telephone number) of each of the four franchisees who had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the License Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document.

Exhibit G also lists the name, city and state, and the current business telephone numbers (or, if unknown, the last known home telephone numbers) of the franchisees, if any, who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the License Agreement from the date of our most recently completed fiscal year end until the date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Following is a list of the names, cities and states and current business telephone numbers of franchisees that signed have a License Agreement, but, as of the date of this disclosure document, have not yet opened a franchised outlet:

JAMM & Associates, LLC
36923 North 31st Avenue
Phoenix, Arizona 85086
Maria McDonough
(315) 882-5208

SteelToe Group, LLC
2 Rockland Court
Frankfort, Kentucky 40601
Dana Soucy
(502) 875-1766 x 108

During the past three years, franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign confidentiality provisions restricting their ability to speak openly about their experience with VIOCF. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

The VIOCF Franchise Advisory Council is sponsored by us, but its members are elected by franchisees. You can reach the organization by contacting Sandy Macleod, MinnTex Investment Company, Inc., 677 Anne Street NW, Suite D, Bemidji, Minnesota 56601, smacleod@paulbunyan.net.

ITEM 21
FINANCIAL STATEMENTS

The consolidated financial statements of Valvoline (our parent company) and consolidated subsidiaries as of January 31, 2017 and for each of the three years in the period ended January 31, 2017, are included in Exhibit D.

Our parent, Valvoline, guarantees our performance. See Exhibit E for a copy of the guarantee.

ITEM 22
CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit A. These include our License Agreement and all ancillary agreements (Licensee Sign and Equipment Lease, Licensee Supply Agreement, Covenant Not To Compete, Spousal Consent, Electronic Funds Transfer Authorization Agreement, Addendum to Lease, Amendment to License, Renewal General Release, Incentive Promissory Note, Development Agreement, and SBA Addendum).

ITEM 23
RECEIPTS

The last pages of this disclosure document at Exhibit J are two copies of a detachable Receipt page acknowledging your receipt of this disclosure document. Please detach from this disclosure document and sign one of the two copies of this Receipt and return it directly to us at our offices at the address listed below. If these pages or any other pages or exhibits are missing from your copy, please contact Valvoline Instant Oil Change Franchising, Inc. at this address or phone number:

Valvoline Instant Oil Change Franchising, Inc.
~~3499 Blazer Parkway~~100 Valvoline Way
Lexington, Kentucky 40509
Attention: Leslie Hoskins
(859) 357-7129
www.vioc.com

CENTER NO.:

EXHIBIT A-1

LICENSE AGREEMENT

Between

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.

(as Licensor)

and

(as Licensee)

Dated:

LICENSE AGREEMENT

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CENTER NO.:

LICENSE AGREEMENT

THIS LICENSE AGREEMENT ("Agreement") is made and entered into as of , by and between VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC., a Delaware corporation, with a mailing address of ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky, 40509 ("Licensor"), and a , with a mailing address of ("Licensee").

WITNESSETH:

WHEREAS, Licensor, as the result of the expenditure of time, skill, effort, and money, has developed and owns a distinctive system ("System") relating to the establishment and operation of quick-lube service centers providing motor vehicle oil change, lubrication, certain preventive maintenance, and specified related services and featuring certain VALVOLINE® brand products ("Centers");

WHEREAS, the distinguishing characteristics of the System include, without limitation, specialized building design, equipment, standards, specifications, and procedures for operations; consistency of products and services offered; procedures for quality and inventory control; and training, assistance, advertising, and promotional programs; all of which may be changed, improved, and further developed by Licensor from time to time;

WHEREAS, Licensor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the marks "V VALVOLINE INSTANT OIL CHANGE® AND DESIGN", "VALVOLINE®", "V®", "VALVOLINE INSTANT OIL CHANGE®", "INSTANT OIL®", and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by Licensor in writing) for use in connection with the System ("Proprietary Marks");

WHEREAS, Licensor continues to develop, use, and control the use of such Proprietary Marks in order to identify for the public the source of services marketed thereunder and under the System, and to represent the System's high standards of quality, appearance, and service;

WHEREAS, Licensee desires to enter into the business of operating a Center under Licensor's System at the location described in Section 1.2 and wishes to obtain a license from Licensor for that purpose, as well as to receive the training and other assistance provided by Licensor in connection therewith;

WHEREAS, Licensee understands and acknowledges the importance of Licensor's requirements that Licensee purchase and use certain VALVOLINE brand products at the Center and use such products exclusively where a different brand is not specified by Licensee's customer; the importance of Licensor's high standards of quality, cleanliness, appearance, and service; and the necessity of operating the Center on a full time and continual basis and in conformity with Licensor's standards and specifications; and

WHEREAS, Licensor has decided, based on the representations in Licensee's License questionnaire(s), application(s), and other information provided by Licensee to Licensor, to grant Licensee a license, pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree and acknowledge as follows:

1. <u>GRANT</u>

1.1. Licensor hereby grants to Licensee, upon the terms and conditions herein contained, the right, and Licensee undertakes the obligation, to establish and operate a Center only at the location described in Section 1.2, and to use solely in connection therewith the Proprietary Marks and the System, as they may be changed, improved, and further developed from time to time.

1.2. The street address of the Center is: ("Approved Location"). If at the time of execution hereof a Center location has not been approved by Licensor, Licensee shall lease or acquire a location as provided in Section 5, and such location will be the Approved Location. Licensee shall not relocate the Center without the prior written consent of Licensor. If, for any reason, the Center is relocated with Licensor's consent, Licensor may eliminate, reduce, or alter the Territory as defined in Section 1.3. Any Approved Location shall be subject to the following conditions at all times during the term of this Agreement, unless Licensor gives its express, prior, written consent to the contrary:

1.2.1. With respect to any Approved Location owned or later acquired by Licensee, Licensee and any lender(s) prior in time to the execution or recording of the documentation required in this Section 1.2.1 shall execute such options to purchase, loan assumption agreements, restrictive covenants regarding the use of the site, and other documentation in such form and content as Licensor in its discretion may require, to protect Licensor's rights and remedies under the License Agreement with respect to the cure of Licensee's default under any loan agreement or to the lease or purchase of Licensee's interest in the Approved Location.

1.2.2. With respect to any Approved Location leased by Licensee, Licensee, the owner(s) of the site, and any lessor(s) or lender(s) prior in time to the execution or recording of the documentation required in this Section 1.2.2 shall execute such lease assumption agreements, restrictions on use of the site, non-disturbance agreements and other documentation in such form and content as Licensor, in its discretion, may require to protect Licensor's rights and remedies under this Agreement with respect to the cure of Licensee's default under any lease or loan agreement or to the purchase of Licensee's leasehold interest in the Approved Location.

1.3. As used in this Agreement, "Territory" shall consist of the area within a two-mile radius of the most central point of the Approved Location, subject to adjustment by Licensor pursuant to Section 5.4.1 if applicable pursuant to Section 1.2. During the term of this Agreement, Licensor shall not establish or operate, or license other persons to establish or operate, any Center under the System and the Proprietary Marks which is located within the Territory. Notwithstanding the foregoing, Licensor specifically reserves the right through an acquisition to acquire and operate or license others to operate businesses so acquired which are located within the Territory, and which offer or which license others to offer, products and services similar to those offered under the System under any mark other than the Proprietary Marks. Except as specifically provided in this Section 1.3, Licensee's rights under this Agreement are not exclusive.

1.4. For purposes of Section 1.3, the Proprietary Marks do not include the mark "VALVOLINE®" or the mark "V®" when either such mark is used apart from the mark "INSTANT OIL CHANGE."

2. TERM AND RENEWAL

2.1. Except as otherwise provided herein, the initial term of this Agreement shall commence on the date hereof and expire at midnight on the day immediately preceding the fifteenth (15th) anniversary of the date of Licensor's written authorization to Licensee to open the Center for business (the "Opening Date"). The Opening Date pursuant to Section 6.6 shall be established for recordkeeping purposes by written authorization from Licensor to Licensee.

2.1.1. If this Agreement is a renewal license, the term of this Agreement shall commence on the date hereof and expire at midnight on the day immediately preceding the ( ) anniversary of the Agreement.

2.2. At least eighteen months prior to the end of either the initial term or any renewal term, Licensor and Licensee will conduct a pre-renewal review of the Center to discuss image, maintenance, refurnishing, renovating and remodeling recommendations and requirements for renewal ("18 Month Review"). At the conclusion of that review Licensor will give Licensee a written statement of all work on the Center that Licensor will require as a condition of renewal, together with a Franchise Disclosure Document containing the renewal Franchise Agreement. Licensee may elect to renew Licensee's right to operate the Center by providing notice to Licensor of that election, between twelve (12) and eighteen (18) months prior to the end of either the initial term or any renewal thereof. At that time, Licensee must choose a 5, 10, or 15 year renewal term (or such other length term as is then being offered by Licensor). Licensee must advise Licensor that it does not intend to renew the License Agreement at least 12 months prior to the end of either the initial term or any renewal term, otherwise, Licensee shall be deemed to have consented and agreed to a five year renewal term. Ninety days prior to the expiration of the initial term Licensor will deliver to a renewal License Agreement with the length of term previously chosen. Within 30 days after completion of the 18 Month Review, Licensor will give to Licensee in writing:

2.2.1 any reasons which could cause Licensor to not award the renewal License Agreement, including any deficiencies requiring correction; and

2.2.2 Licensor's then-current requirements relating to the image, appearance, decoration, furnishing, equipping, stocking and programs for a Valvoline Instant Oil Change Center (collectively, the "specifications and standards then-applicable for new Valvoline Instant Oil Change Centers and with the Manuals"). Licensor will develop both standard and minimum image requirements. Licensee must meet, as closely as possible the standard image requirements, but Licensor, in consideration of any Approved Location restrictions (i.e., space, zoning, etc.) may allow use of minimum image standards.

2.3 Licensor will award a renewal License Agreement after evaluation of Licensee's timely request, if, as of the date of the initiation of any renewal term and one year immediately prior to any renewal term, Licensee meets <u>all</u> of the following conditions, together with the then-current standards applicable to renewal License Agreements, each of which are agreed to be reasonable (except that modifications to the renewal License Agreement are agreed to be reasonable only to the extent set forth in Section 2.3.4):

2.3.1. Licensee completes to Licensor's satisfaction, as and when Licensor shall reasonably require, all of the maintenance, refurnishing, renovating, and remodeling of the Center, its equipment, and its furnishings, including that which is necessary to conform to and comply with Licensor's then-current specifications and standards then-applicable for new Valvoline Instant Oil Change Centers and with the Manuals.

2.3.2. Licensee or Licensee's Affiliates does not have outstanding as of the expiration date any uncured default of which Licensee has been given written notice under this Agreement, as may be amended, or any other agreement between Licensee and Licensor or Licensor's Affiliates. As used in this Agreement, "Affiliate" means any individual, corporation, partnership, or other entity directly or indirectly controlling or controlled by or under direct or indirect common control of another. For purposes of this definition, "control" means the power to direct the management and policies of another, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and shall be presumed to include any person having fifteen percent (15%) or greater interest in another; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

2.3.3. Licensee has satisfied all monetary obligations owed by Licensee to Licensor and its Affiliates.

2.3.4. Licensee executes, prior to the expiration of the term of this Agreement, Licensor's then-current form of license agreement, which shall supersede this Agreement in all respects. Provided, however that provisions relating to royalty percentages and advertising contributions will be conformed to the rates applicable under this Agreement. Licensor agrees to allow the elected members of the VIOCF Franchise Advisory Council ("FAC") or a successor thereto to review modifications to the license agreement and discuss its terms from time to time at the request of the elected chairperson of the FAC. Licensee agrees that modifications to the then current license agreement that the FAC approves are reasonable. Notwithstanding the foregoing, Licensor maintains sole discretion over all terms actually offered in any such license agreement.

2.3.5. Licensee demonstrates that it has the right to remain in possession of the Approved Location for the duration of the renewal term of this Agreement, or Licensee shall obtain Licensor's approval, which will not be unreasonably refused, delayed, or conditioned, of a new location for the Center provided such new location meets Licensor's then-current standards for Center sites and is within the Territory.

2.3.6. Licensee and its employees comply with Licensor's then-current qualifications and training requirements.

2.3.7. Licensee executes a general release, in a form prescribed by Licensor, of any and all claims, whether or not asserted prior to renewal, against Licensor and its Affiliates, and their respective officers, directors, agents, and employees. Provided Licensor requires such a release by Licensee, Licensor shall execute a limited release, in a form prescribed by Licensor, of those claims, whether or not asserted prior to renewal, against Licensee, its respective officers, directors, agents and employees other than:

2.3.7.1. Any claims which fall under the indemnity clause in Section 21.3.

2.3.7.2. For all money due and owing to Licensor or its affiliates under the License Agreement or any ancillary agreements.

2.3.8 Licensee has paid Licensor the renewal license agreement fee specified in Section 4.1.3. The fee must be received from Licensee at the time of its election and is non-refundable unless this Agreement is not renewed as a consequence of the decision of Licensor. Licensor will not be required to provide Licensee any site location, initial training or other "start-up" services in connection with the award of any Renewal License Agreement.

3. DUTIES OF LICENSOR

3.1. Licensor shall make available one set of its current "Not For Construction" building plans as are required by Section 6.1 for the construction of Licensee's first Center.

3.2. Licensor shall provide such training as is required by Section 7.

3.3. Licensor shall, from time to time, provide such advice and materials to assist in the operation, advertising, and promotion of the Center as Licensor deems appropriate.

3.4. Licensor shall provide Licensee, on loan, one copy of the Confidential Manual(s) as hereinafter defined and more fully described in Section 10.

4. FEES

4.1. Licensee shall pay Licensor a non-recurring, non-refundable initial license fee, as follows:

4.l.1. Licensee shall pay Licensor a license fee of (i) Thirty Thousand Dollars ($30,000.00) if this Agreement is the first License Agreement entered into by Licensee with Licensor, (ii) Twenty Thousand Dollars ($20,000.00) if this Agreement relates to Licensee's first newly constructed Center and is not the first License Agreement entered into by Licensee or (iii) Five Thousand Dollars ($5,000.00) if this Agreement relates to any other newly constructed or acquired/converted Center not covered in (i) or (ii).

The license fee for the first license agreement shall be paid one half upon execution hereof with the remaining half paid on the date the first royalty payment is due after the Center is opened. All other license fees shall be paid in full upon execution hereof. The license fee due hereunder is Dollars ($).

4.1.2. If this Agreement is entered into pursuant to the employee program ("Employee Program"), then Licensor shall waive the license fee if this is the first License Agreement entered into by Licensee; however, if this other than the first License Agreement entered into by Licensee, then Licensee shall pay Licensor an initial license fee of Twenty Thousand Dollars ($20,000.00) if this is other than the first License Agreement entered into by Licensee or iii) Five Thousand Dollars ($5,000.00) if this is for a conversion center and is not the first License Agreement entered into by Licensee. The license fee shall be paid in full upon execution hereof. The license fee due hereunder is Dollars ($).

4.1.3. Licensee shall pay Licensor a renewal license fee of $2,500.00 for a five year renewal or $5,000.00 for a ten year or fifteen year renewal. The license fee due hereunder is Dollars ($).

4.l.4. Licensee acknowledges that the initial license fee has been fully earned and is in consideration of administrative and other expenses incurred by Licensor in developing the System and granting this license, and for Licensor's lost or deferred opportunities to license others.

4.2. Licensee shall pay to Licensor a continuing monthly royalty fee equal to 6% of Adjusted Gross Revenue (as defined in Section 4.5.2).

4.3. Licensee shall expend or contribute monies for advertising and promotion as required by Section 13.

4.4. All monthly payments and contributions required under this Agreement shall be received by Licensor via electronic funds transfer. Each such draft payment will be taken by the close of business on the twentieth (20th) day of each calendar month. If the twentieth (20^{th}) day of the month falls on a Saturday, Sunday or legal holiday then such draft payment shall be taken on the next business day thereafter. Any reports or statements required under Section 12 shall be received by Licensor at the location designated by Licensor by the tenth (10^{th}) day of each calendar month. In the event Licensor does not receive the reports or statements by the tenth (10^{th}) business day, Licensor shall draft in amounts equal to the previous month's draft and any needed adjustments to the draft amounts shall be corrected on the following month's scheduled draft date. Twenty days prior to the scheduled draft payments, Licensor shall mail to Licensee itemized invoices detailing the monies owed. Licensee must contact Licensor within 72 hours to resolve any discrepancies. In the event the draft fails due to insufficient funds, Licensor will notify Licensee of such failure. Licensor will then re-draft the monies owed in 10 days. Licensee shall bear the fees, if any, imposed by Licensee's financial institution for electronic fund transfers. All payments and contributions based on Adjusted Gross Revenue shall be based on Adjusted Gross Revenue for the immediately preceding calendar month. Notwithstanding the provisions of this Section 4.4, Licensor may require that any or all payments or contributions by Licensee under this Agreement, and the reports required by Section 12.1.2, be made on a quarterly, biweekly, weekly or other basis, by giving written notice to Licensee not less than thirty (30) days prior to the new payment or contribution schedule taking effect. In the event Licensor exercises its right to change the payment or contribution period, payments and contributions hereunder based upon Adjusted Gross Revenue shall be based upon Adjusted Gross Revenue for the immediately preceding payment or contribution period.

4.5. Licensee agrees to make all payments and contributions due under this Agreement by such means as Licensor shall require. If any payment or contribution is overdue, Licensee shall pay Licensor, in addition to the overdue amount, a late-payment charge on such amount from the date due until paid, at a rate of one and one-half percent (1 ½%) per month (18% annually) on the business day next following the date on which such payment or contribution is due and compounded monthly, or the maximum rate permitted by law, whichever is less. Entitlement to such late-payment charge shall be in addition to any other remedies Licensor may have.

4.5.1. "Gross Revenue" means the actual sales prices of all goods, wares and merchandise sold, leased, licensed or delivered, and the actual charges for all services performed by Licensee, in, at, from, or arising out of the use of the Center, whether for wholesale or retail, and whether for cash or credit as and when extended, whether collected, uncollected or uncollectible, including the value of all consideration other than money received. Gross Revenue shall include, without limitation, (a) sales and services performed either at the Center or an offsite location marketed under the Proprietary Marks, (b) any sales or services made or performed by mail, telephone, or similar type orders, and (c) any sales or services which Licensee or any subtenant, licensee, concessionaire (to the extent of revenues paid to Licensee) or other person in the normal and customary course of its business, would credit or attribute to its operations at the Center or any part thereof or has been invoiced through the VIOC POS System.

4.5.2. "Adjusted Gross Revenue" means Gross Revenue, excluding the following: (a) sales of Licensee-owned trade fixtures, machinery and equipment after their use thereof in the conduct of Licensee's business, (b) amounts separately collected by Licensee and paid by Licensee to any governmental authority for any sales, excise or similar tax, and (c) the amount of any discount (including, but not limited to, fleet discounts and promotions) given to customers or employees as represented by a coupon or other promotional item, to the extent the same were actually included in Licensee's Gross Revenue.

5. SITE SELECTION

5.1. Licensee shall acquire or lease, at Licensee's expense, a location for the Center to be operated under this Agreement at a site approved by Licensor as provided herein. Such site shall be located within "Site Selection Area".

5.2. The Site Selection Area is described solely for the purpose of selecting a site for the Center. The Site Selection Area is not exclusive and Licensor may establish or license others to establish a Center in such Site Selection Area; provided, however, once a site has been formally approved by Licensor, the Territory as defined in Section 1.3 shall be applicable.

5.3. Licensor shall furnish to Licensee the following:

5.3.1. Site selection counseling and assistance as Licensor may deem advisable.

5.3.2. Such on-site evaluation as Licensor may deem advisable in response to Licensee's request for site approval; provided, however, that Licensor shall not issue an approval for any proposed site prior to the receipt of a completed Site Approval Application for such site prepared by Licensee pursuant to Section 5.4. Licensor shall provide on-site evaluations as Licensor deems necessary, at its own discretion, at no charge to Licensee. If at Licensor's discretion on-site evaluations become excessive, then Licensee shall reimburse Licensor for all reasonable expenses incurred by Licensor in connection with such on-site evaluation, including, without limitation, the costs of travel, lodging, wages, and meals.

5.4. Licensee shall furnish to Licensor the following:

5.4.1. For the proposed Center site, Licensee must submit to Licensor, in the form specified by Licensor, a completed Site Approval Application, and such other information or materials as Licensor may reasonably require within one year from the date of this Agreement. The Site Approval Application shall consist of a preliminary site plan (showing at least dimensions, building location, street coordinates, a map of the area, and photographs), and financial information on the proposed site (consisting at least of a pro-forma analysis, purchase price, rentals, or other terms of purchase or lease, and structure of any proposed financing). Licensee must submit such Site Approval Application(s), information, and materials before a site has been purchased or leased. The Site Approval Application shall accompany a proposed contract to purchase or lease for the site in form and content acceptable to Licensor, which confirms Licensee's control of the site, subject only to the contingencies set forth in Section 5.4.2. Licensor shall have thirty (30) days after receipt of such information and materials from Licensee to issue the Site Approval, as defined in Section 5.4.2, for the proposed site as the location for a Center and to describe the Territory to be assigned to such site, as defined in Section 1.3, if Licensor determines that such Territory should be different than as described in Section 1.3. In the event the Site Approval is not issued to Licensee within such thirty (30) day period, then such site shall be deemed to be disapproved by Licensor. Licensor may disapprove the site if, in Licensor's sole discretion, the site will negatively impact an existing Center.

5.4.2. "Site Approval" means Licensor's written approval of a proposed site for a Center. Site Approval is not a recommendation, approval or endorsement of such site. Licensor makes no representations or warranties as to the success of any site or as to any other matter of any kind relating to the site. Licensor will not unreasonably withhold Site Approval provided that the following contingencies are satisfied by Licensee at Licensee's sole expense, or being waived expressly in writing by Licensor, on or prior to the date Licensee Closes on the site, as defined in Section 5.4.3:

5.4.2.1. Licensee's title to or leasehold interest in the site shall be fully insurable with a reputable title insurance company in the amount of the purchase price or the fair market value of land and improvements, and shall be free of all conditions, easements, reservations, restrictions and covenants, except general real estate taxes for the year of closing and subsequent years, not yet due and payable, and any other exceptions expressly permitted in writing by Licensor ("Permitted Exceptions"). The site shall not be subject to any mortgage, lien or pledge, hypothecation or encumbrance except as provided in Section 5.4.4.

5.4.2.2. The site shall not be subject to any encroachment or other defect in survey or description except Permitted Exceptions.

5.4.2.3. Licensee shall have obtained all zoning changes, variances, permits and other approvals or consents required for the intended use of the site, including, without limitation, final building permits, and certificate of occupancy.

5.4.2.4. Water, storm sewers, sanitary sewers, natural gas, electricity, and other utility services deemed necessary or desirable, in Licensor's discretion, for the intended use of the site are available at the property line of the site.

5.4.2.5. Licensee is able to obtain ingress and egress to the site, including the use of turn lanes and curb cuts, deemed necessary or desirable, in Licensor's discretion, for the intended use of the site.

5.4.2.6. Licensor suggests the soil and groundwater at the site shall be tested in a manner acceptable to Licensor, and shall not, in the sole opinion of Licensor, contain hydrocarbon or other contaminants which would require reporting to relevant governmental agencies or remediation to comply with applicable or proposed environmental laws or regulations or which would add to the cost of development of the site by Licensee. Licensor's opinion as to such contamination shall not create any representation or warranty as to the site, and Licensor shall have no liability whatsoever for any contamination located on a site or for any failure by responsible parties to report such contamination to relevant agencies.

5.4.2.7. Licensee shall have received a commitment acceptable to Licensor from a lender for permanent financing of the site and the Center to be located on the site.

5.4.2.8. Satisfaction of any other commercially reasonable contingencies or conditions which Licensor may impose in its Site Approval of the proposed site.

5.4.2.9. Contracts for construction or reconstruction of a Center on the site, in form and content approved by Licensor, shall have been negotiated and executed by Licensee and a contractor approved by Licensor pursuant to Section 6.2.3.

5.4.2.10. Licensee shall have satisfied the conditions set forth in Section 5.4.4 relating to Licensor's right to acquire Licensee's interest in the site.

5.4.2.11. A fully executed copy of the contract to purchase or lease for the site, which was approved during the Site Approval, must be submitted prior to commencing construction.

5.4.3 As used in this Agreement, to "Close" or the "Closing" on a site refers to:

5.4.3.1. With respect to a site under an agreement to purchase, the later of the date of closing of such purchase and after satisfaction of the contingencies set forth in Section 5.4.2.

5.4.3.2. With respect to a site under a lease or agreement to lease, the later of the date a valid and binding lease for the site exists and after satisfaction of the contingencies set forth in Section 5.4.2.

5.4.3.3. With respect to a site already owned or leased by Licensee, the date the last of the contingencies set forth in Section 5.4.2 has been satisfied.

5.4.4. Any proposed site, whether owned or leased by Licensee, and whether or not given Licensor's Site Approval, and whether under construction or opened and operating, shall be subject to the following conditions at all times during the term of this Agreement unless Licensor gives its express prior written consent to the contrary:

5.4.4.1. With respect to any site owned or later acquired by Licensee, Licensee and any lender(s) prior in time to the execution or recording of the documentation required in this Section 5.4.4.1 shall execute such options in favor of Licensor to cure any default or purchase the site at fair market value, and other documentation in such form and content as Licensor, in its discretion, may require to protect Licensor's rights and remedies under this Agreement with respect to the cure of Licensee's default under any loan agreement or to the lease or purchase of Licensee's interest in the site.

5.4.4.2. With respect to any site leased by Licensee, Licensee, the owner(s) of the site, and any lessor(s) or lender(s) prior in time to the execution or recording of the documentation required in this Section 5.4.4.2 shall execute such lease assumption agreements, restrictions on use of the site if the site is within 5 miles of any other franchised or company operated location, non-disturbance agreements and other documentation in such form and content as Licensor, in its discretion, may require to protect Licensor's rights and remedies under this Agreement with respect to the cure of Licensee's default under any lease or loan agreement or to the purchase of Licensee's leasehold interest in the site.

5.4.5. If Licensee will occupy the site under a lease, Licensee, prior to the execution of such lease or submission of such lease in a Site Approval Application, shall submit such lease to Licensor for its prior written approval. Licensor's prior written approval of the lease may be conditioned upon the inclusion in the lease of such provisions as Licensor may in its discretion require, including, without limitation:

5.4.5.1. A provision which restricts the use of the premises solely to the operation of the Center at the site for the term of this Agreement.

5.4.5.2. A provision which prohibits Licensee from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease, without Licensor's prior written consent.

5.4.5.3. A provision requiring that the lessor shall provide to Licensor any and all notices of default by the Licensee under the lease.

5.4.5.4. A provision giving Licensor the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the License Agreement or under the lease.

5.4.5.5. A provision reserving to Licensor the right, at Licensor's election and upon notice to the lessor, to receive an assignment of the leasehold interest, with the right to sublease, upon non-renewal, default or termination under this Agreement or the lease.

5.4.5.6. That the lease term extend for at least the initial term under this Agreement.

5.5. After the site for the Center receives Site Approval by Licensor and Closing has occurred pursuant to Section 5.4, such site shall constitute the Approved Location described in Section 1.2, and the Territory assigned to such Approved Location shall constitute the Territory described in Section 1.3.

5.6. LICENSEE ACKNOWLEDGES AND AGREES THAT LICENSOR'S APPROVAL OF A SITE FOR LICENSEE'S CENTER IS NOT, AND SHALL NOT BE CONSTRUED AS, A GUARANTEE OR ASSURANCE THAT THE CENTER WILL BE PROFITABLE OR SUCCESSFUL.

5.7 All matters related in any way to Licensee’s site are its responsibility, regardless of any assistance Licensor may choose to provide. Licensee is responsible for obtaining any architectural and engineering services required for Licensee’s Center site and for ensuring its compliance with local law. Neither Licensor nor any of Licensor’s Affiliates, nor any other person or company associated with Licensor will have any liability for any site-related matter. Licensee agrees not to make any claims against Licensor or Licensor’s Affiliates with regard to such matters.

6. CONSTRUCTION AND OPENING OF THE CENTER

6.1. Upon site approval, Licensor shall make available at no charge one set of Licensor's “Not For Construction” building plans for use in acquiring stamped blueprints for the construction of a prototypical Center, including exterior and interior building design and layout for Licensee’s first Center. Any additional building plans under this or any future License Agreement will be provided for a fee. Licensee, at Licensee's expense, shall adapt the prototypical plans and specifications to the Approved Location, as required by Section 6.2. Licensor shall also provide such consultation and advice in connection with the construction of the Center as Licensor deems necessary.

6.2. Before commencing construction, Licensee shall have complied, at Licensee's expense and to Licensor's satisfaction, with all of the following requirements:

6.2.1. Licensee shall be responsible for obtaining all zoning classifications, clearances, and permits that may be required by federal, state, or local laws, ordinances, or regulations. Licensee shall obtain all permits and certifications required for the lawful construction of the Center, and shall certify in writing to Licensor that all such permits and certifications have been obtained.

6.2.2. Licensee shall employ a qualified architect and engineer to prepare, for Licensor's approval, final plans and specifications and provide to you stamped blueprints for construction and improvements based upon the building plans furnished by Licensor. Once approved by Licensor, such final plans shall not thereafter be changed or modified without the prior written consent of Licensor. Licensor may keep copies of and use Licensee's plans at no cost or liability to Licensee or Licensee's architects.

6.2.3. If the site to be constructed is funded by Licensor or its affiliates, then Licensee shall submit the name of its general contractor and the construction contract for Licensor’s written approval. In the event the site is not funded by Licensor’s or its affiliates, then no such approval is required. Licensee shall obtain and maintain in force, during the entire term of this Agreement, including any period of construction or remodeling, the insurance required under Section 14, including, without limitation, the insurance required by Section 14.1.7.

6.3. During the entire period of construction, Licensor and its representatives shall have the right to inspect the construction site at all reasonable times.

6.4. Licensee shall complete construction (including all exterior and interior carpentry, electrical, painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) and receive the final certificate of occupancy in accordance with the final plans approved by Licensor, at Licensee's expense, within 2 years from and after the date hereof. Licensor may, in its sole discretion, grant Licensee extension of the construction period for delays beyond Licensee's control, including labor disputes, acts of God, fire, unusual delay in transportation, or unavoidable casualty. If Licensor grants an extension, the date for completion shall be extended for a period equal to the length of such delay if, within ten (l0) days after the commencement of any such delay, Licensee delivers to Licensor a written notice of such delay stating the nature thereof and, within ten (l0) days following the expiration of any such delay, provides a written request for extension of the date for completion by reason of such delay and such request is approved by Licensor, which approval shall not be unreasonably withheld. Failure to deliver any such notice or request within the required period with respect to any such cause shall constitute an irrevocable waiver of any extension of the date for completion by reason of such cause. In the case of a continuing cause of delay of a particular nature, Licensee shall be required to make only one such request with respect thereto.

6.5. Licensee shall notify Licensor at least thirty (30) days prior to the anticipated date of completion of construction and, within a reasonable time thereafter, Licensor shall conduct a final inspection of the Center and its premises. Licensee shall not open the Center for business without the express, prior, written authorization of Licensor, and Licensor's authorization to open may be conditioned upon Licensee's strict compliance with the approved, final plans and specifications and with the standards of the System. In addition, Licensee must not have failed to cure any notice of default of the terms and conditions of License Agreements and any ancillary documents thereto.

6.6. Licensee shall open the Center for business only after receipt of Licensor's written authorization to open and the accompanying license. The license shall identify the Center as a franchise location operated by Licensee. The license must be displayed in a prominent area in the Center. Licensee shall open the Center for business on the first business day after the date Licensee receives such written authorization, and shall operate the Center continuously thereafter as required by this Agreement. The parties agree that time is of the essence in the construction and opening of the Center.

7. TRAINING

7.1. Prior to opening the Center, Licensee (or, if Licensee is a partnership or corporation, such principals of Licensee as are designated by Licensor) shall attend and complete, to Licensor's satisfaction, Licensor's initial licensee training program and management training program, and the person who will initially act as principal manager for the Center ("Center Manager") shall attend and complete, to Licensor's satisfaction, Licensor's manager training program.

7.2. Within six (6) months after beginning employment in such position with Licensee, each Center Manager other than the initial Center Manager shall be certified, to Licensor's satisfaction at Licensee's expense, through the management level of Licensor's SuperPro 10®Training System. Each other employee shall likewise be certified at Licensee’s expense through the appropriate level of Licensor’s SuperPro 10®System within six (6) months of beginning employment at that position. Licensor may audit the Center at any time to ensure compliance with the then current SuperPro 10®System.

7.3. Licensee (or, if Licensee is a partnership or corporation, such principals of Licensee as are designated by Licensor), Licensee's Center Managers, and such of Licensee's employees as are designated by Licensor, shall complete such additional training programs as Licensor may require from time to time.

7.4. Licensee shall be responsible for any costs related to training requested by the Licensee, which training is beyond the standard initial training offered to Licensees after execution of their First License Agreement. These additional training costs include, but are not limited to, all lodging, travel, meal expenses, training and staffing needs provided in connection therewith. All training shall be provided, from time to time and at such locations, as determined by Licensor.

8. DUTIES OF LICENSEE

8.1. Licensee understands and acknowledges that every detail of the Center and its operation is important to Licensee, Licensor, and other System licensees, in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all System licensees, and to protect Licensor's reputation.

8.2. Licensee shall use the Center premises solely for the operation of the business licensed hereunder; shall refrain from using or permitting the use of such premises for any other purpose or activity at any time without first obtaining the written consent of Licensor; and shall continuously operate the Center throughout the term of this Agreement, at a minimum, on the days of Monday through Saturday, from 9:00 a.m. through 5:00 p.m., excluding up to ten (10) regionally or nationally recognized holidays and except as specified in Section 16.3.2.

8.3. Licensee agrees to comply with such dress codes as Licensor may prescribe, to maintain a competent, conscientious, and trained staff, and to take such steps as are necessary to preserve good customer relations, all as required by Licensor in this Agreement or otherwise in writing.

8.4. Licensee shall meet and maintain the highest environmental, health and safety standards and ratings applicable to the operation of the Center. Licensee shall furnish to Licensor, within five (5) days after Licensee's receipt thereof, a copy of any notice, request, violation or citation which indicates Licensee's or the Center premises' failure to comply with any applicable environmental, health and safety standards.

8.5. To ensure that the highest degree of quality, service, and appearance is maintained, Licensee shall operate the Center in strict conformity with such methods, standards, and specifications as Licensor may from time to time prescribe in writing.

8.5.1. Licensee shall maintain in sufficient supply (as Licensor may prescribe in writing), and use at all times, only such fixtures, furnishings, equipment, signs, products, materials, supplies, invoices and goods as conform to Licensor's standards and specifications, and shall refrain from deviating therefrom by the use of non-conforming items without Licensor's prior, written consent.

8.5.2. Licensee shall sell or offer for sale only such products and services as have been expressly approved in writing by Licensor; shall sell or offer for sale all of the products and services specified by Licensor; shall refrain from any deviation from Licensor's standards and specifications without Licensor's prior, written consent; and shall discontinue selling and offering for sale any products or services which Licensor, in its discretion, may disapprove in writing at any time. With respect to the offer and sale of all products and services, Licensee shall have sole discretion as to the prices to be charged to its customers, and shall in no way be bound by any price which may be recommended or suggested by Licensor.

8.5.3. Licensee shall purchase and install, at Licensee's expense, all fixtures, furnishings, equipment, signs, machines, and other items as Licensor may reasonably direct from time to time in writing; and shall refrain from installing or permitting to be installed on or about the Center premises, without

Licensor's prior written consent, any fixtures, furnishings, equipment, signs, machines, or other items not previously approved as meeting Licensor's standards and specifications.

8.6. At Licensor's request, Licensee, at Licensee's expense, shall promptly add to, subtract from, or otherwise change the Center to conform to the equipment specifications, building design, trade dress, color schemes, and presentation of the Proprietary Marks, consistent with the image then in effect for new Centers under the System, including, without limitation, structural changes, remodeling, redecoration, lube equipment upgrades, adoption of new products and services or new methods to offer or market same and such modifications to existing improvements as may be necessary to implement the same. Exclusive of the cost of making any changes required by law, required for the adoption of new products and services or new methods to offer or market the same, or required by Section 2.2.2, Licensor shall not require Licensee to spend on such changes more than the greater of Fifty Thousand Dollars ($50,000) or Two percent (2%) of Adjusted Gross Revenue of the Center during the previous five (5) year period under the System.

8.7. In addition to the requirements of Section 8.6, Licensee shall maintain the Center in the highest degree of repair and condition as Licensor may reasonably require, and in connection therewith shall make such additions, alterations, repairs, and replacements thereto (but no others without Licensor's prior, written consent) as may be required for that purpose, including, without limitation, such periodic repairs to, or repainting or replacement of, obsolete signs, furnishings, equipment, and decor as Licensor may reasonably direct; and shall refrain from making major alterations or renovations to the Center premises without the prior, written consent of Licensor.

8.8. In order to promote awareness of the Proprietary Marks, provide uniform, high-quality products and services, and meet customer expectations, Licensee shall promote the use of VALVOLINE products and shall purchase no less than ninety-five percent (95%) of the Center's requirements of each of the following types of products to be sold or used: bulk motor oils and packaged motor oils (including but not limited to, conventional, semi-synthetic, and full synthetic motor oils), greases, other lubricants (including but not limited to, automatic transmission fluids and gear oil), oil filters, air filters, cabin air filters, automotive performance chemicals (including but not limited to, fuel system cleaners and fuel additives) and automotive appearance products (for example, tire shine, leather cleaner and waxes) marketed by Valvoline or one of its affiliates (collectively, "VALVOLINE Products"). Licensee shall have the right to buy or sell such other approved products as customers may specify. As a material part of the consideration for this Agreement, Licensee agrees that, if a customer does not specify use of a different brand for any service requiring the addition or replacement of motor oils, greases, lubricants, oil filters, air filters, automotive performance products, or automotive appearance products Licensee shall use only VALVOLINE Products for such service. To further eliminate public confusion, Licensee shall not openly advertise non-Valvoline Products by displaying competitor signage, competitor products or by any other means.

8.9. Except as otherwise provided in Section 8.8, Licensee shall purchase or lease all products, fixtures, furnishings, signage, and equipment (including, without limitation, operating oil-change and lubrication equipment and data processing equipment), solely from suppliers (including manufacturers, distributors, and other sources) who demonstrate, to the continuing reasonable satisfaction of Licensor, the ability to meet Licensor's then-current standards and specifications for such items; who possess adequate quality controls and capacity to supply Licensee's needs promptly and reliably; and with respect to operating oil-change and lubrication equipment, signs and data processing equipment, and, at Licensor's sole discretion, who have been approved in writing by Licensor and not thereafter been disapproved. If Licensee desires to purchase or lease any item to be used or sold by the Center from an unapproved supplier, Licensee shall submit to Licensor a written request for such approval (including specifications, drawings, photographs, samples and other information which Licensor may have previously requested or may subsequently request), or shall request the supplier itself to do so. Licensor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered either to Licensor or to an independent laboratory designated by Licensor for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the testing shall be paid by Licensee or the supplier. Licensor reserves the right, at its option, to re-inspect the facilities and products of any approved supplier from time to time and to revoke its approval upon the supplier's failure to continue to meet any of Licensor's then-current criteria.

8.10. Licensee hereby grants Licensor and its agents the right to enter the Center premises during normal business hours for the purpose of conducting inspections. Licensee shall cooperate with Licensor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon written notice from Licensor or its agents and without limiting Licensor's other rights under this Agreement, Licensee shall correct such deficiencies detected during any such inspection within ten (l0) days of such written notice.

8.11. Licensee shall promptly perform and satisfy any guaranty or service obligation owed to its customers arising out of any products sold or services performed by Licensee and, in so doing, comply with Licensor's then-current customer relations guaranty and service policies. Licensee shall immediately notify Licensor, in writing, of any complaint by a customer of Licensee which Licensee has not corrected to such customer's satisfaction within fifteen (15) days of such complaint. Thereafter, Licensor shall have the right, but not the obligation, at Licensee's expense, to take whatever actions it deems necessary to satisfy such customer's complaint in a manner consistent with how such claims would be managed for Valvoline Instant Oil Change centers owned and operated by Ashland, Inc., and Licensee shall reimburse Licensor, within five business days after receipt of an invoice, for Licensor's reasonable costs of doing so.

In order to protect the brand, Licensor may require Licensee to participate in a social media and customer relations program, and Licensee will be responsible for any reasonable fee associated with participation in such programs. Fees are payable monthly by electronic funds transfer on the 20th of the month. Notwithstanding the fifteen (15) day period mentioned above, Licensor may immediately and directly respond to and settle customer complaints in social media outlets (Twitter, Facebook, Myspace, consumer rating pages, discussion groups and similar public forums) in a manner consistent with how such claims would be managed for Valvoline Instant Oil Change centers owned and operated by Ashland, Inc. Licensee agrees to reimburse Licensor within five (5) business days after receipt of an invoice for Licensor's reasonable costs of doing so and honor any discounts or coupons issued in settlement of a claim.

In addition, Licensee shall participate in any other System-wide warranty or guarantee programs as Licensor may prescribe from time to time, including bearing the costs of such programs.

8.12. Wherever this Agreement requires Licensee to comply with Licensor's written instructions, Licensor may provide such instructions in the confidential Operating Manual or otherwise in writing.

8.13. Licensor requires Licensee to have electronic mail capabilities, including internet access, to communicate with Licensor's office and to transfer and receive reports and other data.

9. PROPRIETARY MARKS

9.1. Licensor represents with respect to the Proprietary Marks that:

9.1.1. Licensor owns, or has pending registrations of, or has been licensed to use, the Proprietary Marks, and has the right to use the Proprietary Marks and to license others to use the Proprietary Marks in accordance with the System.

9.1.2. Licensor will permit Licensee and other licensees to use the Proprietary Marks only in accordance with the System and the standards and specifications attendant thereto.

9.2. With respect to Licensee's use of trademarks, trade names and other indicia of origin:

9.2.1. Licensee shall use only the Proprietary Marks designated by Licensor and no other trademarks, trade names or other indicia of origin. Licensee shall use the Proprietary Marks only in the manner authorized and permitted by Licensor.

9.2.2. Licensee shall use the Proprietary Marks only for the operation of the business licensed hereunder and only at the Center, or in advertising for the licensed business.

9.2.3. Licensee shall obtain approval from Licensor prior to use of the Proprietary Marks on Licensee's website or any other interactive venue.

9.2.4. Unless otherwise authorized or required by Licensor, Licensee shall operate and advertise the licensed business under the Proprietary Marks without prefix or suffix. Licensee shall not use the Proprietary Marks as part of its corporate or other legal name.

9.2.5. During the term of this Agreement and any renewal hereof, Licensee shall identify itself as the licensed operator of the Center in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, and contracts, as well as at such conspicuous locations on the premises of the Center as Licensor may designate in writing.

9.2.6. Licensee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Licensor's rights.

9.2.7. Licensee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Licensor.

9.2.8. Licensee shall comply with Licensor's instructions in filing and maintaining requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Licensor or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

9.2.9. Licensee shall promptly notify Licensor of any infringement of the Proprietary Marks of which Licensee may become aware. Any action taken to protect the Proprietary Marks from any infringing use shall be in the sole discretion of Licensor and at Licensor's expense. All recoveries made shall be for the account of Licensor.

9.2.10. In the event that litigation involving the Proprietary Marks is instituted or threatened against Licensee, Licensee shall promptly notify Licensor. Provided the Proprietary Marks have been used in accordance with this Agreement, Licensor shall defend or settle such litigation at its own expense, including payment of any judgment or settlement. If the Proprietary Marks have not been used by Licensee in accordance with this Agreement, Licensor shall have the right, but not the obligation, to defend or settle such litigation at Licensee's expense, including the payment by Licensee of any judgment or settlement. Licensee shall cooperate fully in any investigation, defense, litigation, or settlement.

9.3. Licensee expressly understands and acknowledges that:

9.3.1. Licensee shall not directly or indirectly contest the validity, ownership of or Licensor's rights in the Proprietary Marks and shall not do any act which might have the effect of impairing or jeopardizing the validity or ownership of the Proprietary Marks.

9.3.2. Licensee's use of the Proprietary Marks pursuant to this Agreement does not give Licensee any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

9.3.3. Any and all goodwill arising from Licensee's use of the Proprietary Marks in the licensed business shall inure solely and exclusively to Licensor's benefit; and, upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Licensee's use of the System or the Proprietary Marks.

9.3.4. Subject to Section 1.3, the right and license of the Proprietary Marks granted hereunder to Licensee is non-exclusive, and Licensor thus has and retains the right, among others:

9.3.4.1. To use the Proprietary Marks in connection with selling products and services.

9.3.4.2. To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing licensees.

9.3.4.3. To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Licensee.

9.3.5. Licensor reserves the right to modify the Proprietary Marks or to substitute different Proprietary Marks for use in identifying the System and the businesses operating thereunder if any of the Proprietary Marks no longer can be used, or if Licensor, in its sole discretion, determines that such modification or substitution of different Proprietary Marks will be beneficial to the System. In such circumstances, Licensor's liability to Licensee shall be limited to the costs of modifying Licensee's signs and advertising materials to conform to the newly-prescribed Proprietary Marks, but Licensor may require Licensee to pay the costs of such modifications out of the Licensee's funds as described in Section 8.6.

9.3.6. Licensee shall cease all use of any of the Proprietary Marks hereinafter modified or discontinued by Licensor immediately after Licensee's receipt of Licensor's written notice thereof.

10. <u>CONFIDENTIAL OPERATING MANUAL</u>

10.1. In order to protect the reputation of Licensor and to maintain high standards of operation under the Proprietary Marks, Licensee shall conduct its business in accordance with the Confidential Manual(s) (collectively, the "Manual"), one copy of which Licensee acknowledges having received on loan from Licensor for the term of this Agreement.

10.2. Licensee shall at all times treat the Manual, any other manuals or publications created for or approved for use in the operation of the Center, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Licensee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

10.3. The Manual shall at all times remain the sole property of Licensor and shall at all times be kept in a secure place on the Center premises.

10.4. Licensor may from time to time revise the contents of the Manual, and Licensee expressly agrees to comply with each new or changed requirement or standard incorporated in the Manual by Licensor.

10.5. Licensee shall at all times ensure that its copy of the Manual is kept current and up to date; and, in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Licensor at Licensor's headquarters shall be controlling.

11. CONFIDENTIAL INFORMATION

11.1. “Confidential Information” includes all information (current and future) relating to the operation of a VIOCF Center or the System, including, among other things, all: (1) Manuals, training, techniques, processes, policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of a Center; (2) designs, specifications and information about products and services; (3) all information regarding customers, potential customer leads, and suppliers, including any statistical and/or financial information (including but not limited to historical gross revenue and adjusted gross revenue and future projections, if any), all lists, and customer or other information that Licensee enters into Licensor's POS System database as defined in Section 27.1; (4) marketing programs; (5) specifications for, and suppliers of, certain materials, equipment, and otherwise for the Center.

"Confidential Information" is not intended to include any information that (1) is or subsequently becomes publicly available other than by breach of any legal obligation; (2) was known by Licensee prior to Licensee becoming a VIOCF franchisee, or (3) became known to Licensee other than through a breach by Licensee of a legal obligation.

Licensee agrees that VIOCF is the sole and exclusive owner and that Licensor controls all information, lists and data related to past, present and future customers of the Center and that VIOCF owns and controls all domain names and URLs ("Uniform Resource Locator") relating to any VIOCF Center. Licensee acknowledges and agrees that Licensor has provided compensation for such information (through its various initial funding programs and other financial incentives) and that Licensor has and will continue to expend substantial time, effort and money to identify customers and potential customers with particular needs and characteristics uniquely related to products and services provided under the System. Licensee further acknowledges and agrees that those lists and related information are difficult, costly and time-consuming to obtain and that the lists and related information constitute trade secrets of VIOCF. Therefore, Licensee’s only interest in any of this proprietary and/or Confidential Information is the right to use it pursuant to this Agreement. Licensee hereby waives any and all rights to contest the proprietary or confidential nature of the proprietary and Confidential Information. Licensee agrees that any unauthorized use or duplication of any part of the Confidential Information, including in any other business, would be an unfair method of competition with respect to Licensor and other VIOCF licensees.

11.2. Both during the term of this Agreement and for 5 years after the end of the term or any renewal term, whichever period is longer (except for trade secrets, which are subject to Licensee’s permanent obligation), Licensee agrees (1) to use the Confidential Information only for the operation of the Center under the License Agreement; (2) to maintain the confidentiality of the Confidential Information; (3) not to make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; (4) not to alter, appropriate, use or distribute any VIOCF designs or specifications, or any substantially similar designs or specifications; and (5) to implement all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information. Notwithstanding the foregoing, financial information related to Licensee's Center licensed hereunder (including but not limited to the Center's historical gross revenue and adjusted gross revenue and future projections) may be shared with prospective purchasers of the Center pursuant to a written confidentiality agreement: (1) beginning in the twelve months preceding the end of the term or any renewal term of this Agreement, provided Licensee has given Licensor notice of its intent not to renew this Agreement at the end of the term or renewal term in the manner set forth in Section 2.2 hereof; or (2) provided that VIOCF, in its sole discretion, has given written permission to Licensee to share such financial information. Licensee may also share Confidential Information related to Licensee's Center with other VIOCF licensees and Licensee's professional advisors such as accountants, advertising agencies, lawyers and consultants, pursuant to a written confidentiality agreement and solely for the purpose of seeking professional advice concerning Licensee's business.

11.3. As stated in Section 11.1 above, Customer lists compiled with respect to Licensee's Center during the term or any renewal term of this Agreement ("Customer Lists") will be considered Confidential Information and a trade secret owned by the Licensor. Licensee may not sell, rent or allow anyone to use any Customer Lists except under the following circumstances: (1) Licensor has given its consent to the disclosure of the information, which consent will not be unreasonably withheld, (2) the person or entity to whom the disclosure is to be made signs a confidentiality and non-disclosure agreement on a form approved by Licensor in its sole discretion prior to the disclosure of any information, and (3) the purpose of the disclosure is for the sole purpose of advertising Licensee's Valvoline Instant Oil Change business. In addition, Licensee will be entitled to transfer the Customer Lists after the expiration of the term or any renewal term of the Agreement if the following conditions are met: (1) Licensee has given Licensor notice of its intent not to renew this Agreement in the manner set forth in Section 2.2 hereof; (2) Licensee has engaged in diligent efforts to sell the Center as a VIOC franchise, and there is no buyer willing to purchase the Center at a reasonable sales price who will operate the Center as a Valvoline Instant Oil Change franchise, (3) VIOCF has waived its right of first refusal to purchase the Center, and (4) there is no VIOC Center owned or operated by Ashland, its Affiliates or another licensee within five (5) miles of the Center. The limited right to transfer the Customer Lists in the manner described in this Section does not apply in the event of a termination of this Agreement for any reason prior to the expiration of the term or any renewal term.

Licensor may use any list of customers for the following purposes, and such other purposes as are agreed to by Licensee: (1) to advertise the Valvoline Instant Oil Change business; (2) to conduct research; (3) to share with vendors or other persons or entities performing services for Licensor if those persons or entities have signed a confidentiality and non-disclosure agreement; and (4) to share with banks and financial advisors.

However, notwithstanding the foregoing, if an item is not merely Confidential Information but constitutes a trade secret under applicable law, the above obligations will apply without any time limit.

11.4. Licensee acknowledges that any failure to comply with the requirements of this Section 11 will cause Licensor irreparable injury, and Licensee agrees to pay all court costs and reasonable attorneys' fees incurred by Licensor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

11.5. Subject to requirements to obtain confidentiality agreements where applicable, either party may disclose information submitted by Licensee to any governmental body or any agency thereof or regulatory body if required to do so or as otherwise required by law. Subject to requirements to obtain confidentiality agreements Licensee may disclose Confidential Information to banks and financial advisors in connection with financing of the licensed business without prior written consent from Licensor except where the source of financing is a competitor of Licensor or any of its Affiliates in which case Licensor's permission is required.

12. RECORDS; RIGHT TO AUDIT

12.1. At Licensor's request, Licensee shall require and obtain execution of guarantee(s) similar to those set forth in Section 29 from any or all of the following persons: (a) all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of Licensee, and of any corporation directly or indirectly controlling Licensee, if Licensee is a corporation; and (b) the general partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Licensee is a partnership; and (c) such other persons as Licensor may reasonably require. Licensee shall furnish and shall cause the individual guarantors of this Agreement to furnish to Licensor:

12.1.1. Upon Licensor's written request, exact copies of federal and state income tax returns of Licensee and Licensee's principal(s) ("Principals"), payroll and withholding records and state sales tax returns of Licensee relating to the Center or exact copies of schedules pertaining to the Center, included in Licensee's returns; and

12.1.2. By the tenth (10th) day of each month a report of the Gross Revenue and Adjusted Gross Revenue and financial statements of the Center, and vehicle counts and other information required by Licensor from time to time, for the immediately preceding month, duly executed and certified by an authorized representative of Licensee, to the effect that such statements fairly present the financial condition of Licensee as at the end of such month, and the results of the operations of Licensee for the period ended on such date, all in accordance with generally accepted accounting principles in effect on such date applied on a consistent basis; and

12.1.3. Within ninety (90) days after the end of their respective fiscal year, the balance sheet of Licensee and Principal(s) as at the end of such fiscal year, and the related statements of income and retained earnings and changes in financial position of Licensee and Principal(s) for the fiscal year then ended, duly executed, to the effect that such statements fairly present the financial condition of Licensee and Principal(s), respectfully, as at such dates and the results of the operations of Licensee and Principal(s), respectfully, for the periods ended on such dates, all in accordance with generally accepted accounting principles in effect on such dates applied on a consistent basis. Notwithstanding the foregoing, Licensor may at its discretion by written request require either, or both, Licensee and Principal(s) to furnish to Licensor the statements described in this Section 12.1.3 under generally accepted accounting principles and reviewed by certified public accountants reasonably approved by Licensor. Licensee and Principal(s) also shall furnish, as frequently as Licensor may reasonably request in writing and within fourteen (14) days of such written request, their respective balance sheet as of the date specified by Licensor.

12.2. Licensee and Principal(s), by execution hereof, hereby agree with Licensor that Licensor may release the information delivered pursuant to Section 12.1 to Affiliates of Licensor and lenders to Licensor and its Affiliates, potential, actual or otherwise. Licensor will exercise due care and take reasonable measures to maintain the confidentiality of information it receives in accordance with Section 12.1. Licensee and Principal(s) hereby agree to release and hold Licensor harmless from any and all losses, costs, damages, expenses and liabilities in connection with the release of such financial information.

12.3. Records; Right to Audit

12.3.1. Licensee shall maintain, at a location acceptable to Licensor, accurate and complete books and records relating to the operation of the Center, including without limitation monthly reports, tax returns and schedules and other forms, information and supporting records specified by Licensor for a period of three (3) years from and after the end of Licensee's fiscal year for which such records were prepared, or such longer period as may be required by law. Licensee's statement of Adjusted Gross Revenue shall be accurate and never knowingly understated.

12.3.2. Licensee shall record all sales and other transactions in a point of sale system approved by Licensor. Licensee will keep and preserve at a location acceptable to Licensor for a period of three (3) years from and after the end of Licensee's fiscal year for which such records were prepared or such longer period as may be required by law, an original or duplicate books and records which shall disclose all information required to determine Gross Revenue and Adjusted Gross Revenue, including: (a) federal, state and local sales tax returns; (b) settlement report sheets and summaries of transactions, if any, with subtenants, concessionaires or licensees; (c) daily and/or weekly transaction reports, if any, including, without limitation, data stored electronically in Licensee's point of sale system or other data processing equipment or manual invoices; (d) all other sales records, if any, which Licensee normally utilizes or retains relating to Licensee's sales; and (e) the records specified in (a) through (d) for each subtenant, assignee, concessionaire or licensee, except vending-machine licensees and concessionaires. Licensor shall have the right to collect and examine any data stored in Licensee's point of sale system, other data-processing equipment, or manual records.

12.3.3. Licensor and its representatives shall have the right at any time during business hours, and upon giving reasonable notice to Licensee, to audit or cause to be audited the monthly reports, tax returns and schedules, and other forms, information and supporting records which Licensee is required to submit to Licensor hereunder or to retain. Licensee shall fully cooperate with Licensor or its representatives and independent accountants hired by Licensor conducting any such audit. In the event any such audit shall disclose an understatement of the Adjusted Gross Revenue of the Center for any period or periods, Licensee shall pay to Licensor, within ten (10) days after receipt of the audit report, the amount of such understatement plus interest on such amount from the date such amount was due until the date actually paid, at a rate which is one and one-half times the prime rate as reported in the Wall Street Journal on the next business day after the date of such audit report and compounded monthly, or the maximum rate permitted by law, whichever rate is less. Further, in the event such audit is made necessary by the failure of Licensee to furnish reports or tax returns or schedules as herein required, or by any understatement of Adjusted Gross Revenue, Licensee shall reimburse Licensor for the cost of such audit, including without limitation, the charges of any independent accountant and the travel expenses, room and board, and compensation of employees of Licensor. The remedies described in this Section 12.3.3 are cumulative with and not in lieu of any other rights of Licensor hereunder.

13. ADVERTISING AND PROMOTION

Recognizing the value of advertising and promotion and the importance of the standardization of advertising and promotional programs to the furtherance of the public image of the System, the parties agree as follows:

13.1. Licensee shall spend and/or contribute the following amounts on advertising, advertising funds or cooperatives:

13.1.1. Licensee shall develop an advertising plan in accordance with Licensor and Licensor's agency of record. Included in the plan will be an additional required minimum $7,500.00 fee for "grand-opening" expenses.

13.1.2. Licensee shall spend and/or contribute annually a minimum of three percent (3%) of the Center's AGR ("Advertising Monies") for advertising purposes in Licensee's market.

13.1.2.1. Licensor requires Licensee to spend and/or contribute the Advertising Monies for media advertising to pay costs associated with the following media categories: print, direct mail, outdoor billboards, radio, and television.

13.1.2.2. Licensor may audit Licensee's media advertising expenditures at any time.

13.1.3. Licensor has established a General System Fund ("System Fund"). The System Fund shall be maintained and administered by Licensor or its designee as follows:

13.1.3.1. Licensee shall contribute monthly to the System Fund 2% of the Center's AGR until a maximum or cap amount has been contributed by the Center. Licensor shall set the maximum or cap amount at the beginning of each fiscal year. Licensor reserves the right to waive or prorate the fee during the first partial year of operation. The System Fund contributions are to be used for General System advertising, promotion, and programs.

13.1.3.2. Licensor shall direct all promotional programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Licensee agrees and acknowledges that the System Fund is intended to maximize public recognition, acceptance, and use of the Proprietary Marks for the System, and that neither Licensor nor its designee undertakes any obligation, in administering the System Fund, to make expenditures for Licensee which are equivalent or proportionate to Licensee's contribution or to insure that any particular licensee benefits directly or pro rata from expenditures by the System Fund.

13.1.3.3. The System Fund, all contributions thereto, and any earnings thereon, shall be used to meet any and all costs of maintaining, administering, directing, and preparing advertising and/or promotional activities, including, among other things, the cost of preparing and creating television, radio, magazine, and newspaper advertising campaigns; direct-mail and outdoor billboard advertising; research; marketing surveys; developing consumer relationship tools; pricing consultancy; direct response consultancy; loyalty program and development; data analysis related to any one or more of the programs; other public relations activities; and the cost and use of advertising agencies to assist therein; and development and production of promotional brochures and other marketing materials for Centers operating under the System.

13.1.3.4. All payments and contributions made under this Section 13.1.3 shall be made as provided in Sections 4.4 and 4.5. The System Fund and its earnings shall not otherwise inure to the benefit of Licensor. Licensor or its designee shall maintain separate bookkeeping accounts for the System Fund.

13.1.3.5. It is anticipated that all contributions to and earnings of the System Fund shall be expended for advertising and/or promotional purposes during the Licensor's fiscal year within which the contributions and earnings are received. If, however, excess amounts remain in the System Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of accumulated earnings from previous fiscal years.

13.1.3.6. A statement of the System Fund activity as shown on the books shall be prepared annually by Licensor and shall be made available to Licensee upon written request.

13.1.3.7. Although the System Fund is intended to be of perpetual duration, Licensor maintains the right to terminate the System Fund. The System Fund shall not be terminated, however, until all monies in the System Fund have been expended for advertising and/or promotional purposes or returned to contributors on the basis of their respective contributions.

13.2. All advertising and promotion by Licensee in any manner or medium shall be conducted in a dignified manner and shall conform to such standards and requirements as are specified by Licensor. Licensee shall submit to Licensor or its designee (through the mail, overnight courier service or other means providing for return receipt), for Licensor's or its designee's prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials that Licensee desires to use and which have not been prepared or previously approved by Licensor. If written disapproval thereof is not received by Licensee from Licensor within twenty-one (21) days of the date of receipt by Licensor of such samples or materials, Licensor shall be deemed to have given the required approval.

13.3. Licensor shall have the right, in its discretion, to designate any geographical area or areas for purposes of establishing one or more regional advertising cooperatives ("Cooperative") and to prescribe rules governing the operation of such Cooperatives. If a Cooperative for an area in which the Center is located has been established at the time Licensee commences operations, or is established thereafter, Licensee’s Center shall immediately become associated with such Cooperative, and Licensee shall upon Licensor's request execute an advertising cooperative agreement prepared by Licensor, and shall contribute such portion of such Advertising Monies as Licensor may require to such Cooperative. In no event shall a Center be required to be associated with more than one Cooperative at a time. Licensees with more than one Center may by required to be a member of more than one Cooperative. Licensor, in its sole discretion, and on such terms as it may determine, may grant to any System Licensee a full or partial exemption from contributing to the Cooperative, upon written request of such Licensee stating reasons supporting such exemption. Licensor's decision concerning such request for exemption shall be final.

13.4. Licensor reserves the right to establish and require contributions to a national advertising fund.

13.5. Licensee shall spend any remaining balance of any Advertising Monies not spent and/or contributed for local advertising and promotion, and/or regional cooperative advertising and promotion, as directed or approved by Licensor. Licensee, in its discretion, may spend an amount greater than the Advertising Monies on local advertising and promotion.

13.6 Licensee shall participate and honor the Licensor’s national fleet programs including honoring national, regional, or local contract pricing and discounts for goods and services. National pricing will not be mandated without FAC approval. Discount programs must be off the posted pricing for non-fleet customers. Licensee and shall participate in any consumer feedback program designated by Licensor. In the event that Licensee has failed to make timely payments to Licensor or an Affiliate of Licensor, Licensor may offset amounts due to Licensee under the fleet program against amounts Licensee owes to Licensor or Licensor’s Affiliate. The right of offset described in this section 13.6 does not apply to amounts due that are disputed by Licensee in good faith.

14. <u>INSURANCE</u>

14.1. During the term hereof, and as a material part of the consideration hereunder, Licensee, at its own cost and expense, shall purchase and keep in force and effect the insurance described below with insurance carrier(s) having a rating of Best's A-, Class VIII or better, and being acceptable to Licensor:

14.1.1. Workers' Compensation Insurance which complies with all laws applicable to all persons employed by Licensee at or in connection with the Center;

14.1.2. Employer's Liability Insurance which complies with all laws applicable to persons employed by Licensee at or in connection with the Center; provided that Licensee shall have Employer's Liability Insurance covering such employees of not less than $100,000 each accident, $500,000 disease-policy limit, and $100,000 disease-each employee;

14.1.3. General Liability Insurance on an occurrence basis which applies to the Center and to Licensee's possession, occupancy, use and operation of the Center, including coverage for Premises Operations; Explosion and Collapse Hazard; Underground Hazard; Products/Completed Operations Hazard; Blanket Contractual Liability; Broad Form Property Damage; Fire Legal Liability, Independent Contractors; Bodily Injury; Personal and Advertising Injury; with minimum combined single limits of $1,000,000;

14.1.4. Garagekeepers' Insurance on an occurrence basis, covering vehicles of customers while in the possession of Licensee with a minimum limit of $80,000. Coverage must be written on a direct coverage-primary basis.

14.1.5. Automobile Liability Insurance which applies to Licensee and to all owned, hired and non-owned automobiles, with Bodily Injury and Property Damage Combined Single Limit of $1,000,000 per accident.

14.1.6. Umbrella-form Excess Liability Insurance with limits of $3,000,000 per occurrence and in the aggregate, in excess of the required limits of the Employer's Liability Insurance, General Liability Insurance, Automobile Liability Insurance and Garagekeepers' Insurance required in Sections 14.1.2 through 14.1.5 above.

14.1.7. Pollution Liability Insurance (at Licensor's request) which applies to Licensee and to Licensee's possession, occupancy, use and operation of the Center.

14.1.8. Replacement Cost Comprehensive All-Risk Form Real & Personal Property Insurance, covering the Center and contents, including stock, against the full cost of repair or replacement as of the date of loss against damage caused by all perils, including fire, smoke, explosion, extended coverage, vandalism, malicious mischief, and special extended perils (all risk). The minimum coverage of such insurance shall be the amount of the full replacement costs of the Center and contents, or the full amount of all loans secured by the Center and contents, whichever is greater. Such insurance shall include an "inflation-guard" endorsement, flood and earthquake endorsement, and "agreed-amount" clause, and Business Income Insurance covering a period of not less than six (6) months, with a deductible not to exceed One Thousand Dollars ($1,000). Such insurance shall take effect immediately upon the execution of this Agreement by Licensee, and shall cover the Approved Location during Licensee's initial construction or remodeling of the Approved Location in lieu of builder's risk-type insurance. As between Licensor and Licensee, insurance claims by reason of damage or destruction of any portion of the Center may be adjusted by Licensee, but Licensor shall have the right to join with Licensee in adjusting any such claims.

14.1.9. If Section 5 is applicable pursuant to Section 1.2, then, until the Closing on a location as defined in Section 5, Licensee shall not be required to carry the insurance required under Sections 14.1.4, 14.1.7 and 14.1.8, and Licensee may carry Public Liability Insurance including Blanket Contractual Liability Insurance, Broad Form Property Damage, Independent Contractors and Personal Injury coverage, in lieu of the insurance required in Section 14.1.3. On or before the Closing on a location, as defined in Section 5, Licensee shall have obtained all of the insurance required by this Section 14, and this Section 14.1.9 shall no longer apply.

14.1.10. Deductibles under liability insurance coverages required in this Section 14.1 shall not exceed $500 per occurrence, and deductibles under property insurance coverage shall not exceed $1,000 per occurrence, without prior written consent of Licensor.

14.1.11. Licensor consents that such insurance may be carried under a blanket-type policy issued to Licensee.

14.1.12. At Licensor's option, all liability insurance minimum limits of coverage under this Section 14.1 shall be subject to increase (but not to decrease) from such required minimum levels upon annual review by Licensor. Licensor shall give Licensee not less than ninety (90) days prior written notice of any required increase in such limits of coverage.

14.2. Licensee's General Liability Insurance, Garagekeepers' Insurance, Automobile Liability Insurance and Excess Liability Insurance must be endorsed to name Licensor and Ashland as Additional Named Insured with respect to claims and demands against such Additional Insured with respect to all coverages under such insurance. Such insurance shall specifically provide that it applies separately to each insured against which claim is made or suit is brought, except with respect to the total limits of coverage. Licensee's Property Insurance must be endorsed to name Licensor as loss payee to the extent its interest may appear.

14.3. Licensee's General Liability Insurance, Garagekeepers' Insurance, Automobile Liability Insurance, Excess Liability Insurance, and Property Insurance shall be endorsed to waive the insurance carrier's rights of subrogation against Licensor. Except where expressly prohibited by applicable law, Licensee's Workers' Compensation and Employer's Liability Insurance also shall be endorsed to waive the insurance carrier's rights of subrogation against Licensor.

14.4. Licensee’s General Liability Insurance, Garagekeepers’ Insurance, Automobile Liability Insurance, Excess Liability Insurance, and Property Insurance shall expressly state that such policies are primary/non-contributory to any other coverage available to Licensor and/or Ashland. Except where expressly prohibited by applicable law, Licensee's Workers' Compensation and Employer's Liability Insurance also shall also state that they are primary/non-contributory to any other coverage available to Licensor and/or Ashland.

14.5. Concurrently with the execution of this Agreement, (or if Section 5 is applicable pursuant to Section 1.2, within thirty (30) days after the date of execution of this Agreement), Licensee shall furnish Licensor with certificates of insurance on the applicable Acord® form (or equivalent acceptable to Licensor) attested by a duly authorized representative of the insurance carrier(s) (or a certificate of participation in a state workers' compensation fund attested by a duly-authorized representative of such fund) , an Endorsement showing Licensor and Ashland as additional insured with respect to all coverages Licensee is required to maintain as part of the policies listed in Section 14.2 above, declaration pages showing the actual coverage provided under each required policy, and, upon Licensor's request,, copies of all insurance policies required hereunder evidencing that all insurance required hereunder is in force and effect and will not be canceled or changed without at least thirty (30) days prior written notice to Licensor. All certificates of insurance shall list the insurers, the policy numbers of the insurance policies evidencing such insurance and the expiration date of such insurance. As such insurance is renewed or replaced, Licensee shall provide Licensor with certificates of insurance or copies of policies evidencing that all insurance required hereunder is in force and effect.

14.6. Licensee shall not obtain or carry separate insurance concurrent in form or contributing in the event of loss with that required in this Section 14 hereof unless Licensor is included therein as a named insured, with loss payable as provided in the Agreement. Licensee shall immediately notify Licensor whenever any such separate insurance is obtained and shall deliver to Licensor, at Licensor's sole option, certificates of insurance or copies of policies as required by Section 14.5 hereof.

14.7. The insurance coverages required by Licensor or provided by Licensee hereunder do not in any way limit, negate or reduce the Licensee's undertaking to protect, indemnify, hold harmless, reimburse and defend Licensor and other parties as provided in this Agreement, or otherwise limit the liability of Licensee to Licensor hereunder. In the event Licensee at any time has less insurance than the coverage or limits of coverages required hereunder, Licensor's action or inaction shall not constitute a waiver of the required insurance coverages or limits of coverage, and Licensor may terminate this Agreement at any time with cause as provided in this Agreement or procure such coverage or limits of coverage for Licensee and charge the cost thereof to Licensee, which costs shall be due and payable immediately hereunder. The foregoing remedies shall be in addition to any other remedies Licensor may have. The provisions of this Section 14.7 shall survive the termination or expiration of this Agreement.

14.8. Licensee shall notify Licensor of any claim or incident which may have the effect of reducing by fifty percent (50%) or more any General Aggregate Limits under applicable liability insurance coverage. Licensor may require Licensee to increase such aggregate limits which, in Licensor's opinion, are or may be materially reduced by any such claim or incident.

14.9. Licensee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Licensor.

15. TRANSFER OF INTEREST

15.1. Transfer by Licensor

Licensor shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity.

15.2. Transfer by Licensee

15.2.1. Licensee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Licensee and its principals, and that Licensor has granted this license in reliance on Licensee's principals' business skill, financial capacity, and personal character. Accordingly, neither Licensee nor any immediate or remote successor to all or any part of Licensee's interest in this Agreement, nor any individual, partnership, corporation, or other legal entity (hereinafter referred to collectively as the "Transferor") which directly or indirectly owns any interest in the licensed business, in assets comprising the Center, in this Agreement, or in Licensee (and, if the Transferor is other than an individual, such owner of a beneficial interest in any such partnership, corporation or other legal entity as Licensor may request) shall sell, assign, transfer, convey, give away, or encumber (hereinafter referred to collectively as "Transfer") any direct or indirect interest in the licensed business, in assets comprising all or substantially all of the Center, in this Agreement, or in Licensee (hereinafter referred to collectively as a "Transferable Interest"), without the prior written consent of Licensor, which shall not be unreasonably withheld, conditioned or delayed and subject to Section 15.4. Any purported Transfer by operation of law or otherwise, not complying with this Section 15.2.1 shall be null and void and shall constitute a material breach of this Agreement for which Licensor may then terminate pursuant to Section 16 of this Agreement.

15.2.2. Licensor shall not unreasonably withhold, condition, or delay its consent to any Transfer restricted by Section 15.2.1; provided, however, that Licensor, in its sole discretion, may require one or more of the following as conditions of its approval:

15.2.2.1. All of Licensee's and the Transferor's accrued monetary obligations and all other outstanding obligations to Licensor and its Affiliates shall have been satisfied.

15.2.2.2. Licensee, the Transferor, and the person or entity to whom the Transfer is to be made (the "Transferee") do not have any uncured defaults of which they have been given written notice and as a result of the Transfer will not have any defaults, of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Licensee or the Transferee and Licensor or its Affiliates.

15.2.2.3. Licensee, the Transferor and Transferee shall have executed a general release, in a form satisfactory to Licensor, of any and all claims, whether or not asserted prior to Transfer, against Licensor, Licensor's Affiliates, and their officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under Federal, state, and local laws, rules, and ordinances. Provided Licensor requires such a release by Licensee, Licensor shall execute a limited release, in a form prescribed by Licensor, of those claims, whether or not asserted prior to transfer, against Licensee, its respective officers, directors, agents and employees other than:

15.2.2.3.1 Any claims which fall under the indemnity clause in Section 21.3.

15.2.2.3.2. For all money due and owing to Licensor or its affiliates under the License Agreement or any ancillary agreements.

15.2.2.4. The Transferee (and, if the Transferee is other than an individual, such owners of a beneficial interest in the Transferee as Licensor may request) shall enter into a written assignment and/or guaranty, in a form satisfactory to Licensor, assuming and agreeing to discharge all of the Transferor's obligations under this Agreement.

15.2.2.5. The Transferee of any interest in this Agreement or in Licensee (and, if the Transferee is other than an individual, such owners of a five percent 5% or greater beneficial interest in the Transferee as Licensor may request) shall demonstrate to Licensor's satisfaction that he or she can meet Licensor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business licensed hereunder (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the business.

15.2.2.6. Licensee and any guarantor of this Agreement shall remain liable for all of the obligations and liabilities to Licensor in connection with the licensed business prior to the effective date of a Transfer, in compliance with this Agreement, of all the Licensee's interest in this Agreement and both shall execute any and all instruments reasonably requested by Licensor to evidence such liability.

15.2.2.7. Transferor shall pay a transfer fee of Thirty Thousand Dollars ($30,000) if such transfer is Transferee’s first Center and Two Thousand Five Hundred Dollars ($2,500) for any additional Centers. If transfer is to an existing franchisee, Transferor shall pay a transfer fee of Five Thousand Dollars ($5,000) for Transferee’s first Center and Two Thousand Five Hundred Dollars ($2,500) per center for any additional Centers to Licensor. This fee is intended to compensate (but not necessarily on a dollar for dollar basis) Licensor for legal, accounting, training, administrative and other expenses incurred and resources employed in connection with the Transfer; provided, however, that no such transfer fee shall be required (a) in the case of a Transfer to a corporation formed for the convenience of ownership, where the persons owning such corporation and their proportionate share of ownership are the same as that in Licensee before such Transfer, (b) in the case of a Transfer upon death or mental incapacity of an individual Transferor to such Transferor's spouse or parent, or adult child, sibling, niece or nephew who is qualified to operate the business licensed hereunder, or (c) in the case of a Transfer which, alone or together with other previous, simultaneous, or proposed Transfers, would not have the effect of causing a change in control of the Center, in substantially all of the assets comprising the Center, or of Licensee. Further, if the transfer is within an existing ownership group, or to a spouse or parent, or adult child, sibling, niece or nephew who is qualified to operate the business, then Licensor will waive any transfer fee.

15.2.2.8. If the Transfer is an assignment of the Licensee's rights and duties under this Agreement or a transfer of a controlling interest in the Licensee, the Transferee shall be required to assume this agreement, and other ancillary agreements as Licensor may require or execute a new 15 year License Agreement (and related documents) on Licensor's then current form of License Agreement, and such other ancillary documents as Licensor may require.

15.2.2.9. Except where the transfer is to an existing licensee, or if the transfer is within an existing ownership group, at Transferee's expense, Transferee, Transferee's managers, and Transferee's other employees designated by Licensor shall complete to Licensor's reasonable satisfaction any training programs then in effect upon such terms and conditions as Licensor may reasonably require.

15.2.3. Licensee shall not pledge, mortgage, hypothecate, encumber or grant any security interest in any of the assets comprising the Center unless such pledge, mortgage, hypothecation, encumbrance or grant includes an agreement in writing that in the event of any default by Licensee, Licensor shall have the right and option to be substituted as obligor to the secured party and to cure any such default of Licensee, and that any provision for acceleration of indebtedness due to default shall be void with respect to any such default cured by Licensor.

15.2.4. Licensee acknowledges and agrees that each condition which must be met by the Transferee under this Section 15 is necessary to assure such Transferee's full performance of the obligations hereunder.

15.3. Sale of Securities by Licensee

All materials required for any offer or sale of securities of the Licensee by Federal or state law shall be submitted to Licensor for review prior to their being filed with any governmental agency; and any materials to be used in any offering exempt from such laws shall be submitted to Licensor for review prior to their use. No offering by Licensee shall imply (by use of the Proprietary Marks or otherwise) that Licensor is participating as an underwriter, issuer, or offeror of Licensee's securities; and Licensor's review of any offering shall be limited solely to the subject of the relationship between Licensee and Licensor. Licensee and each of the other participants in the offering must fully indemnify Licensor in writing as provided in Section 21.3 in connection with the offering. For each proposed offering, Licensee shall pay to Licensor such amount as is necessary to reimburse Licensor for its reasonable costs and expenses associated with reviewing the proposed offering materials. Licensee shall give Licensor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 15.3.

15.4. Right of First Refusal

15.4.1. If Licensee or any other Transferor desires to accept any bona fide offer from any Transferee to purchase or acquire any Transferable Interest, or desires to Transfer such interest to any person (except (a) a Transfer to a corporation formed for the convenience of ownership, where the persons owning such corporation and their proportionate share of ownership are the same as that in the Licensee before each Transfer; (b) a Transfer upon death or mental incapacity of an individual Transferor to such Transferor's spouse or parent or adult child, sibling, niece or nephew who is qualified to operate the licensed business; or (c) a Transfer which, alone or together with other previous, simultaneous, or proposed Transfer, would not have the effect of causing a change in control of the licensed business, in substantially all of the assets of the licensed business, in this Agreement, or in Licensee; (d) a transfer within an existing ownership group; or (e) a transfer to a family member (as described in Section 15.2.2.7), the Licensee or Transferor shall notify Licensor in writing of each such offer or proposed Transfer, and shall provide such available information and documentation relating to such offer or proposed Transfer as Licensor reasonably may require. Licensor shall have the irrevocable right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to Licensee or other Transferor that Licensor intends to purchase the Transferable Interest on the same terms and conditions offered by the third party or, in the case of a proposed Transfer other than pursuant to an offer, to purchase or acquire the Transferable Interest for the Fair Market Value (as hereinafter defined) of the Transferable Interest as determined pursuant to this Section 15.4. If that Licensor elects to purchase such Transferable Interest, closing on such purchase must occur within sixty (60) days from the date of notice to Licensee or other Transferor of Licensor's election to purchase. If Licensor declines to purchase such Transferable Interest, Licensee or other Transferor shall have ninety (90) days from receipt of notice of such declination to effect such Transfer on the same terms and conditions and to the same Transferee as described to Licensor pursuant to Licensor's right of first refusal. Failure to effect such Transfer to such Transferee within such ninety (90) days, or any material change in the terms of any proposed Transfer, shall constitute a new Transfer again subject to Licensor's right of first refusal hereunder. Failure of Licensor to exercise the option afforded by this Section 15.4.1 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 15, with respect to a proposed Transfer, and all such provisions shall apply to such Transfer. For purposes of this License Agreement, "Fair Market Value" shall be determined by the following appraisal method: Licensor and Licensee shall each hire a qualified, independent appraiser experienced in the industry who shall separately determine the value or cash equivalency. (1) If their appraisals are less than five percent (5%) apart, then the two amounts shall be averaged and the resulting amount shall be adopted by the parties. (2) If their appraisals are different by five percent (5%) or more, then the two appraisers shall select a third qualified, independent appraiser experienced in the industry who shall determine the value or cash equivalency. The cost of the third appraiser shall be split evenly by the parties. (3) If such amount is different by five percent (5%) or more from either of the first two appraisals, then the three appraisal amounts shall be averaged and the resulting amount shall be adopted by the parties.

15.4.2. If the consideration, terms, or conditions offered by a proposed Transferee for a Transfer are such that Licensor may not reasonably be required to furnish the same consideration, or meet the same terms or conditions, or if the proposed Transfer is not pursuant to an offer, then Licensor may purchase the interest proposed to be transferred for the reasonable equivalent in cash.

15.4.3. If, for any reason, this Agreement is not terminated pursuant to Section 16.1, and this Agreement is assumed or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment and assumption, setting forth (a) the name and address of the proposed assignee, (b) all of the terms and conditions of the proposed assignment and assumption, and (c) the adequate assurance to be provided Licensor to assure the proposed assignee's future performance under this Agreement, including, without limitation, the assurance referred to in Section 365(b)(3) of the Bankruptcy Code and Section 15.2.2 shall be given to Licensor within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Licensor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to Licensor itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Licensee out of the consideration to be paid by such assignee for the assignment of this Agreement.

15.5. Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any individual owner of a Transferable Interest, the executor, administrator, or personal representative of such individual shall transfer such Transferable Interest to a Transferee approved by Licensor. Such Transfers, including, without limitation, Transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos Transfer except that, in the case of a Transfer to another owner of Licensee, or to the Transferor's spouse or parent, or adult child, sibling, niece or nephew who is qualified to operate the licensed business, no transfer fee shall be charged, and Licensor shall have no right of first refusal under Section 15.4. If the Transferable Interest is not Transferred to an approved transferee within one (1) year of such death or mental incapacity, Licensor shall have the right, but not the obligation, to terminate this Agreement upon notice without an opportunity to cure, and to purchase such interest for the Fair Market Value of such interest.

15.6. Non-Waiver of Claims

Licensor's consent to any Transfer of any Transferable Interest shall not constitute a waiver of any claims it may have against the assigning or transferring party, nor shall it be deemed a waiver of Licensor's right to demand exact compliance with any of the terms of this Agreement by the Transferor.

15.7. Additional Documentation

Each individual partnership, corporation or other legal entity, or beneficial owner thereof, shall sign and deliver to Licensor such documentation as Licensor may reasonably require acknowledging such entity's or owner's agreement to be bound by this Section 15, including, without limitation, Licensor's rights of first refusal and options to purchase hereunder.

16. DEFAULT AND TERMINATION

16.1 Licensee agrees that time is of the essence in selecting a site, closing and constructing a Center, pursuant to the terms of the Agreement. Licensee shall be deemed to be in default of this Agreement, and Licensor shall have the right to terminate this Agreement with notice, but without opportunity to cure, if the Licensee fails to (i) submit to Licensor a completed Formal Site Approval Application within one year of the date of this Agreement; or (ii) Open the Center within 2 years of the date of this Agreement.

16.2. Licensee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Licensee, if Licensee becomes insolvent or makes a general assignment for the benefit of creditors; or if Licensee admits, in writing, its insolvency or its inability to meet obligations as they become due and payable; or if a petition in bankruptcy is filed by Licensee or such a petition is filed against and not opposed by Licensee; or if Licensee is adjudicated as bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Licensee or other custodian for Licensee's business or assets is filed and consented to by Licensee; or if a receiver or other custodian (permanent or temporary) of Licensee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition of creditors under any state or Federal law should be instituted by or against Licensee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or if Licensee is dissolved; or if execution is levied against Licensee's business or property; or if the real or personal property of Licensee shall be sold after levy thereupon by any sheriff, marshal, constable, or other authorized official.

16.3. Licensee shall be deemed to be in default and Licensor, at its option, may terminate this Agreement and all rights granted hereunder, without affording Licensee any opportunity to cure the default, effective immediately upon the giving of written notice to Licensee, upon the occurrence of any of the following events:

16.3.1. If Licensee fails to construct and open the Center when and as required by Section 6, or, if applicable, fails to obtain Site Approval of or Close on a site for the Center when and as required by Section 5 to this Agreement.

16.3.2. If Licensee, at any time, loses the right to possess or operate the Center or ceases to operate for more than two (2), consecutive regular business days or for more than three (3), regular business days during any calendar quarter or otherwise abandons the Center or forfeits the right to do or transact business in the jurisdiction where the Center is located; provided, however, that if any loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Licensee, the Center is damaged or destroyed, then Licensee shall have thirty (30) days after either such event in which to apply for Licensor's approval to relocate or reconstruct the Center, which approval shall not be unreasonably withheld. As used in this Section 16.3.2, "regular business day" means a day when the Center is required by Licensor to be open for business.

16.3.3. If Licensee, or any officer, director, or partner of Licensee, is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Licensor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the reputation associated therewith, or Licensor's interest therein.

16.3.4. If a transfer occurs contrary to the terms of Section 15.2 of this Agreement.

16.3.5. If an approved transfer is not effected as required by Section 15.4.

16.3.6. If Licensee fails to comply with the requirements in Sections 9, 11 or 18 or fails to obtain execution of the covenants required under Section 18.9.

16.3.7. If, contrary to the terms of Sections 10 or 11, Licensee discloses, divulges or misuses the contents of the Manual or any other confidential information.

16.3.8. If Licensee knowingly maintains false books or records or knowingly submits any false reports to Licensor.

16.3.9. If Licensee understates any payment to Licensor by three percent (3%) or more or understates any such payment twice within any two (2) year period.

16.3.10. Upon termination for default of Licensee of any other agreement between Licensee and Licensor or a subsidiary or Affiliate of Licensor, including, but not limited to, any development agreement or lease agreement for the Center premises or purchase agreement for products or services for the Center.

16.3.11. If Licensee, or such other persons as are required by this Agreement, fail to complete to Licensor's satisfaction the training required by Section 7.

16.3.12. If Licensee, after curing a default pursuant to Section 16.3, commits the same act of default again within two (2) years of the original default.

16.3.13. Upon the third instance within a twelve (12) month period that Licensee is in default hereof for failure to comply with any of the material requirements imposed by this Agreement, including, without limitation, failure to timely pay any amount due Licensor, and violations of Section 8.8 whether or not such default is cured after notice.

16.4. Except as provided in Section 16.3.12 and 16.3.13, Licensee shall have five (5) business days after receipt of written notice from Licensor within which to remedy any default in the payment of any fee, contribution or other amount payable by Licensee hereunder. If any such default is not cured within that time, or such longer period as applicable law may require, Licensor may, at its sole option, apply any amounts that Licensor or any affiliate of Licensor owes Licensee (including, but not limited to, rebates, incentive payments, or fleet payments) to any amount owing to Licensor or its affiliates and if such amount is not sufficient to cure the payment default, this Agreement shall terminate without further notice to Licensee, effective immediately upon expiration of such five (5) business day period. Licensee's failure to comply with its obligations set forth in Section 14 will be deemed an immediate default of this Agreement; Licensor then may, at its sole option, either terminate this Agreement upon 48 hours notice of such default to Licensee (during which time Licensee can cure such default prior to termination) or absent a cure within 48 hours of notice, Licensor may purchase insurance in the amounts required under Section 14 on the Licensee's behalf. Licensee must pay Licensor on demand any costs and premiums incurred in obtaining insurance for Licensee. However, if Licensee neither knew nor had reason to know of its non-compliance under Section 14, Licensee shall have 48 hours to cure such default upon written notice of same from Licensor. The right of offset described in this section 16.4 does not apply to amounts due that are disputed by Licensee in good faith.

16.5. Except as provided in Sections 16.1, 16.2, 16.3,and 16.4 Licensee shall have thirty (30) days after receipt from Licensor of a written notice of termination within which to remedy any default hereunder and to provide evidence thereof to Licensor. If any such default is not cured within that time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Licensee effective immediately upon expiration of such cure period. Licensee shall be in default hereunder for any failure to comply substantially with any of the requirements imposed by this Agreement, as it may from time to time be supplemented by the Manual, or to carry out the terms of this Agreement in good faith. Such defaults shall include, without limitation, the occurrence of any of the following events:

16.5.1. If Licensee fails to maintain any of the standards or procedures prescribed by Licensor in this Agreement, the Manual, or otherwise in writing.

16.5.2. Except as provided in Section 16.3.4, if Licensee fails, refuses, or neglects to obtain Licensor's prior written approval or consent as required by this Agreement.

16.5.3. If Licensee misuses or makes any unauthorized use of the Proprietary Marks or otherwise materially impairs Licensor's reputation associated therewith or Licensor's rights therein.

16.5.4. If Licensee engages in any business or markets any service or product under a name or mark which, in Licensor's opinion, is confusingly similar to the Proprietary Marks.

l6.5.5. If Licensee, by act or omission, permits a continued violation, in connection with the operation of the Center, of any law, ordinance, rule, or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom.

16.5.6. If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Center.

16.5.7. If Licensee fails to submit, when due, any reports or information due under this Agreement.

16.5.8. If Licensee leases the Center premises from a party other than Licensor, or an Affiliate of Licensor, and is in default of the lease; or has a debt obligation secured by all or a substantial portion of the assets comprising the Center and is in default of such obligation.

16.5.9. If Licensee fails to make the changes to the Center as required pursuant to Section 8.6.

16.6 Any material default by Licensee under this Agreement can be regarded by Licensor as a default under any other agreement between Licensor (and/or Licensor's Affiliate) and Licensee. Similarly, any material default by Licensee under any other agreement or obligation between Licensor (and/or Licensor's Affiliate) and Licensee can be regarded by Licensor as a default under this Agreement. Any material default by Licensee (or any owner or Affiliate of Licensee) under any lease, sublease, loan agreement, or security interest relating to the Center (including the land, building, fixtures, or personal property) can be regarded as a default under this Agreement, regardless of whether or not any such agreements are between Licensee (or any owner or Affiliate of Licensee) and Licensor.

17. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Licensee shall forthwith terminate, and:

17.1. Licensee shall immediately cease to operate the business licensed under this Agreement, and shall not thereafter, directly or indirectly, represent to the public with respect to the authorized location of the Center that it is, or hold itself out as, a present or former licensee of Licensor.

17.2. Licensee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System or the Proprietary Marks and all other proprietary marks and distinctive forms, slogans, signs, symbols, and devices associated with the System except where that use is permitted by written agreement between Licensee and Licensor. In particular, Licensee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, and any other articles which display the Proprietary Marks; provided, however, that this Section 17.2 shall not apply to the operation by Licensee of any other Center operated pursuant to a license from Licensor to Licensee. If Licensee does not comply with this Section 17.2, Licensor may enter the premises of the Center to effect such compliance, without being guilty of trespass or any other tort, at the expense of Licensee.

17.3. Licensee, within thirty (30) days after termination, shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Proprietary Marks (unless such name or registration is permitted pursuant to a separate agreement between Licensee and Licensor) and, within ten (10) days after termination, shall assign all telephone listings and service for the

Center to Licensor or its designee. Licensee shall furnish Licensor with evidence satisfactory to Licensor of compliance with this obligation within thirty (30) days and within ten (10) days, respectively, after termination or expiration of this Agreement. If Licensee does not timely comply with this Section 17.3, Licensee hereby grants Licensor permission to take such action as may be necessary to comply with this Section 17.3.

17.4. In the event Licensor does not elect to exercise its option to acquire the Center premises pursuant to this Agreement, Licensee shall make such modifications or alterations to the premises operated hereunder (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Centers under the System, and shall make such specific additional changes thereto as Licensor may reasonably request for that purpose. In the event Licensee fails or refuses to comply with the requirements of this Section 17.4, Licensor shall have the right to enter upon the premises where Licensee's licensed business was conducted, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Licensee, which expense Licensee agrees to pay upon demand.

17.5. Licensee agrees, in the event it continues to operate or subsequently begins to operate any other business not specifically permitted by Licensor, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Licensor's rights in and to the Proprietary Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Licensor constituting unfair competition.

17.6. Licensee shall promptly pay all sums owing to Licensor and its Affiliates. In the event of termination for any default of Licensee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Licensor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Licensor against any and all of the real or personal property, furnishings, equipment, signs, fixtures, and inventory owned by Licensee and on the premises operated hereunder at the time of default.

17.7. Licensee shall pay to Licensor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Licensor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 17.

17.8. Licensee shall immediately deliver to Licensor the Manual and all other publications, and other records, files, instructions, correspondence, and materials, which are confidential and are related to operating the licensed business.

17.9. Licensor shall have the option, to be exercised within thirty (30) days after a termination through no fault of Licensor pursuant to sections 16.1 through 16.6 hereof, to purchase from Licensee Licensee's interest in any Center premises and all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Licensee related to the operation of the Center, at Fair Market Value. If Licensor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Licensee against any payment therefor.

17.10. Licensee shall comply with the covenants contained in Sections 18.1, 18.2 and 18.3.

17.11. Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which either party may have against the other whether under this Agreement or otherwise, for any reason, whether such claims or rights arise before or after termination or expiration.

17.12. Licensee hereby authorizes Licensor to enter upon and take possession of the Center without civil liability to Licensee and to take in the name of the Licensee all other actions necessary to effect the provisions of this Section 17.

17.13. Licensee agrees and acknowledges that Licensee's failure to comply with the provisions of this Section 17 will result in irreparable harm to Licensor and to the Proprietary Marks.

17.14. No right or remedy herein conferred upon or reserved to Licensor is exclusive of any other right or remedy provided or permitted by law or equity.

18. COVENANTS; REPRESENTATIONS AND WARRANTIES

18.1. Licensee covenants that during the term of this Agreement, except as otherwise approved in writing by Licensor, Licensee's principals, or its designee, shall devote full time, energy, and best efforts to the management of the Center.

18.2. Licensee specifically acknowledges that, pursuant to this Agreement, Licensee will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Licensor and the System. Licensee covenants that during the term of this Agreement, except as otherwise approved in writing by Licensor, Licensee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, or legal entity:

18.2.1. Divert or attempt to divert any business or customer of the business licensed hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the Proprietary Marks and the System.

18.2.2. Employ or seek to employ any person who is at that time employed by Licensor, or any of Licensor's affiliates, or otherwise directly or indirectly induce such person to leave his or her employment, without the prior written consent of Licensor.

18.2.3. Own, maintain, operate, engage in, be employed by, or have any interest in or relationship or association with, any business which is the same as or similar to the Center, or which offers products or services similar to those offered under the System, including, without limitation, oil changes, lubrication services, certain preventive maintenance, and other related services where the speed or convenience of such services is advertised or promoted, and which is, or is intended to be, located within the United States of America, except pursuant to a License Agreement with Licensor.

18.3. As a material part of the consideration for Licensor entering into this License Agreement, Licensee in consideration thereof hereby acknowledges, agrees, and covenants that for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, except as otherwise approved in writing by Licensor, Licensee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation, legal entity, or any other person or entity which owns, is owned by, or is under common ownership with Licensee, own, maintain, operate, engage in, lease to, be employed by, or have any interest in or relationship or association with, any business which is the same as or similar to the Center, or which offers products or services similar to those offered under the System, including, without limitation, oil changes or lubrication services where the speed or convenience of such services is advertised or promoted, and which is, or is intended to be, located i) at or within a radius of twenty-five (25) miles of the Center which is the subject matter hereof; and/or ii) within a radius of twenty-five (25) miles of any other VIOC service center licensed under any other license agreement a) between Licensor and Licensee; and/or b) between Licensor and any other third party.

18.4. Sections 18.2.3 and 18.3 shall not apply to ownership by Licensee of less than five percent (5%) beneficial interest in the outstanding equity securities of any company registered under the Securities Exchange Act of 1934.

18.5. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 18 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Licensor is a party, Licensee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 18.

18.6. Licensee understands and acknowledges that Licensor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 18.1, 18.2, and 18.3 of this Agreement, or any portion thereof, without Licensee's consent, effective immediately upon receipt by Licensee of written notice thereof; and Licensee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 24.

18.7. Licensee expressly agrees that the existence of any claims it may have against Licensor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Licensor of the covenants in this Section 18. Licensee agrees to pay all costs and expenses, including, but not limited to, reasonable attorneys' fees, incurred by Licensor in connection with the enforcement of this Section 18.

18.8. Licensee acknowledges that Licensee's violation of the terms of this Section 18 would result in irreparable injury to Licensor for which no adequate remedy at law may be available, and Licensee accordingly consents to the issuance of an injunction prohibiting any conduct by Licensee in violation of the terms of this Section 18.

18.9. At Licensor's request, Licensee shall require and obtain execution of covenants similar to those set forth in this Section 18 (including covenants applicable upon the termination of a person's relationship with Licensee) from any or all of the following persons: (a) all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of Licensee, and of any corporation directly or indirectly controlling Licensee, if Licensee is a corporation; and (b) the general partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Licensee is a partnership; and (c) such other persons as Licensor may reasonably require. Every covenant required by this Section 18.9 shall be in a form satisfactory to Licensor, including, without limitation, specific identification of Licensor as a third-party beneficiary of such covenants with the independent right to enforce them. Failure by Licensee to obtain execution of a covenant required by this Section 18.9 shall constitute a default under Section 16.3.6.

19. <u>LICENSEE AS A BUSINESS ORGANIZATION</u>

19.1. Except as otherwise approved in writing by Licensor, if Licensee is a corporation, it shall comply with the following requirements throughout the term of this Agreement:

19.1.1. Licensee shall be newly organized and shall confine its activities, and its governing documents, if any, shall at all times provide that its activities are confined, exclusively to operating the Center(s).

19.1.2. Licensee shall promptly furnish Licensor with its Articles of Incorporation, Bylaws, other governing documents, and any other documents Licensor may reasonably request, and any changes thereto.

19.1.3. Licensee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and shall issue no securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of a License Agreement(s) dated with VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC., which are on file at the principal offices of this Corporation and VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. Reference is made to the provisions of the said Agreement(s) and to the Articles and Bylaws of this Corporation.

19.1.4. Licensee shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Licensee and shall promptly furnish the list to Licensor annually or at any time upon Licensor's written request; provided, however, that if Licensee or any of its Affiliates are publicly-held corporations, Licensee shall only be required to maintain and furnish to Licensor a current list of all owners of record of Licensee's stock.

19.2. Except as otherwise approved in writing, if Licensee is a partnership, it shall comply with the following requirements throughout the term of this Agreement:

19.2.1. Licensee shall be newly organized and shall confine its activities, and its governing documents, if any, shall at all times provide that its activities are confined, exclusively to operating the Center(s).

19.2.2. Licensee shall promptly furnish Licensor with its partnership agreement as well as such other documents as Licensor may reasonably request, and any changes thereto.

19.2.3. Licensee shall prepare and furnish to Licensor, upon request, a current list of all general and limited partners in Licensee.

19.2.4. All corporations which are general partners of Licensee shall comply with Section 19.1 hereof. All other business organizations which are general partners of Licensee shall comply with Section 19.3 hereof.

19.3. Except as otherwise approved in writing, if Licensee is a limited liability company or any other organization not subject to 19.1. or 19.2. above, it shall comply with the following requirements throughout the term of this Agreement:

19.3.1. Licensee shall maintain its organizational entity and shall confine its activities, and its governing documents, if any, shall at all times provide that its activities are confined exclusively to operating the Center(s).

19.3.2. Licensee shall promptly furnish Licensor with all documents governing its formation and operations as well as such other documents as Licensor may reasonably request, and any changes thereto.

19.3.3. Licensee shall prepare and furnish to Licensor, upon request, a current list of all members or other equity holders in Licensee.

20. TAXES, PERMITS, AND INDEBTEDNESS

20.1. Licensee shall promptly pay when due all taxes and assessments levied, assessed, or required to be collected, including, without limitation, unemployment, sales, use and real and personal property taxes, and all accounts and other indebtedness of every kind incurred by Licensee in the ownership or leasing of assets and the conduct of the business licensed under this Agreement. Licensee will file any and all tax returns required by the laws of any applicable jurisdiction and remit the tax due to such taxing jurisdiction. Licensee shall pay to Licensor all sales, use, or other excise taxes which may be imposed or assessed on Licensor, or which Licensor is required to collect, by any municipal, state, or Federal law, rule, regulation, or order, now in effect or hereafter imposed with respect to any transaction which is the subject of this Agreement.

20.2. In the event of any bona fide dispute as to Licensee's liability for taxes or assessments assessed or other indebtedness, Licensee may contest the validity or the amount of the tax, assessment, or indebtedness in accordance with procedures of the taxing authority or applicable law, including, without limitation, any bond requirements thereof; however, in no event shall Licensee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Center, or any improvements thereon.

20.3. Licensee shall comply with all Federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed hereunder, including, without limitation, licenses to do business, fictitious name registrations, sales-tax permits, and fire clearances.

20.4. Licensee shall notify Licensor in writing within five (5) days after Licensee receives notice of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the licensed business.

20.5 For valuable consideration, as security for the payment of all amounts owing or to be owed by Licensee (and/or any Affiliate of Licensee) to Licensor (and/or any Affiliate of Licensor) under this Agreement or any other agreements or otherwise, and your performance of all obligations to Licensor and/or and Licensor’s Affiliate, you hereby grant to Licensor (and each Affiliate of Licensor) a security interest in all of the Licensee’s right, title and interest in all of the following property, whether now owned or hereafter acquired, wherever located (collectively, the “Collateral”): (a) accounts receivable, (b) chattel paper, (c) contracts (including this Agreement and/or all other agreements with Licensor (and/or Licensor’s Affiliates), (d) deposit accounts, (e) documents, (f) equipment, (g) fixtures, (h) furniture, (i) signs and leasehold interests, (j) general intangibles, (k) instruments, (l) inventory, (m) investment property, (n) letter-of-credit rights, (o) supporting obligations, (p) money, (q) all proceeds of your Center and in all of the assets used by, at or in connection with Licensee’s Center and its related business, (r) additions, accessions and attachments to any of the foregoing, and (s) renewals, substitutions, replacements, rental payments, products and proceeds of any of the foregoing. Licensee hereby grants to Licensor and each Affiliate of Licensor consent to all filings necessary to perfect the security interest in the collateral provided for in this Section 2.0.5. Licensee will not remove the Collateral or any portion thereof, or grant or permit any security interest in (or otherwise encumber) the Collateral, without our prior written consent. You represent and warrant that the security interest granted is prior to all other security interests in the Collateral except for (i) bona fide purchase money security interests and (ii) if consented to by Licensor in writing, the security interest granted to a third party in connection with your original financing for your Center, if any. In connection with any request for our approval of a security interest, we will exercise our business judgment, bearing in mind the interests of the borrower, lender, Licensor and the System. On the occurrence of any event entitling us to terminate this Agreement or any other agreement between the parties, or if we reasonably determine that we are not assured that your (and/or any Affiliates') obligations will be timely and fully paid and/or performed, we will have all the rights and remedies of a secured party under the Uniform Commercial Code for the state in which your Center is located, including, without limitation, the right to take possession of the Collateral. You must execute and deliver to us financing statements and/or such other documents as we reasonably deem necessary to perfect our interest in the Collateral within 10 days of your receipt of such documents from us.

Notwithstanding any provision to the contrary in this Section 20.5, Licensor may perfect its security interest under the following circumstances:

1. If Licensor (or an affiliate of Licensor) provides any funding or any form of loan guarantee or support, and until such financial assistance is fully amortized and/or the loan guarantee is removed.
2. In the event of a default related to any financial obligation or purchase obligation whether or not an official notice of default has been issued.
3. In the event that Licensee's Debt Service Coverage Ratio ("DSCR") falls below 1.1 to 1.0.

Licensor, upon timely written request from the Licensee, will terminate its UCC filings made under this section under the following circumstances:

1. All funding provided by Licensor to Licensee has been fully amortized and there exists no loan or other amount guaranteed in whole or in part by Licensor or an affiliate of Licensor.
2. Ninety days after a default has been cured and there are no other current defaults.
3. If, after Licensee's DSCR falls below 1.1 to 1.0, Licensee's DSCR continuously exceeds 1.1 to 1.0 for a period of 90 days.

Notwithstanding any provision to the contrary, if there exists any condition permitting Licensor to have a UCC filed, Licensor is not required to terminate any UCC filing until there exists no condition permitting Licensor to have a UCC filed.

If Licensor has perfected its security interest as permitted by this section and thereafter Licensor approves financing or collateralization of any item covered by that security interest, then Licensor will subordinate its security interest to the new financing or collateralization by executing a subordination agreement, but only if that agreement contains terms acceptable to Licensor, as determined by Licensor in its reasonable discretion.

DSCR means, with respect to each applicable operating year, the Cash Flow for such operating year divided by all principal and interest payments on the Loans due and payable by Franchisee for such operating year. Cash Flow means, for any period, an amount equal to EBITDA plus any Non-Recurring Expenses (other than closing costs paid by a Licensee in connection with a refinancing of any asset, the proceeds of which are added to net income for purposes of determining EBITDA), cash payments made to any Licensee in the period in question which GAAP requires such Licensee to amortize over a period in excess of the period in question, and less the amount of all Capital Expenditures of Licensee which were made during the period in question and for which no deduction (whether as depreciation or other expense) was taken during the period in question in determining net income, and proceeds from the sale of equity in Licensee or any of their subsidiaries. EBITDA means for any period, an amount equal to Licensee's combined net income (loss) for such period, determined according to GAAP, plus, without duplication, all of the following amounts deducted in determining such combined net income (loss): 1) interest expense; 2) income taxes; 3) depreciation expense; 4) amortization expense (including amortization of any debt issuance costs and original issue discount); 5) other noncash items; and 6) the proceeds of any refinancing of any asset, including, without limitation, a service center or equipment, remaining after all amounts owed on any loan secured by such asset are repaid.

21. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21.1. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Licensee shall be an independent contractor; and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, employer, joint employer, enterprise, or servant of the other for any purpose whatsoever.

21.2. During the term of this Agreement, Licensee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from Licensor. Licensee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Center premises, the content and form of which Licensor reserves the right to specify.

21.3. It is understood and agreed that nothing in this Agreement authorizes Licensee to make any contract, agreement, warranty, or representation on Licensor's behalf, or to incur any debt or other obligation in Licensor's name; and that Licensor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Licensor be liable by reason of any act or omission of Licensee in Licensee's operations hereunder; or for any claim or judgment arising therefrom against Licensee or Licensor. Licensee shall protect, indemnify and hold harmless Licensor and its Affiliates and the directors, officers, employees and agents of Licensor and its Affiliates (collectively the "Licensor Group") from and against any loss, cost, damage, demand, claim, suit, settlement amounts, judgments or other liability or expense arising directly or indirectly from, as a result of, or in connection with, Licensee's ownership or operation of the business or property contemplated hereunder or Licensee's performance or non-performance of this Agreement, including, without limitation, any expense as a result of environmental contamination. In addition, Licensee, at Licensor's request, shall defend Licensor, and the Licensor Group, against such loss, cost, damages, claims, suits, settlement amounts, judgments, and other liabilities; provided, however, that Licensee shall discontinue defending Licensor immediately upon Licensor's request. In no event may Licensee enter into any settlement on behalf of itself or Licensor (except settlements limited strictly to money to be paid by Licensee) without Licensor's approval. Licensee's agreement to protect, indemnify, hold harmless and defend as set forth in this Section 21 shall not be negated or reduced by virtue of Licensee's insurance carrier's denial of insurance coverage for the occurrence or event which is the subject matter of the claim and/or refusal to defend the Licensor or Licensor Group. The provisions of this Section 21 shall survive the termination or expiration of this Agreement. The liability of Licensee under this Section 21 shall not be reduced or limited in any way by worker's compensation regulations, statutes or constitutional provisions, and Licensee hereby waives any limitation on Licensor's or Licensor Group's rights against Licensee which may be afforded by such regulations, laws or provisions.

21.4. Licensee agrees to pay all costs and expenses (including, without limitation, reasonable attorneys' fees and other costs of litigation) incurred by Licensor in connection with the enforcement of this Section 21.

22. APPROVALS AND WAIVERS

22.1. Whenever this Agreement requires the prior approval or consent of Licensor, Licensee shall make a timely written request to Licensor therefor, and such approval or consent shall be obtained in writing.

22.2. Licensor makes no warranties or guarantees upon which Licensee may rely, and assumes no liability or obligation to Licensee, by providing any waiver, approval, consent, or suggestion to Licensee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

22.3. No delay, waiver, omission, or forbearance on the part of either party to exercise any right, option, duty, or power arising out of any breach or default under any of the terms, provisions, covenants, or conditions hereof, shall constitute a waiver to enforce any such right, option, duty, or power or as to any subsequent breach or default. Subsequent acceptance by Licensor of any payments due it hereunder shall not be deemed to be a waiver by Licensor of any preceding breach by Licensee of any terms, provisions, covenants, or conditions of this Agreement.

23. NOTICES

All notices, requests and other communications to any party hereunder shall be in writing and shall be given to such party at its address set forth below or such other address as such party may hereafter specify. All notices mailed or delivered to Licensee at the address of the Center shall be deemed sufficient. Each such notice, request or other communication shall be effective (i) if given by mail, forty-eight (48) hours after such communication is deposited in the mail with first class postage prepaid, addressed as aforesaid, or (ii) if given by any other means, when delivered at the address specified in this Section 23.

Notices to Licensor: VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.
~~3499 Blazer Parkway~~100 Valvoline Way
Lexington, Kentucky 40509
Attn.: Franchise Operations

Notices to Licensee:

Attn.:

24. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the Attachments hereto, if any, constitute the entire, full, and complete agreement between Licensor and Licensee concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced Licensee to execute this Agreement. Nothing in this Agreement is intended to disclaim the representations Licensor made in the franchise disclosure document that we furnished to Licensee. Except for those permitted to be made unilaterally by Licensor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

25. SEVERABILITY AND CONSTRUCTION

25.1. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such invalid portions, sections, parts, terms, and/or provisions shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and such invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

25.2. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Licensee, Licensor, Licensor's Affiliates, and the officers, directors, employees and agents of Licensor and its Affiliates and such of Licensee's and Licensor's respective successors and assigns as may be contemplated (and, as to Licensee, permitted) by Section 15, any rights or remedies under or by reason of this Agreement.

25.3. Licensee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Licensor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

25.4. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

25.5. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive.

26. APPLICABLE LAW

26.1 This Agreement has been delivered and accepted and shall be deemed to have been made at Lexington, Kentucky. The terms and provisions of this Agreement shall be interpreted in accordance with and governed by the laws of the Commonwealth of Kentucky without regard to principles of conflicts of law; provided, however, that if any of the provisions of this Agreement would not be enforceable under the laws of Kentucky, then such provisions shall be interpreted and construed under the laws of the state in which the Center is located. As a specifically-bargained inducement for Licensor to enter into this Agreement, Licensee agrees that any action, suit or proceeding in a court of law in respect to or arising out of this Agreement, its validity or performance, without limitation on the ability of Licensor, its successors and assigns, to exercise all rights (including those which can be exercised in a court of law) as to the possession of property and in any applicable jurisdiction where such property is located, shall be initiated and prosecuted as to all parties and their successors and assigns at Lexington, Kentucky unless jurisdiction cannot be obtained over any party who is a "necessary party" under applicable rules of civil procedure in Lexington, Kentucky. Licensee consents to and submits to the exercise of jurisdiction over its person by any court situated at Lexington, Kentucky having jurisdiction over the subject matter. Licensee waives any objection based on forum non conveniens and any objection to venue of any action, suit or proceeding instituted hereunder. Nothing herein shall derogate from Licensor's right to institute proceedings in any forum where jurisdiction shall exist or become established.

26.2. No right or remedy conferred upon or reserved to Licensor or Licensee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

26.3. Nothing herein contained shall bar Licensor's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

27. <u>DATA PROCESSING SYSTEM</u>

27.1. Licensor requires Licensee to use the current version of Licensor's Point of Sale System (the "POS System") along with the POS System Software License and the credit/debit card processing vendor approved by Licensor in its reasonable discretion. Licensee shall be responsible for software licensing fees related to the operating system, shall use and maintain the POS System in accordance with Licensor's directions, shall maintain POS System data to the extent and in the manner required by Licensor, shall permit Licensor to access any and all data available in, and transmit data to, the POS System from time to time as Licensor may desire, and shall hold and use the POS System in accordance with and subject to the following terms and restrictions:

27.1.1. Licensor hereby grants to Licensee a non-exclusive, non-transferable license (the "Software License") to use, only for Licensee's internal use, the POS System, which consists of object computer programs and user and descriptive manuals with associated system and program documentation, but excluding source code. The term of this Software License shall commence immediately upon installation of the POS System and shall terminate upon the expiration or termination of this License Agreement, or upon Licensor's withdrawal of any requirement that Licensee use the POS System, whichever occurs earlier. Licensor warrants to Licensee that Licensor owns and has the legal right and authority to enter into and perform this Software License to Licensee, and that the POS System, if used in accordance with the terms of the license in the United States, does not and will not violate the right of any third party.

27.1.2. Licensor will provide Licensee with copies of those updates of and modifications to the POS System which are generally made available to other licensees of the System. Licensee shall use only the most-current version of the POS System. Licensee shall not modify or attempt to modify any portion of the POS System.

27.1.3. Licensee shall not copy in whole or in part any printed material relative to the POS System which may be provided by Licensor under this Software License. However, any portion of the POS System provided by Licensor in machine-readable form may be copied by Licensee for the sole purpose of and only to the extent necessary for archive or emergency restart purposes or to replace a worn copy. In that respect, Licensor shall not be liable for any loss or expense incurred by Licensee as a result of Licensee's failure to maintain such back-up copies.

27.1.4. Licensor warrants that the POS System Software will operate in conformity with Licensor's currently-published specifications. Licensor's only obligation and Licensee's only remedy for breach of the foregoing warranty is for Licensor to identify and resolve any problems with the POS System Software. THE ABOVE IS A LIMITED WARRANTY AND LICENSOR MAKES NO OTHER WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. LICENSOR SHALL NOT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES ARISING OUT OF THE USE OF THE POS SYSTEM. If Licensee discovers or suspects any deviation in the operation of the POS System, Licensee shall notify Licensor immediately in writing and shall provide Licensor with any illustrative output.

27.1.5. The rights and license granted Licensee hereunder to hold and use the POS System are restricted solely and exclusively to Licensee and may not be assigned, subleased, sublicensed, sold, offered for sale, disposed of, encumbered or mortgaged except in conjunction with an authorized transfer of this Agreement. Except for the Software License granted herein, title and full ownership rights to the POS System shall be and remain with Licensor or such other entity as its interest may appear. Licensor may assign, on notice to Licensee but without Licensee's consent, any or all of its rights, duties and obligations under this Section 27 to any third party or parties.

27.1.6. Licensee acknowledges that the POS System is and will be proprietary to Licensor, and other interests through Licensor; and that the POS System has been and will be developed as a trade secret and consists of and will consist of confidential and proprietary data, the disclosure of which to unlicensed third parties or the use by unlicensed third parties will be damaging to Licensor and others. Licensee agrees that it will hold and use the POS System in strictest confidence and that it will not divulge, nor permit any of its employees, agents or representatives to divulge, any data or information with respect to the POS System or the programs and technology embodied therein or any other documentation, models, descriptions, forms, instructions or other information relating thereto to any other party. If Licensee or any of its employees, agents or representatives attempts to use or dispose of the POS System or any of its aspects or components or any duplication or modification thereof in a manner contrary to the terms of this Section 27, Licensor shall have the right, in addition to such other remedies which may be available to it, to terminate the license for the POS System, obtain return of all software and related materials and/or seek injunctive relief enjoining such acts or attempts, it being acknowledged that legal remedies are inadequate. Licensee hereby agrees to immediately notify Licensor in writing of any such release or disclosure and to assist Licensor in recovering any such release or disclosure.

27.1.7. Upon expiration of the License Agreement, or upon notice of Licensor's withdrawal of any requirement that Licensee use the POS System, Licensee immediately shall discontinue use of the POS System. Within ten (10) days of expiration or receipt of such notice, Licensee shall return to Licensor all originals and copies of the POS System, including all computer programs, user and descriptive manuals, and associated system and program documentation and shall certify that all such materials have been returned.

27.1.8. Licensee shall, at its expense, maintain any data processing equipment ("POS Hardware") used to run the POS System in good working order and condition, make all necessary adjustments, repairs and replacements, and protect the POS Hardware from deterioration, including normal wear and tear, in order to maintain the integrity of Licensor's POS System.

27.2 Licensee must obtain authorization to operate and use the host system ("Host System"). The Host System maintains and transfers information to the POS System and enables Licensee to manage the POS System. Licensee shall use the Host System in accordance with Licensor's directions subject to the following terms and restrictions:

27.2.1. Licensor's authorization to operate and use the Host System, only for Licensee's internal use, includes user and descriptive manuals with associated system and program documentation, but excludes source code. The term of this Host System authorization shall commence when you are granted access by Licensor to the Host System and shall terminate upon the expiration or termination of this License Agreement, or upon Licensor's withdrawal of the Host System, whichever occurs earlier.

27.2.2. Licensor will provide Licensee with automatic updates and modifications. Licensee shall not modify or attempt to modify any portion of the Host System.

27.2.3. Licensee shall not copy in whole or in part any printed material relative to the Host System which may be provided by Licensor under this Host System License. However, any portion of the Host System provided by Licensor in machine-readable form may be copied by Licensee for the sole purpose of and only to the extent necessary for archive or emergency restart purposes or to replace a worn copy.

27.2.4. Licensor warrants that the Host System will operate in conformity with Licensor's currently-published specifications. Licensor's only obligation and Licensee's only remedy for breach of the foregoing warranty is for Licensor to identify and resolve any problems with the Host System. THE ABOVE IS A LIMITED WARRANTY AND LICENSOR MAKES NO OTHER WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. LICENSOR SHALL NOT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES ARISING OUT OF THE USE OF THE HOST SYSTEM. If Licensee discovers or suspects any deviation in the operation of the Host System, Licensee shall notify Licensor immediately in writing and shall provide Licensor with any illustrative output.

27.2.5. The rights and license granted Licensee hereunder to hold and use the Host System are restricted solely and exclusively to Licensee and may not be assigned, subleased, sublicensed, sold, offered for sale, disposed of, encumbered or mortgaged except in conjunction with an authorized transfer of this Agreement. Except for the Host System authorization granted herein, title and full ownership rights to the Host System shall be and remain with Licensor or such other entity as its interest may appear. Licensor may assign, on written notice to Licensee but without Licensee's consent, any or all of its rights, duties and obligations under this Section 27.2 to any third party or parties.

27.2.6. Licensee acknowledges that the Host System is and will be proprietary to Licensor, and other interests through Licensor; and that the Host System has been and will be developed as a trade secret and consists of and will consist of confidential and proprietary data, the disclosure of which to unlicensed third parties or the use by unlicensed third parties will be damaging to Licensor and others. Licensee agrees that it will hold and use the Host System in strictest confidence and that it will not divulge, nor permit any of its employees, agents or representatives to divulge, any data or information with respect to the Host System or the programs and technology embodied therein or any other documentation, models, descriptions, forms, instructions or other information relating thereto to any other party. If Licensee or any of its employees, agents or representatives attempts to use or dispose of the Host System or any of its aspects or components or any duplication or modification thereof in a manner contrary to the terms of this Section 27.2, Licensor shall have the right, in addition to such other remedies which may be available to it, to terminate the authorization, obtain return of all related materials and/or seek injunctive relief enjoining such acts or attempts, it being acknowledged that legal remedies are inadequate. Licensee hereby agrees to immediately notify Licensor in writing of any such release or disclosure and to assist Licensor in recovering any such release or disclosure.

27.2.7. Upon expiration of the License Agreement, or upon notice of Licensor's withdrawal of authorization to use the Host System, Licensee immediately shall discontinue use of the Host System. Within ten (10) days of expiration or receipt of such notice, Licensee shall return to Licensor all originals and copies of user and descriptive manuals, and associated system and program documentation and shall certify that all such materials have been returned.

27.2.8 Licensee shall, at its expense, maintain an internet account to access the Host System and use and permit the Host System to be used only in a manner consistent to maintain the integrity of the Host System.

28. ACKNOWLEDGMENTS

28.1. LICENSOR EXPRESSLY DISCLAIMS THE MAKING OF ANY REPRESENTATION, WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

28.2 Licensee acknowledges that it has not received or relied on (nor has Licensor or anyone else provided) (i) any sales, income or other projections of any kind or nature; or (ii) any statements, representations, charts, calculations or other materials which stated or suggested any level or range of retail or other pricing levels, sales, income, profits or cash flow; or (iii) any representations as to any profits Licensee may realize in the operations of the Center or any working capital or other funds necessary to reach any 'break-even' or any other financial level except as may have been provided by Licensor in its Franchise Disclosure Document.

If any such information, promises, representations and/or warranties have been provided to Licensee outside of Licensor's Franchisor Disclosure Document, they are unauthorized and inherently unreliable. Licensee agrees to advise us of the delivery of any such information. Licensee must not rely upon any such information, nor will Licensor be bound by it. Licensor does not, nor does Licensor attempt to, predict, forecast or project future performance, revenues or profits of Licensee or any other licensee. Licensor is unable to reliably predict the performance of any Center even those operated by Licensor's affiliate, Valvoline Instant Oil Change, a division of Ashland Inc., and certainly cannot predict results for Licensee's Center.

Licensee understands and agrees that Licensor's licensees are separate and distinct from Licensor and are independently owned and operated and that while Licensor strongly encourages Licensee to speak with such licensees in connection with the evaluation of this franchise opportunity, they do not act as Licensor's agents or representatives in providing any information to Licensee and Licensor will have no obligations or liabilities with respect to (and Licensee should not rely on) any information, opinions or otherwise they may provide to Licensee.

28.3 Licensee acknowledges and agrees that the success of the business venture contemplated to be undertaken by Licensee is speculative and will be dependent on Licensee's personal efforts, and success is not guaranteed. Licensee acknowledges and represents that it has entered into this Agreement and made an investment only after making an independent investigation of the opportunity, including having received a list with the Franchise Disclosure Document of others currently operating, or who have operated, our Licenses.

I have read Sections 28.1 and 28.3 understand them, and agree with them.

Licensee's Initials: __________ / __________

28.4 Licensee understands, acknowledges and agrees that (1) Licensor may have offered Licenses in the past, may currently be offering Licenses and/or may offer Licenses in the future, on economic and/or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents and (2) Licensor can, from time to time, deal with our Licensees on differing economic and/or other terms (including making special arrangements for payments of amounts due, waiving defaults and/or otherwise) to suit individual business circumstances, in each case in our sole discretion and without being required to offer similar terms to other Licensees, such flexibility being a practical necessity to respond to distinct business situations.

I have read Section 28.4, understand it, and agree with it.

Licensee's Initials: __________ / __________

28.5. Licensee acknowledges that it received a copy of the complete VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. License Agreement, and the Attachments thereto, and agreements relating thereto, if any, at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Licensee further acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Franchise Disclosure Document" at least 14 days prior to the date on which this Agreement was executed.

28.6. Licensee acknowledges that it has read and understood this Agreement, the Attachments hereto, and agreements relating thereto, if any, and that Licensor has accorded Licensee ample time and opportunity to consult with advisors of Licensee's own choosing about the potential benefits and risks of entering into this Agreement.

28.7 Licensee understands that Licensor is relying on Licensee to bring forward in writing at this time any matters inconsistent with the representations contained in this Section 28. Licensee agrees that if any of the statements or matters set forth in this Section 28 are not true, correct and complete that Licensee will make a written statement regarding such next to Licensee's signature below so that Licensor can address and resolve any such issue(s) at this time.

I have read Section 28.7, understand it, and agree with it.

Licensee's Initials: __________ / __________

29. <u>GUARANTEE</u>

29.1 To induce Licensor to enter into this License Agreement with Licensee, the undersigned guarantors (collectively "Guarantor") (if more than one, then jointly and severally) identified in Section 12.1 hereof has agreed to and does hereby execute and deliver this Agreement to Licensor. Intending to be legally bound by this guarantee, Guarantor agrees with Licensor as follows:

29.1.1. Guarantor absolutely and unconditionally guarantees the performance by Licensee of all of the obligations of Licensee in accordance with the terms and conditions of this Agreement, as may hereafter be amended, modified, renewed or extended from time to time. This guarantee shall continue in force until all obligations of Licensee under this Agreement shall have been satisfied or until Licensee's liability to Licensor under this Agreement has been completely discharged, whichever first occurs.

29.1.2. Notice of acceptance is waived. Notice of default on the part of Licensee is not waived. Notice of any amendment to this Agreement is waived. This guarantee shall be binding on Guarantor and Guarantor’s heirs and assigns.

29.1.3 This is an absolute guaranty of payment and not of collectability, and no action need be taken by Licensor against the Licensee prior to enforcement of this guarantee.

29.1.4. The aggregate financial liability of all guarantors hereunder is limited to Licensor's costs, losses and expenses suffered by Licensor as a result of Licensee's breach, default or failure to perform under this Agreement, including Licensor's costs incurred in remarketing Licensee's rights, duties and obligations under this Agreement to a third party.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. a Delaware corporation	LICENSEE: _____
By: ______________________________ Name: Matthew P. McKeown Title: Vice President	____________________________________ By: Title:
	GUARANTOR:
	____________________________________ Name: Address:

EXHIBIT A-1- A

CENTER CODE ________

AMENDMENT TO LICENSE AGREEMENT
REQUIRED BY STATE OF CALIFORNIA
EFFECTIVE AS OF ___________________

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code, the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. LICENSE AGREEMENT (the "Agreement") agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to these terms in the License Agreement.

2. In the event of a conflict between the terms of the License Agreement and the terms of this Amendment, the terms of this Amendment shall control.

3. Except as specifically modified by this Amendment, all terms of the License Agreement are in full force and effect.

4. Section 26.1 of the License Agreement is hereby modified by adding the following at the end thereof:

   "THIS AGREEMENT REQUIRES APPLICATION OF THE LAW OF THE COMMONWEALTH OF KENTUCKY. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

   THIS AGREEMENT REQUIRES THE COMMONWEALTH OF KENTUCKY AS THE FORUM FOR PERMITTED LITIGATION. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW."

5. The License Agreement is hereby modified by adding the following new Section 30 to the License Agreement:

   "30. California Disclosures and Modifications.

   (a) California Corporations Code, Section 31125, requires VIOCF to give you a disclosure document, approved by the California Department of Business Oversight, before a solicitation of a proposed material modification of an existing franchise.

   (b) Relative to the provision for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law.

   (c) California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If this Agreement contains a provision that is inconsistent with the law, the law will control.

   (d) This Agreement requires you to sign a general release of claims upon renewal or transfer of the Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

(e) This Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(f) Prospective Licensees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a License Agreement restricting venue to a forum outside the State of California."

6. This Amendment, together with the License Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to License Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	LICENSEE:
By:	By:
Name:	Name:
Title:	Title:

CENTER CODE _______

AMENDMENT TO LICENSE AGREEMENT
REQUIRED BY STATE OF HAWAII
EFFECTIVE AS OF _________________

In recognition of the requirements of the Hawaii Franchise Investment Law, Section 482E-6(2)(F), the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. LICENSE AGREEMENT (the "Agreement") agree as follows:

1. Section 2, "Term and Renewal," ~~Paragraph 2.2.8~~the first sentence of Section 2.3.7 of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following shall be substituted in lieu thereof:

> ~~Upon execution of the renewal license agreement,~~ Licensee executes a general release, in a form prescribed by Licensor, of any and all claims, whether or not asserted prior to renewal, against Licensor and its ~~subsidiaries and~~ Affiliates, and their respective officers, directors, agents, and employees; excluding only such claims as Licensee may have that have arisen under the Hawaii Franchise Investment Law.

2. Section 15, "Transfer of Interest," ~~Paragraph~~Section 15.2.2.3 of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following shall be substituted in lieu thereof:

> Licensee, the Transferor and Transferee shall have executed a general release, in a form satisfactory to Licensor, of any and all claims, whether or not asserted prior to Transfer, against Licensor, Licensor's Affiliates, and their officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under Federal, state and local laws, rules, and ordinances; excluding only such claims as Licensee may have that have arisen under the Hawaii Franchise Investment Law.

3. Section 4.1.1. of the License Agreement is hereby deleted in its entirety and following substituted therefor:

> " 4.1.1. Licensee shall pay Licensor a license fee of (i) Thirty Thousand Dollars ($30,000.00) if this Agreement is the first License Agreement entered into by Licensee with Licensor, (ii) Twenty Thousand Dollars ($20,000.00) if this Agreement relates to Licensee's first newly constructed Center and is not the first License Agreement entered into by Licensee or (iii) Five Thousand Dollars ($5,000.00) if this Agreement relates to any other newly constructed or acquired/converted Center not covered in (i) or (ii).
>
> The license fee for the first license agreement shall be paid one half upon execution hereof with the remaining half paid on the date the first royalty payment is due after the Center is opened. All other license fees shall be paid in full upon execution hereof. The license fee due hereunder is _______ Dollars ($_______).

Notwithstanding this Section 4.1.1. and Section 4.1.2., the State of Hawaii Business Registration Division Department of Commerce and Consumer Affairs requires Licensor to defer payment of the license fee and other initial payments owed by Licensee to Licensor until Licensor has completed Licensor's pre-opening obligations under this Agreement, which obligations may include, without limitation, pre-opening obligations to provide initial training, services, inventory, equipment and supplies as set forth more fully in Sections 3.1 through 3.4 of this Agreement, and Sections 6.1, 8 and 10 of this Agreement.

Further, notwithstanding anything else to the contrary in this Agreement, the Licensee Sign and Equipment Lease, and the Licensee Supply Agreement, to the extent that Licensee is obligated to make payment to Licensor for Licensee's purchase of the any supplies, inventory, equipment or initial training, as applicable, Licensee's obligation to make such payment shall arise only after the Licensor has completed Licensor's pre-opening obligations to Licensee under this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to License Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	LICENSEE:
By: ____________________________	By: ____________________________
Name: __________________________	Name: ____________________
Title: ___________________________	Title: ___________________________

CENTER CODE ________

AMENDMENT TO LICENSE AGREEMENT
REQUIRED BY STATE OF ILLINOIS
EFFECTIVE AS OF ________________

In recognition of the requirements of the Illinois Franchise Disclosure Act, Section 41 et seq., the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. LICENSE AGREEMENT (the "Agreement") agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the License Agreement.

2. In the event of a conflict between the terms of the License Agreement and the terms of this Amendment, the terms of this Amendment shall control.

3. Except as specifically modified by this Amendment, all terms of the License Agreement are in full force and effect.

4. Section 26.1 of the License Agreement is hereby deleted and the following substituted therefor:

> "26.1 This Agreement has been delivered and accepted and shall be deemed to have been made at Lexington, Kentucky. The terms and provisions of this Agreement shall be interpreted in accordance with and governed by the laws of the State of Illinois without regard to principles of conflicts of law. Any action, suit or proceeding in a court of law in respect to or arising out of this Agreement shall be initiated and prosecuted as to all parties and their successors and assigns at courts located in the State of Illinois."

5. A new Section 26.4 is hereby added to the License Agreement as follows:

> "**26.4 Illinois Law and Illinois Franchise Disclosure Act.** Illinois law governs the agreements between the parties to this franchise. Pursuant to section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void."

6. Sections 28.1 and 28.2 of the License Agreement are deleted in their entirety.

7. This Amendment, together with the License Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to License Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	LICENSEE:
By:	By:
Name:	Name:
Title:	Title:

CENTER CODE ________

AMENDMENT TO LICENSE AGREEMENT
REQUIRED BY STATE OF INDIANA
EFFECTIVE AS OF ____________________

In recognition of the requirements of the Indiana Franchise Act, Indiana Code Section 23-2-2.7 et.seq., the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. LICENSE AGREEMENT (the "Agreement") agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the License Agreement.

2. In the event of a conflict between the terms of the License Agreement and the terms of this Amendment, the terms of this Amendment shall control.

3. Except as specifically modified by this Amendment, all terms of the License Agreement are in full force and effect.

4. Subsections 2.3.7 and 15.2.2.3 of the License Agreement are hereby modified by adding the following language to the end of the first sentence thereof:

> ", provided, however, that you shall not be required to release any claim against Valvoline Instant Oil Change arising under Indiana franchise law."

5. Section 26.3 of the License Agreement is hereby modified by adding the following to the end thereof:

> "Notwithstanding inconsistent provisions of this Agreement, Valvoline Instant Oil Change's right to injunctive relief shall be subject to Indiana Code Section 23-2-2.7-1(10). In addition, nothing in this Agreement shall be construed as a waiver by you of any applicable bond requirement with regard to Valvoline Instant Oil Change's entitlement to injunctive relief."

6. Licensor's right to enforce Section 18.3 of the License Agreement shall be subject to Indiana Code Section 23-2-2.7-1(9).

7. Section 26.1 of the License Agreement is hereby deleted in its entirety and the following substituted therefor:

> "26.1 This Agreement has been delivered and accepted and shall be deemed to have been made at Lexington, Kentucky. The terms and provisions of this Agreement shall be interpreted in accordance with and governed by the laws of the State of Indiana without regard to principles of conflicts of law. Any action, suit or proceeding in a court of law in respect to or arising out of this Agreement shall be initiated and prosecuted as to all parties and their successors and assigns at courts located in the State of Indiana."

8. This Amendment, together with the License Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to License Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	LICENSEE:
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________

CENTER NO. _________

AMENDMENT TO LICENSE AGREEMENT
REQUIRED BY STATE OF MARYLAND
EFFECTIVE AS OF _________________

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties of the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. LICENSE AGREEMENT (the "Agreement") agree as follows:

1. Section 2., "Term and Renewal," ~~Paragraph 2.2.8~~the first sentence of Section 2.3.7 of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following ~~paragraph~~ shall be substituted in lieu thereof:

> ~~2.2.8 Upon execution of the renewal license agreement,~~ "Licensee executes a general release, in a form prescribed by Licensor, of any and all claims, whether or not asserted prior to renewal, against Licensor and its Affiliates, and their respective officers, directors, agents, and employees; excluding only such claims as Licensee may have that have arisen under the Maryland Franchise Registration and Disclosure Law."

2. Section 15., "Transfer of Interest," ~~Paragraph~~Section 15.2.2.3. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 15.2.2.3. Licensee, the Transferor and Transferee shall have executed a general release, in a form satisfactory to Licensor, of any and all claims, whether or not asserted prior to Transfer, against Licensor, Licensor's Affiliates, and their officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under Federal, state and local laws, rules, and ordinances; excluding only such claims as Licensee may have that have arisen under the Maryland Franchise Registration and Disclosure Law.

3. Section 26., "Applicable Law", ~~Paragraph~~Section 26.1 of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> "26.1. This Agreement takes effect upon its acceptance and execution by Licensor in Lexington, Kentucky and shall be interpreted and constructed under the laws of Maryland, which laws shall prevail in the event of any conflict. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of Maryland. Nothing herein shall derogate from Licensor's right to institute proceedings in any forum where jurisdiction shall exist or become established."

4. Section 28., "Acknowledgments", shall be supplemented by the addition of a new paragraph 28.4., as follows:

> "28.4. Licensee acknowledges that any representations to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Registration and Disclosure Law."

5. Section 4.1.1. of the License Agreement is hereby deleted in its entirety and following substituted therefor:

"4.1.1. Licensee shall pay Licensor a license fee of (i) Thirty Thousand Dollars ($30,000.00) if this Agreement is the first License Agreement entered into by Licensee with Licensor, (ii) Twenty Thousand Dollars ($20,000.00) if this Agreement relates to Licensee's first newly constructed Center and is not the first License Agreement entered into by Licensee or (iii) Five Thousand Dollars ($5,000.00) if this Agreement relates to any other newly constructed or acquired/converted Center not covered in (i) or (ii).

The license fee for the first license agreement shall be paid one half upon execution hereof with the remaining half paid on the date the first royalty payment is due after the Center is opened. All other license fees shall be paid in full upon execution hereof. The license fee due hereunder is ______ Dollars ($______).

Notwithstanding this Section 4.1.1. and Section 4.1.2., the State of Maryland Office of the Attorney General Securities Division requires Licensor to defer payment of the license fee and other initial payments owed by Licensee to Licensor until Licensor has completed Licensor's pre-opening obligations under this Agreement, which obligations may include, without limitation, pre-opening obligations to provide initial training, services, inventory, equipment and supplies as set forth more fully in Sections 3.1 through 3.4 of this Agreement, and Sections 6.1, 8 and 10 of this Agreement.

Further, notwithstanding anything else to the contrary in this Agreement, the Licensee Sign and Equipment Lease, and the Licensee Supply Agreement, to the extent that Licensee is obligated to make payment to Licensor for Licensee's purchase of the any supplies, inventory, equipment or initial training, as applicable, Licensee's obligation to make such payment shall arise only after the Licensor has completed Licensor's pre-opening obligations to Licensee under this Agreement."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to License Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	LICENSEE:
By: ______________________________	By: ______________________________
Name: ____________________________	Name ____________________________
Title: ____________________________	Title: ____________________________

CENTER NO. ________

AMENDMENT TO LICENSE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY STATE OF MINNESOTA EFFECTIVE AS OF ______________

In recognition of the Minnesota Franchise Act, Minn. Stat., Section 80C.01 et seq., and of the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule §2860.4400, et seq., the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. LICENSE AGREEMENT (the "Agreement") agree as follows:

1. Section 2., "Term and Renewal," ~~Paragraph~~the first sentence of Section 2.3.7.. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following~~ paragraph~~ shall be substituted in lieu thereof:

> 2.3.7. Upon execution of the renewal license agreement, Licensee executes a general release, in a form prescribed by Licensor, of any and all claims, whether or not asserted prior to renewal, against Licensor and its Affiliates, and their respective officers, directors, agents, and employees; excluding only such claims as Licensee may have that have arisen under the Minnesota Franchise Act or the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

2. Section 2., "Term and Renewal," of the Agreement shall be supplemented by the addition of a new ~~Paragraph~~Section 2.4., as follows:

> 2.4. Minnesota law provides Licensees with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that Licensee be given 90 days notice of non-renewal of the License Agreement. To the extent that the provisions of this Agreement regarding renewal are inconsistent with the requirements of the Minnesota Franchise Act, then the renewal provisions set forth in Section 2 shall be superseded by the requirements of the Minnesota Franchise Act, and shall have no force or effect.

3. Section 15., "Transfer of Interest," ~~Paragraph~~Section 15.2.2.3. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 15.2.2.3. Licensee, the Transferor and Transferee shall have executed a general release, in a form satisfactory to Licensor, of any and all claims, whether or not asserted prior to Transfer, against Licensor, Licensor's Affiliates, and their officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under Federal, state and local laws, rules, and ordinances; excluding only such claims as Licensee may have that have arisen under the Minnesota Franchise Act or the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

4. Section 15., "Transfer of Interest," of the Agreement shall be supplemented by the addition of a new ~~Paragraph~~Section 15.8, as follows:

> 14.8. To the extent that the provisions of this Section 15 concerning transfer are inconsistent with the requirements of the Minnesota Franchise Act and the Rules and Regulations promulgated thereto, the provisions of the Agreement shall be superseded by the provisions of the Minnesota Franchise Act and the Rules and Regulations thereto.

5. Section 16., "Default and Termination," of the Agreement and Item 17 "Renewal, Termination, Transfer, and Dispute Resolution" of the ~~Uniform~~ Franchise ~~Offering Circular~~Disclosure Document shall be supplemented by the addition of a new ~~Paragraph 16.6.,~~Section 16.7., as follows:

> ~~16.6~~16.7 Minnesota law provides Licensees with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that Licensee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the License Agreement. To the extent that the provisions of this Agreement regarding renewal are inconsistent with the requirements of the Minnesota Franchise Act, then the renewal provisions set forth in Section 2 shall be superseded by the requirements of the Minnesota Franchise Act, and shall have no force or effect.

6. Section 26., "Applicable Law," ~~Paragraph~~Section 26.1. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following ~~Paragraph~~Section 26.1 shall be substituted in lieu thereof:

> 26.1. This Agreement has been delivered and accepted and shall be deemed to have been made at Lexington, Kentucky. The terms and provisions of this Agreement shall be interpreted in accordance with and governed by the laws of the Commonwealth of Kentucky without regard to principles of conflicts of law; provided, however, that if any of the provisions of this Agreement would not be enforceable under the laws of Kentucky, then such provisions shall be interpreted and construed under the laws of the state in which the Center is located. As a specifically-bargained inducement for Licensor to enter into this Agreement, Licensee agrees that any action, suit or proceeding in a court of law in respect to or arising out of this Agreement, its validity or performance, without limitation on the ability of Licensor, its successors and assigns, to exercise all rights (including those which can be exercised in a court of law) as to the possession of property and in any applicable jurisdiction where such property is located, shall be initiated and prosecuted as to all parties and their successors and assigns at Lexington, Kentucky unless jurisdiction cannot be obtained over any party who is a "necessary party" under applicable rules of civil procedure in Lexington, Kentucky, however, that pursuant to Minn. Stat. Sec. 80C.21, this section shall not in any way abrogate or reduce any rights of Licensee as provided for in Minnesota Statutes, Chapter 80C, including, but not limited to, the right to submit matters to the jurisdiction of the courts of Minnesota.
>
> Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Licensee hereby consents to and submits to the exercise of jurisdiction over its person by any court situated at Lexington, Kentucky having jurisdiction over the subject matter and provided, Licensee waives any objection based on forum non conveniens and any objection to venue of any action, suit or proceeding instituted hereunder. Nothing herein shall derogate from Licensor's right to institute proceedings in any forum where jurisdiction shall exist or become established.   ______________________   Licensee's Initials

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to License Agreement on the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	LICENSEE:
By: ______________________________	By: ______________________________
Name: ____________________________	Name ____________________________
Title: ____________________________	Title: ____________________________

CENTER NO. ________

AMENDMENT TO LICENSE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK
EFFECTIVE AS OF ________________

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. LICENSE AGREEMENT (the "Agreement") agree as follows:

1. Section 2., "Term and Renewal", ~~Paragraph~~Section 2.3.7. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following ~~Paragraph~~Section 2.3.7. shall be substituted in lieu thereof:

> 2.3.7. Upon execution of the renewal license agreement, Licensee executes a general release, in a form prescribed by Licensor, of any and all claims, whether or not asserted prior to renewal, against Licensor and its Affiliates, and their respective officers, directors, agents, and employees, provided, however, that all rights enjoyed by Licensee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.

2. Section 7., "Training", ~~Paragraph~~Section 7.4 of this Agreement shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 7.4. All training shall be provided from time to time as determined by Licensor, at Licensor's executive offices in Lexington, Kentucky. Licensor shall provide only instructors and training materials; Licensee shall be responsible for any and all other expenses incurred in connection with any training, including, without limitation, the cost of transportation, lodging, meals, and any wages.

3. Section 10., "Confidential Operating Manual", ~~Paragraph~~Section 10.4. of the Agreement, shall be deleted in its entirety, and shall have no force or effect; and the following ~~Paragraph~~Section 10.4. shall be substituted in lieu thereof:

> 10.4. Licensor may from time to time revise the contents of the Manual, and Licensee expressly agrees to comply with each new or changed requirement or standard incorporated in the Manual by Licensor. Revisions to the Manual shall not unreasonably affect Licensee's obligations, including economic requirements, under the License Agreement.

4. Section 15., "Transfer of Interest", ~~Paragraph~~Section 15.2.2.3. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following ~~Paragraph~~Section 15.2.2.3. shall be substituted in lieu thereof:

> 15.2.2.3. Licensee, Transferor and Transferee shall have executed a general release, in a form satisfactory to Licensor, of any and all claims, whether or not asserted prior to Transfer, against Licensor, Licensor's Affiliates, and their officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under Federal, state and local laws, rules, and ordinances, provided, however, that all rights enjoyed by Licensee, Transferor and Transferee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued

thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.

5. Section 21., "Independent Contractor and Indemnification", ~~Paragraph~~Section 21.3. of this Agreement shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 21.3 It is understood and agreed that nothing in this Agreement authorizes Licensee to make any contract, agreement, warranty, or representation on Licensor's behalf, or to incur any debt or other obligations in Licensor's name; and that Licensor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Licensor be liable by reason of any act or omission of Licensee in Licensee's operations hereunder; or for any claim or judgment arising therefrom against Licensee or Licensor. Licensee shall protect, indemnify and hold harmless Licensor and its Affiliates and the directors, officers, employees and agents of Licensor and its Affiliates (collectively the "Licensor Group") from and against any loss, cost, damage, demand, claim, suit, settlement amounts, judgments or other liability or expense arising directly or indirectly from, as a result of, or in connection with, the negligence, misfeasance or breach of contract of Licensee or its agents in connection with Licensee's operation of the business or property contemplated hereunder or Licensee's performance or non-performance of this Agreement, including, without limitation, any expense as a result of environmental contamination. In addition, Licensee, at Licensor's request, shall defend Licensor, and the Licensor Group, against such loss, cost, damages, claims, suits, settlement amounts, judgments, and other liabilities; provided, however, that Licensee shall discontinue defending Licensor immediately upon Licensor's request. In no event may Licensee enter into any settlement on behalf of itself or Licensor (except settlements limited strictly to money to be paid by Licensee) without Licensor's approval. Licensee's agreement to protect, indemnify, hold harmless and defend as set forth in this Section 21 shall not be negated or reduced by virtue of Licensee's insurance carrier's denial of insurance coverage for the occurrence of event which is the subject matter of the claim and/or refusal to defend the Licensor or Licensor Group. The provisions of this Section 21 shall survive the termination or expiration of this Agreement. The liability of Licensee under this Section 21 shall not be reduced or limited in any way by workers' compensation regulations, statutes or constitutional provisions, and Licensee hereby waives any limitation on Licensor's or Licensor Group's rights against Licensee which may be afforded by such regulations, laws or provisions.

6. Section 26., Applicable Law", ~~Paragraph~~Section 26.1. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following ~~Paragraph~~Section 26.1. shall be substituted in lieu thereof:

> 26.1. This Agreement has been delivered and accepted and shall be deemed to have been made at Lexington, Kentucky. The terms and provisions of this Agreement shall be interpreted in accordance with and governed by the laws of the Commonwealth of Kentucky without regard to principles of conflicts of law, except to the extent that the offer and sale of licenses in New York is subject to the provisions of Article 33 of the General Business Law of the State of New York; provided, however, that if any of the provisions of this Agreement would not be enforceable under the laws of Kentucky, then such provisions shall be interpreted and construed under the laws of the state in which the Center is located. As a specifically-bargained inducement for Licensor to enter into this Agreement, Licensee agrees that any action, suit or proceeding in a court of law in respect to or arising out of this Agreement, its validity or performance, without limitation on the ability of Licensor, its successors and assigns, to exercise all rights (including those which can be exercised in a court of law) as to the possession of property and in any applicable jurisdiction where such

property is located, shall be initiated and prosecuted as to all parties and their successors and assigns at Lexington, Kentucky unless jurisdiction cannot be obtained over any party who is a "necessary party" under applicable rules of civil procedure in Lexington, Kentucky. Licensee consents to and submits to the exercise of jurisdiction over its person by any court situated at Lexington, Kentucky having jurisdiction over the subject matter. Licensee waives any objection based on forum non conveniens and any objection to venue of any action, suit or proceeding instituted hereunder. Nothing herein shall derogate from Licensor's right to institute proceedings in any forum where jurisdiction shall exist or become established.

7. Section 26., "Applicable Law", ~~Paragraph~~Section 26.3. of the Agreement shall be ~~deleted in its entirety and shall have no force or effect; and the following Paragraph 26.3. shall be substituted in lieu thereof~~amended by adding the following immediately after Section 26.3:

~~26.3. Nothing herein contained shall bar Licensor's right to seek injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.~~
The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisee by the General Business Law of the State of New York, Article 33.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to ~~LicenseAgreement~~License Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	LICENSEE:
By: ______________________________	By: ______________________________
Name: ____________________________	Name ____________________________
Title: ____________________________	Title: ____________________________

CENTER NO. ________

AMENDMENT TO LICENSE AGREEMENT
REQUIRED BY STATE OF WASHINGTON
EFFECTIVE AS OF ____________________

In recognition of the requirements of the Washington Franchise Investment Protection Act, the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. LICENSE AGREEMENT (the "Agreement") agree as follows:

1. Section 2., "Term and Renewal", ~~Paragraph 2.2.8~~the first sentence of Section 2.3.7 of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following shall be substituted in lieu thereof:

> ~~2.2.8 Upon execution of the renewal license agreement,~~ Licensee executes a general release, in a form prescribed by Licensor, of any and all claims, whether or not asserted prior to renewal, against Licensor and its Affiliates, and their respective officers, directors, agents, and employees; excluding only such claims as Licensee may have that have arisen under the Washington Franchise Investment Protection Act.

2. Section 2., "Term and Renewal", of the Agreement shall be supplemented by adding a new ~~Paragraph 2.3.,~~Section 2.4., as follows:

> ~~2.3~~2.4 In the event Licensor refuses to renew the License Agreement, then, in such event, Licensor will compensate Licensee, as required to do so by the Washington Franchise Investment Protection Act, and, then, in the manner required by the Act.

3. Section 15., "Transfer of Interest", ~~Paragraph~~Section 15.2.2.3. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 15.2.2.3 Licensee, the Transferor and Transferee shall have executed a general release, in a form satisfactory to Licensor, of any and all claims, whether or not asserted prior to Transfer, against Licensor, Licensor's Affiliates, and their officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under Federal, state, and local laws, rules, and ordinances; excluding only such claims as Licensee , the Transferor and the Transferee may have that have arisen under the Washington Franchise Investment Protection Act.

4. Section 16., "Default and Termination", of the Agreement shall be supplemented by addition of a new ~~Paragraph 16.6.,~~Section 16.7., as follows:

> ~~16.6~~16.7 To the extent that the termination provisions described in this Section are inconsistent with the requirements of the Washington Franchise Investment Protection Act, Section 19.100.180(2)(j), then such termination provisions shall be superseded by the Act's requirements and shall have no force or effect.

5. Section 17., "Obligations Upon Termination or Expiration", ~~Paragraph~~Section 17.9. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following ~~Paragraph~~Section 17.9 shall be substituted in lieu thereof:

17.9 Upon the termination of this Agreement, Licensor shall purchase from Licensee such inventory and supplies at a price and under such terms and conditions as may be required by the provisions of the Washington Franchise Investment Protection Act in effect at the time of termination. Licensor also shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Licensee Licensee's interest in any Center premises and all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Licensee related to the operation of the Center, whose purchase is not otherwise required by the provisions of the Washington Franchise Investment Protection Act in effect at the time of termination, at fair market value. If the parties cannot agree on the purchase price within thirty (30) days after Licensor exercises such option, a qualified independent appraiser shall be designated by Licensor, and his determination of fair market value shall be binding. If Licensor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Licensee and the cost of the appraisal, if any, against, any payment therefor. If the Licensor terminates the Licensee for good cause, the Licensor will compensate Licensee, if required to do so by the Washington Franchise Investment Protection Act, and, then in the manner so required.

6. Section 26., "Applicable Law", ~~Paragraph~~Section 26.1. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following ~~Paragraph~~Section 26.1 shall be substituted in lieu thereof:

25.1 This Agreement has been delivered and accepted and shall be deemed to have been made at Lexington, Kentucky. The terms and provisions of this Agreement shall be interpreted in accordance with and governed by the laws of the Commonwealth of Kentucky without regard to principles of conflicts of law; provided, however, that in the event of any conflict of law between the Washington Franchise Investment Protection Act and the laws of Kentucky, the provisions of the Washington Franchise Investment Protection Act shall prevail as governing law for the licenses sold to Washington residents, and provided further that if any of the provisions of this Agreement would not be enforceable under the laws of Kentucky, then such provisions shall be interpreted and construed under the laws of the state in which the Center is located. As a specifically-bargained inducement for Licensor to enter into this Agreement, Licensee agrees that any action, suit or proceeding in a court of law in respect to or arising out of this Agreement, its validity or performance, without limitation on the ability of Licensor, its successors and assigns, to exercise all rights (including those which can be exercised in a court of law) as to the possession of property and in any applicable jurisdiction where such property is located, shall be initiated and prosecuted as to all parties and their successors and assigns at Lexington, Kentucky unless jurisdiction cannot be obtained over any party who is a "necessary party" under applicable rules of civil procedure in Lexington, Kentucky. Licensee consents to and submits to the exercise of jurisdiction over its person by any court situated at Lexington, Kentucky having jurisdiction over the subject matter. Licensee waives any objection based on forum non conveniens and any objection to venue of any action, suit or proceeding instituted hereunder. Nothing herein shall derogate from Licensor's right to institute proceedings in any forum where jurisdiction shall exist or become established.

8. The Agreement shall be supplemented by addition of a new Section 30 to provide as follows:

~~7.~~

a. The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

b. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

c. Transfer Fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to License Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	LICENSEE:
By: ______________________________	By: ______________________________
Name: ____________________________	Name ____________________________
Title: ____________________________	Title: ____________________________

CENTER NO. ______

EXHIBIT A-2

LICENSEE SIGN AND EQUIPMENT LEASE

Between

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.

(as LESSOR)

and

________________,

(as LESSEE)

Dated: ______________

CENTER NO: _________

LICENSEE SIGN AND EQUIPMENT LEASE

THIS LICENSEE SIGN AND EQUIPMENT LEASE is made and entered into as of the ___ day of ____ 20___, by and between VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC., a Delaware corporation, with a mailing address of ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, KY 40509 ("Lessor"), ________, a _________ limited liability company, with a mailing address of __ ("Lessee").

WITNESSETH, THAT:

WHEREAS, Lessee desires, from time to time, to lease "Equipment" (as hereinafter defined) from Lessor and Lessor desires to lease the Equipment to Lessee, all upon the terms and subject to the conditions hereinafter contained; and

WHEREAS, both parties are desirous of establishing the terms and conditions which shall govern the leasing of the Equipment.

NOW, THEREFORE, in consideration of the premises, the covenants and agreements contained herein, and the benefits to be derived therefrom, it is hereby mutually agreed as follows:

1. Scope. For purposes of this Licensee Sign and Equipment Lease, the term "Equipment" shall mean all equipment, signs and other identification items and materials, and other personal property which Lessor desires to make available hereunder. In addition, if the Center is an existing Center which has been approved as a conversion unit by Lessor, then the term "Equipment" may also mean, at Lessor's sole option and based upon the special requirements of the Center, other cosmetic items, including but not limited to, paint, facia additions and deletions and minor structural changes, all as required to attain and maintain Lessor's standard of appearance.

At any time and from time to time during the term of this Licensee Sign and Equipment Lease, Lessor and Lessee may agree to the leasing of Equipment hereunder by executing an "Equipment Schedule(s)." For purposes of this Licensee Sign and Equipment Lease, "Equipment Schedule" shall mean the schedule(s) to be used to specify various units of Equipment to be leased by Lessee from Lessor and which, when duly signed by or on behalf of Lessor and Lessee, shall designate the Equipment listed therein as a part of this Licensee Sign and Equipment Lease. Each Equipment Schedule shall be substantially in the form of the Equipment Schedule attached hereto as Exhibit A, incorporated herein by reference. When so executed, such Equipment Schedule shall incorporate therein all of the terms and conditions of this Licensee Sign and Equipment Lease to the same extent as if such terms and conditions had been specifically included in such Equipment Schedule and shall contain such additional terms and conditions as Lessor and Lessee may agree upon in writing.

2. Term. The term of this Licensee Sign and Equipment Lease shall commence on the date hereof and shall expire at midnight on the day immediately preceding the fifteenth (15^{th}) anniversary of the date hereof; provided, however, in any event the term hereof shall expire or terminate simultaneously with the expiration or termination of that certain License Agreement between Lessor and Lessee applicable to the Center referenced herein.

The lease term for each Equipment Schedule shall commence on the date set forth in such Equipment Schedule and shall continue for the term as set forth in each such Equipment Schedule ("Term").

3. Rent and Payment. The "Rental Commencement Date" shall be based upon the opening date of the Center. Beginning on the Rental Commencement Date the initial lease payment shall be Five Hundred Dollars ($500.00) (the "Initial Lease Payment") and shall continue until all invoices have been received by Lessor. Once all of the invoices have been received by Lessor and all of the Initial Lease Payments have been deducted an Equipment Schedule shall be executed. Thereafter and continuing for a one hundred twenty (120) month period for each Equipment Schedule, Lessee shall pay to Lessor, as rental for the Equipment, the monthly rent set forth in such Equipment Schedule (the "Basic Rental"), which shall be drafted via electronic funds transfer on the twentieth day of each calendar month during the term thereof. In the event the twentieth day of the calendar month shall fall on a Saturday, Sunday, or legal holiday then the draft shall occur on the next business day thereafter. If the Equipment Schedule remains unsigned for more than 30 days upon your receipt of said Equipment Schedule, then the entire signage balance shall become due and payable which amount shall be drafted via electronic funds transfer on the twentieth day of the following month. There shall be no limit on the number of hours for which the Equipment may be used and there shall be no hourly extra use charge, it being understood that the payment of the Basic Rental shall be the sole consideration to which Lessor is entitled.

4. Payment of Taxes and Charges. In addition to the Basic Rental set forth in any Equipment Schedule, Lessee agrees to pay (and does hereby agree to indemnify and hold Lessor harmless from and against) all sales, use or property taxes (including penalties and interest unless caused by the fault of Lessor) imposed against Lessor, Lessee or the Equipment, upon or with respect to such Equipment or upon the ownership, delivery, lease, possession, use, operation or return of such Equipment hereunder or upon the rentals or receipts arising therefrom or with respect to this Licensee Sign and Equipment Lease, unless and to the extent only that such tax, levy or charge is being contested by Lessee in good faith and by appropriate proceedings; provided, however, in no event shall Lessee be obligated to pay any taxes or assessments based on or measured by (a) the net income of Lessor (including capital gains tax) or which are a substitute for net income, (b) the net worth of Lessor, (c) rentals of the Equipment (including but not limited to gross receipts tax) in a state other than where the Equipment is located, or (d) franchise taxes. The foregoing taxes, penalties and interest, if any, shall be promptly paid by Lessee. If Lessee defaults in the payment of any such tax, Lessor may pay such tax and shall be promptly reimbursed by Lessee (plus reasonable attorneys' fees and costs, if any) as additional rent. All taxes other than sales, use and property taxes shall be for the account of Lessor, except for any taxes imposed in lieu of or in substitute of any such existing sales, use or property tax for which Lessee shall indemnify Lessor as provided in this Paragraph 4. Lessee agrees to file, on behalf of Lessor, all required tax returns and reports concerning such Equipment with all appropriate governmental agencies; provided, however, that in the event Lessee is not permitted to file such returns and reports on behalf of Lessor, then Lessee agrees to prepare and forward all such returns and reports to Lessor in a timely manner with appropriate instructions to Lessor as to their filing. The foregoing obligations shall survive the termination of this Licensee Sign and Equipment Lease and the applicable Equipment Schedule.

5. Use, Location and Sublease. Lessee shall be entitled to full time use of the Equipment without extra charge by Lessor. Lessee shall provide safe storage and proper care for the Equipment and shall at all times use and operate the Equipment strictly in accordance with all applicable laws, ordinances and regulations.

Lessee shall use the Equipment only at the location specified in each Equipment Schedule and Lessee shall not (a) relocate and operate the Equipment listed in any Equipment Schedule at any location other than the site specified in each Equipment Schedule, or (b) assign or sublease any of the Equipment listed in any Equipment Schedule.

Lessee shall keep and maintain the Equipment and the rental payable hereunder free and clear of all liens, charges, security interests and encumbrances (except any placed thereon by Lessor or its assignee or secured party).

6. Risk of Loss. Beginning on the Rental Commencement Date, the risk of loss for any damage to or destruction of the Equipment shall be upon Lessee. If, at any time following the passage of risk of loss to Lessee, any Equipment is damaged, lost or destroyed by any cause, Lessee shall be liable for the expense of repairing such Equipment, or if such Equipment cannot be repaired, then Lessee shall be responsible for replacing such Equipment. Lessee agrees to give Lessor prompt notice of any loss of the Equipment or any part thereof.

7. Indemnity/Insurance. Lessee hereby agrees to defend, indemnify and save harmless Lessor and Lessor's assignee or secured party, if any, from all claims, expenses (including reasonable attorneys' fees), damages and liabilities arising out of or pertaining to Lessee's possession or use of the Equipment or by reason of any default in the performance of any obligation of Lessee hereunder or under any Equipment Schedule. Notwithstanding the foregoing, Lessee shall not be responsible under the terms of this Paragraph 7 for any claims, costs, expenses, damages or liabilities caused solely by the gross negligence or willful misconduct of Lessor. The indemnities and covenants contained herein shall survive termination of this Licensee Sign and Equipment Lease or the applicable Equipment Schedule.

Lessee's policies of liability insurance shall name Lessor as an additional insured, and Lessee shall deliver to Lessor certificates of insurance evidencing the same.

8. Maintenance and Repairs. Lessee shall, during the continuance of this Licensee Sign and Equipment Lease, at its expense, keep the Equipment in good working order and condition, make all necessary adjustments, repairs and replacements, protect the Equipment from deterioration, including normal wear and tear, and use and permit the Equipment to be used only in a manner consistent with the manufacturer's instructions.

9. Enforcement of Warranty. Lessee acknowledges that it will make the selection of the Equipment listed in each Equipment Schedule based on its own judgment and expressly disclaims any reliance upon statements by Lessor. LESSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES WHATSOEVER, INCLUDING THOSE OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE EQUIPMENT, EXCEPT that Lessor warrants (a) that Lessor has or will have the right to lease the Equipment to Lessee upon the terms and conditions set forth herein; (b) that any Equipment delivered to Lessee hereunder will comply with the model number and description set forth in the Equipment Schedule by virtue of which such Equipment is added to this Licensee Sign and Equipment Lease; (c) that Lessee will be entitled to the benefit of any manufacturer's warranties on such Equipment to the extent permitted by such manufacturer and by applicable law; and (d) that, at Lessee's sole cost, Lessor will take such steps as Lessee shall reasonably request to procure and pass through to Lessee such manufacturer's warranties for Lessee.

On written request from Lessee, at Lessee's sole cost, Lessor shall take all reasonable action requested by Lessee to enforce any manufacturer's warranty, express or implied, relating to the condition or performance of such Equipment which is enforceable by Lessor in its own name; provided, however, that Lessor shall not be obligated to resort to litigation to enforce any such warranty unless Lessee shall pay all expenses in connection therewith. If any such warranty is enforceable in Lessee's name, Lessee shall take all reasonable action at its sole expense to enforce any such warranty.

10. Transportation and Return of Equipment. All transportation and other charges for delivery and installation of the Equipment to Lessee's premises shall be paid by Lessee, except as otherwise agreed in writing by the parties. On the expiration or termination of any Equipment Schedule, Lessee, at its own risk and expense, will immediately return the Equipment covered by such Equipment Schedule to Lessor in the same condition as delivered at a loading dock for trucks at the then present location of the Equipment.

11. Right to Quiet Enjoyment. So long as Lessee shall not be in default hereunder, and under that certain License Agreement of even date herewith between Valvoline Instant Oil Change Franchising, Inc. and Lessee, Lessee shall have the right to quiet enjoyment and unrestricted use of the Equipment.

12. Events of Default and Remedies. If (a) Lessee shall default (i) in the payment of any rent or other monies herein reserved and fail to make such payment within thirty (30) days after receipt from Lessor of written notice to Lessee of said default, or (ii) in performing any of the material terms or provisions of this Licensee Sign and Equipment Lease or any Equipment Schedule and shall fail to cure such default within thirty (30) days after receipt from Lessor of written notice to Lessee of said default; or (b) if a temporary receiver is appointed for Lessee's property and such receiver is not removed within sixty (60) days after appointment; or (c) if a permanent receiver is appointed for Lessee's property; or (d) if Lessee voluntarily takes advantage of any debtor relief proceedings under any present or future law, whereby the rent or any part thereof is, or is proposed to be, reduced or payment thereof deferred; or (e) if a third party seeks to have Lessee engage in any involuntary debtor relief proceeding or otherwise seeks to have Lessee involuntarily declared bankrupt and Lessee, within sixty (60) days after receiving written notice of such proceedings, fails to end or otherwise extinguish such proceedings; or (f) if Lessee makes an assignment for benefit of creditors; or (g) if Lessee shall be declared bankrupt, whether voluntarily or involuntarily; then, and in any of said events (herein called "Events of Default"), Lessor shall have the right to do any one or more of the following (in addition to any and all other rights and remedies provided in this Licensee Sign and Equipment Lease or by applicable law): (x) to terminate this Licensee Sign and Equipment Lease and to take possession of and remove any or all of the Equipment, wherever situated, and for such purpose, to enter upon any premises for so doing; (y) whether or not this Licensee Sign and Equipment Lease is terminated, to take possession of and remove any or all of the Equipment, wherever situated, and for such purpose, to enter upon any premises for so doing; and (z) to sell, dispose of, hold, use or release any or all of the Equipment, as Lessor in its sole discretion may decide.

In the event of such repossession and release of any or all of the Equipment, Lessor shall collect and receive all rents derived therefrom and shall apply the same, after deduction of all expenses, in respect thereto, to the payment of the rent that would have been payable hereunder if this Licensee Sign and Equipment Lease had not been so terminated, Lessee remaining liable to Lessor for any deficiency of any unpaid rent and other payment or monies due Lessor hereunder.

13. Additions and Alterations. Lessee, at its expense, may, with Lessor's prior written consent, make Equipment additions or alterations as long as such additions or alterations do not damage the Equipment. All Equipment alterations or additions, (except those not provided by Lessor which can be removed from the Equipment without damaging it) shall accrue to the Equipment and become the property of Lessor.

14. Upgrades. At any time during the term of this Licensee Sign and Equipment Lease, Lessee may give Lessor notice that it desires to terminate the Equipment leased pursuant to this Licensee Sign and

Equipment Lease in order to replace such Equipment with different Equipment ("Upgrade Equipment") to be leased by Lessee from Lessor. Within thirty (30) days from the giving of such notice Lessor shall notify Lessee of the terms, conditions, and rentals pursuant to which Lessor is willing to lease the Upgrade Equipment to Lessee. If Lessee accepts the proposed lease for the Upgrade Equipment from Lessor, then Lessee may terminate the Equipment leased pursuant to this Licensee Sign and Equipment Lease effective upon the date that the lease for such Upgrade Equipment between Lessee and Lessor commences. In the event that Lessee does not accept the terms, conditions and rentals of the lease of Upgrade Equipment between Lessee and Lessor, for whatever reason, then this paragraph shall be of no further force and effect.

15. Miscellaneous Provisions. The Equipment shall remain the personal property of Lessor at all times during the Term of the applicable Equipment Schedule. Upon request, Lessee shall execute financing statements to evidence Lessor's interest and the interest of any assignee or secured party of Lessor in the Equipment and the rentals and other sums payable under each Equipment Schedule.

This Licensee Sign and Equipment Lease and the Equipment Schedule(s) entered into hereunder shall constitute the entire agreement between Lessor and Lessee and there are no agreements or understandings, written or oral, between Lessor and Lessee other than as set forth herein and in such Equipment Schedule(s). No waiver, consent, modification or change of terms of this Licensee Sign and Equipment Lease or any such Equipment Schedule shall bind either party, including Lessor's secured party, unless in writing and signed by an officer of both Lessor and Lessee and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given.

This Licensee Sign and Equipment Lease and any Equipment Schedule may be executed in any number of counterparts, each of which shall be but one and the same instrument.

Each Equipment Schedule referred to or attached to this Licensee Sign and Equipment Lease shall form a part of this Licensee Sign and Equipment Lease and is incorporated herein by reference.

The remedies herein granted to Lessor shall not be exclusive or mutually exclusive, and Lessor shall have such other and additional remedies against Lessee as may be permitted in law or in equity at any time. Any exercise of a right of termination by Lessor shall not be construed to eliminate or discharge any right of Lessor to damages on account of any default of Lessee.

In the event any provision of this Licensee Sign and Equipment Lease is held by any court having jurisdiction over any dispute arising hereunder to be invalid or unenforceable, then (a) such court shall reinterpret such provision so as to carry out the intent of the parties hereto in a valid and enforceable manner, and (ii) the invalidity or unenforceability of such provision within the jurisdiction of such court shall not affect the validity or enforceability of such provision in any other jurisdiction and the remainder of this Licensee Sign and Equipment Lease shall remain in full force and effect. However, in the event that any material term of this Licensee Sign and Equipment Lease shall be stricken or declared invalid, Lessor reserves the right to terminate this Licensee Sign and Equipment Lease at its sole option.

THIS LICENSEE SIGN AND EQUIPMENT LEASE HAS BEEN DELIVERED AND ACCEPTED AND SHALL BE DEEMED TO HAVE BEEN MADE AT LEXINGTON, KENTUCKY. THE TERMS AND PROVISIONS OF THIS LICENSEE SIGN AND EQUIPMENT LEASE SHALL BE INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE COMMONWEALTH OF KENTUCKY WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR LESSOR TO ENTER INTO THIS

LICENSEE SIGN AND EQUIPMENT LEASE, LESSEE AGREES THAT ANY ACTION, SUIT OR PROCEEDING IN A COURT OF LAW IN RESPECT OF OR ARISING OUT OF THIS LICENSEE SIGN AND EQUIPMENT LEASE, ITS VALIDITY OR PERFORMANCE, WITHOUT LIMITATION ON THE ABILITY OF LESSOR, ITS SUCCESSORS AND ASSIGNS, TO EXERCISE ALL RIGHTS (INCLUDING THOSE WHICH CAN BE EXERCISED IN A COURT OF LAW) AS TO THE POSSESSION OF OR EXECUTION OR FORECLOSURE ON THE EQUIPMENT AND IN ANY APPLICABLE JURISDICTION WHERE SUCH EQUIPMENT IS LOCATED, SHALL BE INITIATED AND PROSECUTED AS TO ALL PARTIES AND THEIR SUCCESSORS AND ASSIGNS AT LEXINGTON, KENTUCKY, UNLESS JURISDICTION CANNOT BE OBTAINED OVER ANY PARTY WHO IS A "NECESSARY PARTY" UNDER APPLICABLE RULES OF CIVIL PROCEDURE IN LEXINGTON, KENTUCKY. LESSEE CONSENTS TO AND SUBMITS TO THE EXERCISE OF JURISDICTION OVER ITS PERSON BY ANY COURT SITUATED AT LEXINGTON, KENTUCKY HAVING JURISDICTION OVER THE SUBJECT MATTER. LESSEE WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION, SUIT OR PROCEEDING INSTITUTED HEREUNDER.

All notices, requests and other communications to any party hereunder shall be in writing and shall be given to such party at its address set forth in the heading of this Lease or such other address as such party may hereafter specify. All notices mailed to Lessee at the address of the Equipment shall be deemed sufficient. Each such notice, request or other communication shall be effective (a) if given by mail, 48 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (b) if given by any other means, when delivered at the address specified.

Upon termination of this Licensee Sign and Equipment Lease for any reason or in the event of the termination of the License Agreement or any other agreement between Lessee and Lessor, Lessee shall be liable to Lessor for any unpaid lease payments and for payment of the remaining undepreciated book value of the Signage.

16. Guarantee. To induce Lessor to enter into this Licensee Sign and Equipment Lease with Lessee, the undersigned guarantor ("Guarantor") (if more than one, then jointly and severally) has agreed to and does hereby execute and deliver this Agreement to Lessor. Intending to be legally bound by this Guarantee, Guarantor agrees with Lessor as follows:

16.1. Guarantor absolutely and unconditionally guarantees the performance by Lessee of all of the obligations (monetary and non-monetary) of Lessee in accordance with the terms and conditions of this Licensee Sign and Equipment Lease, as may hereafter be amended, modified, renewed or extended from time to time. This guarantee shall continue in force until all obligations of Lessee under this Licensee Sign and Equipment Lease shall have been satisfied or until Lessee's liability to Lessor under this Licensee Sign and Equipment Lease has been completely discharged, whichever first occurs.

16.2. Notice of acceptance is waived. Notice of default on the part of Lessee is waived. Notice of any amendments to this Licensee Sign and Equipment Lease is waived. This guarantee shall be binding on Guarantor and Guarantor's heirs and assigns.

16.3 This is an absolute guaranty of payment and not of collectability, and no action need be taken by Lessor against the Lessee prior to enforcement of this Guarantee.

16.4. The aggregate financial liability of all guarantors hereunder is limited to Lessor's costs, losses and expenses suffered by Lessor as a result of Lessee's breach, default or failure to perform under this Licensee Sign and Equipment Lease.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE
FRANCHISING, INC.
a Delaware corporation

By: ______________________________
Name: Matthew P. McKeown
Title: Vice President

LICENSEE:
a _____

____
By: __________
Title: ________

GUARANTOR:

____
Name: ________
Address: ________
____

GUARNATOR:

____
Name: ____________
Address: _________
____

CENTER NO.:

EXHIBIT A

LICENSEE SIGN AND EQUIPMENT LEASE
EQUIPMENT SCHEDULE NO.

- LESSOR: VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.

- LESSEE: ____________________________________

- BASIC RENTAL: $ _______ per month for 120 months or until paid in full, commencing ______________. Total cost of signage is ___________.

- LOCATION OF EQUIPMENT: ____________________________________

____

EQUIPMENT DESCRIPTION:

The VIOC Sign Package consists of, but is not limited to, all pylon, monument or ground signs, all exterior building signage, and all interior signage more particularly described below:

Qty.	Description
________	__________________________________
________	__________________________________

SPECIAL PROVISIONS: This Equipment Schedule is issued pursuant to the Licensee Sign and Equipment Lease dated ___________________. All of the terms and conditions of the Licensee Sign and Equipment Lease are hereby incorporated herein and made a part hereof as if such terms and conditions were set forth in this Equipment Schedule. By their execution and delivery of this Equipment Schedule, Lessor and Lessee hereby reaffirm all of the terms and conditions of the Licensee Sign and Equipment Lease, including, but not limited to, the representations and warranties contained therein in respect of this Schedule, except as expressly modified hereby.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	LICENSEE: ______________________________
By: __________________________________	____
Name: __________________________________	By: ____________________________________
Title: __________________________________	Title: ___________________________________

CENTER NO.: ____

Exhibit A-3

LICENSEE SUPPLY AGREEMENT

Between

VALVOLINE INC.

and

____

(as Buyer)

Dated: ______________________

CENTER NO.: _____

LICENSEE SUPPLY AGREEMENT

THIS LICENSEE SUPPLY AGREEMENT (“Agreement”) is made and entered into as of the ___ day of ____________________, between Valvoline Inc., ("Valvoline"), a Delaware corporation, with a mailing address of ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky, 40509 and ______________________, a _____________________ corporation, with a mailing address of ___________________________________ ("Buyer").

RECITALS

1. Buyer is a licensee of Valvoline Instant Oil Change Franchising, Inc. (“VIOCF”) with respect to the Valvoline® Instant Oil Change® service center located at ____________________, __________________.
2. Pursuant to the License Agreement dated _____________relating to the service center Buyer is required to purchase not less than ninety-five percent (95%) of the Valvoline Instant Oil Change Service Center's requirements of motor oils (conventional, semi-synthetic, and full synthetic), greases, lubricants, oil filters, air filters, automatic transmission fluids, fuel additives, engine treatments and other automotive performance products, automotive appearance products and any other automotive product marketed by Valvoline or one of its affiliates for the Center from Valvoline, VIOCF or its designee.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE RECITALS, THE MUTUAL PROMISES SET FORTH IN THIS AGREEMENT, and the mutual benefits to be derived therefrom, the receipt and adequacy of which are hereby acknowledged, Valvoline and Buyer agree as follows.

TERMS

1. TERM/TERMINATION. This term of this Agreement commences on the date the Center opens for business (the “Commencement Date”) and continues for 15 years unless earlier terminated pursuant to the terms of this Agreement. Valvoline and Buyer expressly agree that the consideration for this Agreement is independent of any equipment lease or loan agreement or any other agreement between Buyer and Valvoline, VIOCF or any affiliate of Valvoline, and this Agreement shall remain in effect regardless of the termination or expiration of any other agreement unless this Agreement is terminated by Valvoline pursuant to Section 12.

   If this Agreement is a renewal supply agreement, the term of this Agreement shall commence on the date hereof and expire at midnight on the day immediately preceding the _________( ) anniversary of the Agreement.

2. PRODUCTS. Within any calendar month during the term of this Agreement, Valvoline, or its distributors or representatives will sell and deliver and, and Buyer will purchase, pay for, and provide safe access for the delivery of, not less than the Minimum Percentage or more than the Maximum Percentage of the Center's Requirements of each product category set forth below (collectively, all product categories are referred to as “Products”), subject only to Sections 6 and 7 hereof. Purchase requirements apply only to products sold at the Center for which there is a published application of a

Valvoline or Valvoline affiliate brand product. As used in this Agreement, the Center's Requirements are defined as the applicable product necessary for services actually performed and products actually sold to customers of the Center's services.

Product	Unit of Measure	Minimum Percentage of Center Requirements
Motor Oils, Greases and Other Lubricants (including bulk and packaged conventional, semi-synthetic and full synthetic oils, automatic transmission fluids)	Gallons	95%
Filters (Oil, Air and Cabin Air)	Each	95%
Automotive Performance and Appearance Products (e.g. service chemicals, tire shine, leather cleaner and waxes)	Units (Can/Bottle)	95%

3. PRICE/PAYMENT.

a. For products sold and delivered under this Agreement, the pricing to Buyer will have the same base price as is being utilized for Valvoline Instant Oil Change company-operated Centers. For motor oils, greases and other lubricants sold and delivered hereunder, the pricing is based upon a pre-determined benchmark price. Such prices are subject to change associated with changes in market prices of lubricants, base stocks, additives and raw materials. All pricing is inclusive of delivery charges. Valvoline has previously and may in the future offer product price discounts or rebates in lieu of equipment financing. Franchisees that participated in those offers may continue to participate in those programs. In addition, Valvoline may from time to time offer incentive or promotional programs. These programs may take into account the relative efficiencies of servicing large franchise systems. As a result of participating in such programs, different franchisees may have different net prices for products depending on a franchisee's, size, level of participation, and compliance with such incentive or promotional programs. Incentive and promotional programs may be implemented or discontinued at any time.

   Buyer is responsible for payment of all applicable taxes, fees and other government-imposed charges, whether or not included in such prices. If compliance with law prevents Valvoline from charging or Buyer from paying the price provided in this Agreement, any resulting failure to perform shall be excused pursuant to Section 6 hereof. Each delivery hereunder shall be considered a separate sale.

b. All payments for products due hereunder shall be made to Valvoline by Buyer without retention or set off. Credit terms, if any, extended to Buyer shall be those established from time to time by Valvoline in its sole discretion. All payments on account shall be made to Valvoline at the address indicated on Valvoline's invoice. Valvoline may, in its discretion, require payment by Electronic Funds Transfer or such other method as it deems appropriate. Buyer agrees to execute an Electronic Funds Transfer Authorization agreement, as well as any other document reasonably required by Valvoline to permit payment in this manner. Such payments shall be applied by Valvoline to the oldest portion of Buyer's account. Late payments shall be subject to a late-payment charge established from time to time by Valvoline.

c. If Buyer fails to make any payment when due hereunder, or if Valvoline decides, in its sole opinion, that the credit of Buyer is unsatisfactory, Valvoline shall have the right (i) to require payment in cash on each delivery, or (ii) to discontinue further deliveries until all due payments have been received or until Buyer's credit becomes satisfactory, or (iii) in the case of any failure of Buyer to meet its purchase obligations or to make any payment when due hereunder or any other indebtedness owed to Valvoline, to terminate this Agreement; provided that nothing in this Agreement shall be deemed to limit or otherwise restrict any right, power or remedy of Valvoline. If Buyer's account is placed in the hands of an attorney for collection or if any suit or other proceeding is involved in collecting the account, Valvoline shall be entitled to reasonable attorney's fees, costs and interest on the account from the time it is due and payable.

d. ALL CLAIMS FOR BREACH OF THIS AGREEMENT BY VALVOLINE RELATING TO THE QUALITY OF PRODUCTS SOLD AND PURCHASED HEREUNDER, AND ALL CLAIMS RELATING TO SHORTAGE OR LOSS OR DAMAGE IN TRANSIT, MUST BE PROMPTLY MADE AND CONFIRMED IN WRITING TO VALVOLINE. ALL OTHER CLAIMS FOR BREACH OF THIS AGREEMENT BY VALVOLINE MUST BE MADE AND CONFIRMED IN WRITING TO VALVOLINE WITHIN ONE (1) YEAR FROM AND AFTER THE DATE BUYER LEARNS OR REASONABLY SHOULD HAVE LEARNED OF SUCH BREACH. CLAIMS NOT MADE AND CONFIRMED IN WRITING TO VALVOLINE AS SPECIFIED SHALL BE DEEMED WAIVED BY BUYER.

4. STORAGE TANKS/EQUIPMENT. Buyer shall operate the Center to the highest standards of care so as to avoid contamination of the soils and groundwaters at the Center and so as to detect early and minimize the adverse affects of any such contamination which does occur. As operator of the Center, Buyer shall be responsible and liable for the day-to-day operation of all storage tanks, piping, and other fixtures and equipment located at the Center. Buyer shall inspect periodically such fixtures and equipment, shall maintain accurate records of inventories, and shall reconcile actual and book inventories. Buyer shall report promptly to any required governmental authorities and to Valvoline any apparent leak or spill of petroleum products or other contaminants at the Center. As provided in Section 10 hereof, Buyer shall be solely responsible and liable for any leak or spill of contaminants at the Center.

5. PRODUCT IDENTIFICATION. Valvoline and VIOCF shall have the right at any time to change or discontinue use of any trademark, service mark, grade designation, trade dress, trade name or other indication of source of origin (collectively, the "Marks") under which any product covered by this Agreement is sold. Buyer shall cooperate fully with Valvoline and VIOCF to maintain the quality, good name and reputation of Valvoline, VIOCF and of Valvoline's products. Only products covered by this Agreement shall be stored or sold using any equipment or container which bears the Marks. Buyer may use the Marks only to identify the products, storage for the products and the advertisement of the products and only in the manner, format, color and the like, approved by Valvoline or VIOCF. Valvoline or VIOCF shall have the right to withdraw such approval at any time. Buyer shall not alter in composition, commingle with products from other sources, or otherwise adulterate any product covered by this Agreement. All uses of the Marks by Buyer shall inure to Valvoline, VIOCF and the owner(s) of the Marks. Buyer agrees that it will not bring or cause to be brought any proceedings, either administrative or judicial in nature, contesting

Valvoline's or VIOCF's ownership of or rights in the Marks, or against any registrations of Valvoline or VIOCF covering the Marks. Buyer will cease use of the Marks or any of them upon notice from Valvoline. The obligations of this section will survive the expiration or termination of this Agreement.

6. FORCE MAJEURE. Neither party to this Agreement shall be responsible for any delay or failure to perform under this Agreement (other than to make payments when due hereunder) if delayed or prevented from performing by act of God; transportation difficulty; strike or other industrial disturbance; any law, regulation, ruling, order or action of any governmental authority; any allocation or shortage of product, as determined by VIOCF in its sole discretion; or any other cause or causes beyond such party's reasonable control whether similar or dissimilar to those stated above.

7. ALLOCATION. If a cause exists which excuses Valvoline's delay or failure to perform as provided in Section 6 hereof, or if Valvoline anticipates a shortage of product or raw materials which Valvoline decides, in its sole opinion, will require an allocation of products or a limitation on the type of quantities or products to be sold or delivered hereunder, or if an allocation program or similar restriction is recommended or imposed by any governmental authority, Valvoline shall have the right to reduce the quantity of products to be sold and delivered hereunder during any such period of force majeure, anticipated shortage, allocation program or other restriction. Valvoline shall not be required to make up quantities which are not delivered during any such period, and Valvoline shall have no liability to Buyer as a result of such reduction. Valvoline shall be authorized to adopt any plan of allocation that, in Valvoline's sole opinion, is fair and equitable, or which is recommended or imposed by any governmental authority.

8. COMPLIANCE WITH LAWS/TAXES. Buyer, at Buyer's expense, shall comply with all applicable laws, regulations, rulings and orders, including without limitation those relating to taxation, workers' compensation, and environmental protection; shall obtain all necessary licenses and permits for the purchase and sale of the products at the Center; shall pay directly, or reimburse Valvoline on demand if paid by Valvoline, all taxes, inspection fees, import fees, and other governmental charges imposed upon this Agreement, Products covered by this Agreement, or on the sale, purchase, handling, storage, advertising, distribution, resale or use of such Products.

9. VALVOLINE'S RIGHT TO INSPECT. Valvoline shall have the right and authority, but not the obligation, to inspect the Center and to sample, monitor or test any motor oil or filter offered for sale, or any tank, line, pump, dispenser, or other operating equipment used at the Center, including without limitation equipment owned by Buyer, at any time during business hours, and this right will extend to Valvoline's authorized employees or agents.

10. BUYER'S INDEMNIFICATION OF VALVOLINE. Buyer shall protect, indemnify, hold harmless and defend Valvoline and its parents, subsidiaries and affiliates and the officers, directors, employees, workmen, agents, servants, and invitees of Valvoline and of its parents, subsidiaries, affiliates and related companies (collectively, the "Valvoline Group"), from and against any loss, cost, damage, demand, claim, suit or other liability, including reasonable attorney fees and other expenses of litigation, of any nature whatsoever, including without limitation personal or bodily injury, including death at any time resulting therefrom, property damage, including loss of use or downtime resulting therefrom, and fines or penalties imposed or corrective actions required to be taken by governmental authorities, directly or indirectly or indirectly arising out of or resulting from operation of above ground storage tanks, totes, barrels, or underground storage tanks and related piping, and the purchase, handling, storage or resale of petroleum products or other regulated substances, or the violation of any applicable law, ruling, regulation or order or any provision of this

Agreement or any agreement incorporated by reference into this Agreement, except only where the sole and only cause of such loss, damage, demand, claim, suit or other liability is the active negligence of Valvoline. Buyer's liability insurance policies shall name Valvoline as an additional insured, and Buyer shall deliver to Valvoline certificates of insurance evidencing the same. Buyer's agreement to protect, indemnify, hold harmless and defend Valvoline and the Valvoline Group to the foregoing extent will not be negated or reduced by virtue of Buyer's insurance carrier's denial of coverage or refusal to defend Buyer, Valvoline or the Valvoline Group. The liability of Buyer under this Section 10 shall not be reduced or limited in any way by workers' compensation regulations, statutes or constitutional provisions, and Buyer hereby waives any limitation on Valvoline or the Valvoline Group's rights against Valvoline which may be afforded by such regulations, laws or provisions. If any provision of this Section 10, or the application of any such provision to any person or circumstance, is held invalid, then the application of that provision to other persons or circumstances, and the remainder of this Section 10 will not be affected thereby, but will remain in full effect. The provisions of this Section 10 shall survive the termination, cancellation or expiration of this Agreement.

11. CROSS DEFAULT. Any breach by Buyer of any agreement between Buyer and Valvoline, VIOCF, or any parent, affiliate or subsidiary of Valvoline or VIOCF likewise will constitute a breach of this Agreement.

12. DEFAULTS, REMEDIES. If any one or more of the following events occur during the term of this Agreement:

    a. If Buyer defaults in the performance or breaches any provision of Section 5 of this Agreement; or

    b. If any payment due hereunder is unpaid when due and remains unpaid for ten (10) days after written notice from Valvoline to Buyer; or

    c. If Buyer defaults in the performance of or breaches any other provision of this Agreement and does not cure the same within ten (10) days after oral or written notice of such default or breach; or

    d. If any proceeding in bankruptcy is filed, or any order for relief in bankruptcy is issued, by or against Buyer, or if a receiver for Buyer or the Premises is appointed in any suit or proceeding brought by or against Buyer, or if there is an assignment by Buyer for the benefit of Buyer's creditor(s); or

    e. If any execution proceeding involving this Agreement or the Center is taken against Buyer and not discharged within thirty (30) days; or

    f. If any other cause for termination or nonrenewal exists under any other applicable law, regulation, ruling or order; or

    g. If Buyer breaches or defaults under any license agreement, lease agreement or other agreement pursuant to which Buyer possesses or operates the Center; then at any time while such event continues, Valvoline may take such actions permitted by this Agreement, at law or in equity, which may include terminating this Agreement by giving written notice to Buyer specifying a date on which such notice shall become effective and on such date this Agreement shall terminate and all rights of Buyer hereunder shall cease. Nothing contained herein shall be deemed to limit or otherwise restrict any right, power or remedy of Valvoline. Such rights, powers and remedies shall be cumulative and concurrent, and the exercise of one or more rights, powers or remedies existing under this Agreement or now or hereafter existing at law or in equity, shall not preclude the subsequent exercise by Valvoline of any other right, power or remedy.

13. NOTICE. Any written notice required or permitted to be given under this Agreement shall be sufficient for all purposes hereunder if in writing and personally delivered or sent by any means providing for return receipt to the address provided for the party in question in the heading of this Agreement. Notice to Buyer may also be sent or delivered to the Center. Valvoline or Buyer may change the mailing address or other information provided for it in the heading hereof by written notice given in accordance with this Section 13.

14. LIMITATIONS OF LIABILITY. To the maximum extent permitted by applicable law, neither party, regardless of fault or negligence, shall be liable to the other for loss of use or profit, or any other special, consequential, indirect, exemplary or punitive damages of any kind arising out of or related to any delay or failure to perform under this Agreement, and no claim for any such damages shall be made by either party against the other. Except as may be expressly provided in this Agreement, neither party, regardless of fault or negligence, shall be liable to the other for any failure to sell, deliver, purchase, receive or pay for product under this Agreement for damages in excess of the price to be paid under this Agreement for the quantity of product to which the claim relates.

15. INDEPENDENT CONTRACTOR. It is understood and agreed by Buyer and Valvoline that Buyer is an independent contractor and that nothing contained in this Agreement shall be deemed to constitute either party as an agent, employee, joint venturer or partner of the other for any purpose whatsoever.

16. TIME OF THE ESSENCE/WAIVER. In performing all obligations under this Agreement, time is of the essence. The failure of either party hereto to exercise any right such party may have with respect to breach of any provision of this Agreement shall not impair or be deemed a waiver of such party's rights with respect to any continuing or subsequent breach of the same or any other provision of this Agreement.

17. ASSIGNMENT. Valvoline may assign or transfer this Agreement without Buyer's prior written consent. Buyer may not assign this Agreement, except in connection with an authorized transfer or assignment of the License Agreement for the Center. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of Valvoline's and/or Buyer's heirs, successors and permitted assigns.

18. ASSUMPTION IN BANKRUPTCY. If this Agreement is assumed pursuant to the United States Bankruptcy Code and assignment of the same is contemplated pursuant to the provisions of the Bankruptcy Code to any person or entity who shall have made a bona fide offer to accept an assignment of this Agreement, then notice of such proposed assignment and assumption setting forth (i) the name and address of the proposed assignee, (ii) all of the terms and conditions of the proposed assignment and assumption, and (iii) the adequate assurance to be provided Valvoline to assure the proposed assignee's future performance under this Agreement, including without limitation the assurance referred to in Section 365(b)(3) of the Bankruptcy Code, shall be given to Valvoline not later than twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event, not later than ten (10) days prior to the date that application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Valvoline shall thereupon have the prior right and option, to be exercised by notice

given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to Valvoline itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Buyer out of the consideration to be paid by such assignee for the assignment of this Agreement.

19. EXECUTION AND ACCEPTANCE. This Agreement or any modification hereof shall not be binding upon Valvoline until it has been duly accepted by Valvoline, as evidenced by the signature of one of Valvoline's authorized officers or representatives in Valvoline's Lexington, Kentucky offices, with an executed counterpart delivered to Buyer. Commencement of business between the parties prior to such acceptance, signature and delivery of a counterpart shall not be construed as a waiver by Valvoline of this condition.

20. ENTIRETY OF CONTRACT. This writing is intended by the parties as the final, complete and exclusive statement of the terms, conditions and specifications of their agreement and is intended to supersede all previous oral or written agreements and understandings between the parties relating to its subject matter. No employee or agent of Valvoline has authority to make any statement, representation, promise or agreement not contained in this Agreement. No prior stipulation, agreement, understanding or course of dealing between the parties or their agents with respect to the subject matter of this Agreement shall be valid or enforceable unless embodied in this Agreement. No amendment modification or waiver of any provision of this Agreement shall be valid or enforceable unless in writing and signed by all parties to this Agreement. This Agreement shall supersede, and shall not be modified or amended in any way by the terms of, any purchase order which may be issued by Buyer for the purchase of product hereunder.

21. SEVERABILITY. If any provision of this Agreement or the application of any such provision to any person or circumstance is held invalid, the application of such provision to any other person or circumstance and the remainder of this Agreement will not be affected thereby and will remain in full effect.

22. GOVERNING LAW. THIS AGREEMENT HAS BEEN DELIVERED AND ACCEPTED AND SHALL BE DEEMED TO HAVE BEEN MADE AT LEXINGTON, KENTUCKY. THE TERMS AND PROVISIONS OF THIS AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE COMMONWEALTH OF KENTUCKY WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR VALVOLINE TO ENTER INTO THIS AGREEMENT, BUYER AGREES THAT ANY ACTION, SUIT OR PROCEEDING IN A COURT OF LAW IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT, ITS VALIDITY OR PERFORMANCE, SHALL BE INITIATED AND PROSECUTED AS TO ALL PARTIES AND THEIR SUCCESSORS AND ASSIGNS AT LEXINGTON, KENTUCKY UNLESS JURISDICTION CANNOT BE OBTAINED OVER ANY PARTY WHO IS A "NECESSARY PARTY" UNDER APPLICABLE RULES OF CIVIL PROCEDURE IN LEXINGTON, KENTUCKY. BUYER CONSENTS TO AND SUBMITS TO THE EXERCISE OF JURISDICTION OVER ITS PERSON BY ANY COURT SITUATED AT LEXINGTON, KENTUCKY HAVING JURISDICTION OVER THE SUBJECT MATTER. BUYER WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION, SUIT OR PROCEEDING INSTITUTED HEREUNDER.

23. GUARANTEE. To induce Valvoline to enter into this Agreement with Buyer, the undersigned guarantor (“Guarantor”) (if more than one, then jointly and severally) has agreed to and does hereby

execute and deliver this Agreement to Valvoline. Intending to be legally bound by this Guarantee, Guarantor agrees with Valvoline as follows:

a. Guarantor absolutely and unconditionally guarantees the performance by Buyer of all of the obligations (monetary and non-monetary) of Buyer in accordance with the terms and conditions of this Agreement, as may hereafter be amended, modified, renewed or extended from time to time. This guarantee shall continue in force until all obligations of Buyer under this Agreement shall have been satisfied or until Buyer's liability to Valvoline under this Agreement has been completely discharged, whichever first occurs.

b. Notice of acceptance is waived. Notice of default on the part of Buyer is waived. Notice of any amendments to this Agreement is waived. This guarantee shall be binding on Guarantor and Guarantor's heirs and assigns.

c. This is an absolute guaranty of payment and not of collectability, and no action need be taken by Valvoline against the Buyer prior to enforcement of this Guarantee.

d. The aggregate financial liability of all guarantors hereunder is limited to Valvoline's costs, losses and expenses suffered by Valvoline as a result of Buyer's breach, default or failure to perform under this Agreement.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the date first written above.

VALVOLINE INC.	BUYER: ______________________________
a Delaware corporation	a ________________
By: ______________________________	______________________________
Name: ______________________________	By: ______________________________
Title: ______________________________	Title: ______________________________
	GUARANTOR:
	______________________________
	Name: ___________________________
	Address: ______________________________

EXHIBIT A-4
COVENANT NOT TO COMPETE

THIS COVENANT NOT TO COMPETE ("Covenant") is made and entered into effective as of _____________________, ("the "Effective Date") by and between ___________ ("Covenantor") and VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC., a Delaware corporation, with a mailing address of ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, KY 40509 ("VIOCF").

W I T N E S S E T H:

WHEREAS, ____________________, a __________ corporation ("Licensee") has simultaneously herewith entered into and may from time to time hereafter enter into a License Agreement(s) ("Agreement") with VIOCF to operate a Valvoline® Instant Oil Change® service center(s) (Center); and

WHEREAS, as a condition of the Agreement, Licensee agreed to obtain execution of a Covenant Not to Compete, at VIOCF's request, from (i) all officers, directors, and holders of a beneficial interest of five percent or more of the securities of Licensee, (ii) all officers, directors, and holders of a beneficial interest of five percent or more of any corporation directly or indirectly controlling Licensee, if Licensee is a corporation, (iii) the general partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Licensee is a partnership, and (iv) such other persons as VIOCF may require.

NOW, THEREFORE, in consideration of the foregoing premises, the covenants and agreements hereinafter set forth and the benefits to be derived therefrom, the receipt and adequacy of which are hereby specifically acknowledged, Covenantor agrees as follows:

1. During the term of the Agreement, Covenantor shall devote full time, energy, and best efforts to the management and operation of the Center, or, with VIOCF's prior written consent, ensure such devotion by a competent manager.

2. Pursuant to the Agreement, Covenantor will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of VIOCF and the System. During the term of this Agreement, except as otherwise approved in writing by VIOCF, Covenantor shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, or legal entity:

(a) Divert or attempt to divert any business or customer of the business licensed under each License to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the Proprietary Marks and the System;

(b) Employ or seek to employ any person who is at that time employed by VIOCF, or otherwise directly or indirectly induce such person to leave his or her employment, without the prior written consent of VIOCF; or

(c) Own, maintain, operate, engage in, be employed by, or have any interest in or relationship or association with, any business which is the same as or similar to the Center, or which offers products or services similar to those offered under the System, including, without limitation, oil changes or lubrication services and which is, or is intended to be located within the United States of America, except pursuant to a License Agreement with VIOCF.

3. As a material part of the consideration for VIOCF entering into the License Agreement(s) with Licensee, Covenantor in consideration thereof hereby acknowledges and agrees that for a continuous, uninterrupted period commencing upon the the later of expiration or termination of the Agreement or the date that Covenantor ceases all unauthorized uses of all intellectual property related to the operation of a Center, regardless of the cause for termination, and continuing for two (2) years thereafter, except as otherwise approved in writing by VIOCF, Covenantor shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation or legal entity, or any other person or entity which owns, is owned by, or is under common ownership with Covenantor, own, maintain, operate, engage in, lease to, be employed by, or have any interest in or relationship or association with, any business which is the same as or similar to the Center, or which offers products or services similar to those offered under the System, including, without limitation, oil changes or lubrication services where the speed or convenience of such services is advertised or promoted, and which is, or is intended to be, located at or within a radius of twenty-five (25) miles of any Valvoline Instant Oil Change service center whether operated by VIOCF, Valvoline or licensed under any License Agreement(s) i) between Licensee and VIOCF; and/or ii) between VIOCF and any other third party.

4. Item 2(c) and Item 3 shall not apply to ownership by Covenantor of less than five percent (5%) beneficial interest in the outstanding equity securities of any company registered under the Securities Exchange Act of 1934, as amended.

5. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Covenant. If all or any portion of a covenant contained herein is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which VIOCF is a party, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law.

6. VIOCF shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Items 1, 2, and 3 of this Covenant, or any portion thereof, without Covenantor's consent, effective immediately upon receipt by Covenantor of written notice thereof; and Covenantor agrees that it shall comply forthwith with any covenant as so modified.

7. The existence of any claims Covenantor may have against VIOCF, whether or not arising from this Covenant, shall not constitute a defense to the enforcement by VIOCF of the covenants in this Covenant. Covenantor agrees to pay all costs and expenses, including, but not limited to, reasonable attorneys' fees, incurred by VIOCF in connection with the enforcement of this Covenant.

8. Covenantor's violation of the terms of this Covenant would result in irreparable injury to VIOCF for which no adequate remedy at law may be available, and Covenantor accordingly consents to the issuance of an injunction prohibiting any conduct by Covenantor in violation of the terms of this Covenant.

9. Each and all of the several rights and remedies contained in or arising by reason of this Covenant only shall be construed as cumulative, and no one of them shall be exclusive of any other right or priority allowed by law or equity.

10. To the extent necessary and appropriate, Covenantor hereby recognizes VIOCF as a third party beneficiary of the covenants given herein with the independent right to enforce such covenants.

11. This Covenant shall be governed by and be construed under and in accordance with the laws of the Commonwealth of Kentucky, exclusive of any conflicts of laws provision which would refer any disputed issue to be determined under the laws of another jurisdiction.

Any capitalized term used in this Covenant but not defined herein shall have the meaning ascribed to such term in the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Covenant or caused this Covenant to be duly executed as of the day and year first above written.

WITNESSES: COVENANTOR:

______________________________ ___________________________________
Name:

____

EXHIBIT A-5

SPOUSAL CONSENT

I, _____________, am the spouse of _________________, who is a party to and guarantor of that certain License Agreement dated ___________________ (the "License Agreement"), by and between Valvoline Instant Oil Change Franchising, Inc., a Delaware corporation ("Licensor"), on the one hand, and _____________________, a __________________ ________________ ("Licensee") on the other hand.

I hereby represent, warrant and acknowledge that I have: 1) received a copy of the Licensor's Franchise Disclosure Document at least 10 days before signing this Consent; 2) received a copy of the Franchise Agreement and related Supply Agreement, Lease Agreement(s) and Covenant Not to Compete at least five business days before signing this Consent; and 3) read and understood the Franchise Agreement, Supply Agreement, Lease Agreement(s) and Covenant Not to Compete. In consideration of, and as a condition to, Licensor's agreement to enter into the License Agreement with my spouse, I hereby consent to all of the terms of the Franchise Agreement, Supply Agreement, Lease Agreement(s) and Covenant Not to Compete and I also consent to the execution of the License Agreement, Supply Agreement, Lease Agreement(s) and Covenant Not to Compete by my spouse. I hereby further represent, warrant, acknowledge and agree that I do not, and will not, have any legal, beneficial or other interest in the License Agreement, Supply Agreement, Lease Agreement(s) or the licensed business other than as may be created by operation of law, and agree that I will not make any claim at any time against the Licensor, Lessor or Supplier, or each of their respective affiliates, or their respective officers, directors, shareholders, member, unit holders, employees, representatives, agents, successors or assigns, or in a manner contrary to the requirements of the License Agreement, Lease Agreement(s) and/or Supply Agreement or the representations, warranties, acknowledgements and agreements of this Consent and that any claims by me against or relating in any way to the Licensor, Lessor, Supplier, or any of their affiliates will be governed by the respective License, Supply or Lease Agreement.

____
Name

____
Date

EXHIBIT A-6
ELECTRONIC FUNDS TRANSFER AUTHORIZATION AGREEMENT

CUSTOMER INFORMATION

Customer Name			~~Ashland~~ ValvolineAccount Number
Address	City	State	Zip Code
Accounting Contact		Telephone No. ( )	

____ ("Customer") does hereby authorize ~~Ashland~~ ValvolineInc. ("Ashland"), along with its divisions and subsidiaries, to initiate debit or credit entries to Customer's asset account indicated below and does further authorize the financial institution named below to debit or credit such entries to the Customer's account.

BANK INFORMATION

Bank Name	Address			Account Number
Branch	Address			Transit Routing Number
City		State	Zip Code	
Bank Account				Telephone ( )

Customer shall be responsible for any loss which may arise by reason of any error, mistake or fraud regarding the information provided in this Bank Information, except losses incurred as a result of any error, mistake or fraud of Ashland, its officers, directors, employees or agents. Customer may change any portion of the information provided in Bank Information by giving at least thirty (30) days written notice.

TERMINATION: This authority shall remain in effect until terminated upon fifteen (15) days written notice by either Customer or Ashland. Notice of termination shall in no way affect entries initiated prior to actual receipt of notice. It is understood that Customer agrees to payment by electronic funds transfer ("EFT") for a minimum of one year or as specified by License Agreement, if applicable.

EFT: Customer does hereby authorize ~~Ashland~~ Valvolineto initiate accounting data electronically to Customer's financial institution, subject to such financial institution's capability to receive such data.

NOTICES: Except as otherwise provided herein, all notices to be given hereunder shall be in writing and shall be validly given if hand delivered or if sent by prepaid registered mail or certified mail addressed, if to Customer, to ______________________________________ at the address set forth at the beginning of this Agreement, and if to Ashland, to its General Counsel (with a copy to its Assistant Treasurer - Cash Manager) at ~~P.O. Box 391, Covington, Kentucky 41012-0391~~100 Valvoline Way, Lexington, Kentucky 40509.

All credit and other terms and requirements between Customer and ~~ASHLAND~~ VALVOLINEremain in effect.

GOVERNING LAW: This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Kentucky except for any laws which would refer a matter or issue to the laws of another jurisdiction for determination.

AUTHORIZED as of the _______ day of ________________________________, 20_____ by the officers or other duly authorized persons executing this Agreement on behalf of ~~Ashland~~ Valvolineand Customer.

____
CUSTOMER

BY: ______________________________

NAME: ______________________________

TITLE: ______________________________

**Please attach a voided check from your corresponding bank account.

~~ASHLAND~~ VALVOLINEINC.

BY: ______________________________

NAME: ______________________________

TITLE: ______________________________

EXHIBIT A-7
ADDENDUM TO LEASE

THIS ADDENDUM, is made and entered into as of _________, by and between _____________________________________, a ___________________________ ("Landlord"), and ____________________________, a ______________________ ("Tenant").

RECITALS

1. Landlord and Tenant entered into a Lease dated ____________ (the "Lease") pertaining to the real property located at __________________________, which is more particularly described on Exhibit A attached hereto (the "Leased Premises") allowing for operation of a Valvoline Instant Oil Change® service center pursuant to a License Agreement (“License Agreement”) between Tenant and Valvoline Instant Oil Change Franchising, Inc. (“Franchisor”).

2. Landlord and Tenant desire to incorporate the following terms into the body of the Lease.

NOW, THEREFORE, in consideration of the covenants herein and therein, the parties hereto agree as follows:

Terms

1. **No Amendment**. Tenant and landlord agree that they will not renew or extend the term of the Lease, without Franchisor’s written consent. Tenant and Landlord agree that they will not amend, modify, or alter any other Lease term without Franchisor’s written consent.

2. **Use Approval**. Landlord represents that Tenant may operate the Leased Premises as a Valvoline Instant Oil Change service center without violating another tenant’s exclusive use provision.

3. **Remodel Rights**. Tenant can remodel, modify, paint and make installations in the interior and on the exterior of the leased premises as may be required by Franchisor from time to time, including without being liable under any continuous operation covenant.

4. **Notice and Opportunity to Cure**. Landlord will deliver to Franchisor a copy of any and all letters or notices sent to Tenant relating to the Tenant or the Leased Premises at the same time that such letters or notices are sent to Tenant. In the event that the notice or letter is a default letter, and Tenant fails to timely cure such default, Landlord shall deliver to Franchisor written notice of such failure to timely cure. This notice to Franchisor shall be a prerequisite for the Landlord’s exercise of any remedies resulting from the default. Franchisor shall have a 15 day period (or a reasonable time to cure a non-monetary default not capable of being cured within such 15 day period) following receipt of such written notice to cause a cure of Tenant’s default. Franchisor shall have the option, and not the obligation, to affect a cure, in advance of Landlord exercising any remedies. Franchisor’s election to cure shall not be deemed an election to assume the Lease, unless and until Franchisor expressly does so in writing.

5. **Collateral Assignment of Lease**. Tenant hereby assigns its right under the lease to Franchisor, and landlord hereby consents to such assignment subject to the following conditions: One of the following shall have occurred: (a) Tenant fails to timely cure a default under the Lease; or (b) Tenant fails to exercise a renewal option under the Lease; or (c) Tenant fails to timely cure a default under the License Agreement; and Franchisor sends written notice to Landlord that Franchisor is exercising its right to accept the assignment of Tenant’s rights under the Lease; and Franchisor cures Tenant’s default, as applicable, within 15 days of written notice of default to Franchisor, provided, however, any monetary

default cure amount shall be limited to an amount equal to two month's Rent. Landlord acknowledges that by executing this Addendum, Franchisor does not hereby assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease, unless and until Franchisor expressly assumes such liability as described above.

6. **Assignment and Subletting**. Landlord hereby grants Tenant the unrestricted right to assign the Lease or sublet the Premises to Franchisor, an affiliate of Franchisor or another franchisee of Franchisor or any affiliate thereof. Provided, however, Tenant may not assign its interest in the Lease, nor sublet all or any portion of the Leased Premises, without Franchisor's written consent.

7. **Assignment by Franchisor**. At any time following Franchisor's election to take an assignment of Tenant's rights under the Lease, Franchisor may, on written notice, assign the Lease or sublet the Leased Premises to an affiliate of Franchisor or a franchisee approved by Franchisor, without charge or penalty, so long as such assignee or sublessee meets Landlord's reasonable financial qualifications. Upon an assignment, Franchisor shall be released from any further obligations under the Lease. Landlord agrees to execute written documentation confirming any such assignment and release.

8. **Purchase Option**. If Tenant has an option to purchase the Leased Premises (whether under the Lease or otherwise), then in the event that Tenant elects not to exercise its option to purchase, Landlord shall extend the option to purchase to Valvoline Instant Oil Change Franchising, Inc. ("Franchisor") under the same terms and conditions as offered to Tenant.

9. **De-image and Trademark Use**. Upon the expiration or earlier termination of the Lease for any reason, or upon termination of the License Agreement for any reason, Tenant shall, upon written demand by Franchisor, remove all Franchisor's trademarks from all buildings, signs, fixtures and furnishings, and alter and paint all buildings and other improvements maintained pursuant to the Lease a design and color which is basically different from Franchisor's authorized building design and painting schedule. If Tenant shall fail to make or cause to be made any such removal, alteration or repainting within thirty (30) days after written notice, Franchisor or any affiliate thereof shall have the right to enter upon the Premises, without being deemed guilty of trespass or any other tort, and make or cause to be made such removal, alterations and repainting at the reasonable expense of Tenant, which expense Tenant shall pay Franchisor or its designated affiliate on demand.

10. **Memorandum of Lease**. Landlord and Tenant agree to record a notice substantially in the form of Exhibit "B" hereto, indicating Franchisor's rights hereunder, or, alternatively, to record a Memorandum of Lease containing substantially the following language:

> "Landlord and Tenant have granted Valvoline Instant Oil Change Franchising, Inc., and its affiliates certain conditional rights, including possession, in and to the Premises."

11. **Notice Procedure**. All notices which Landlord may serve on Franchisor hereunder shall be made in accordance with the Lease to:

Valvoline Instant Oil Change Franchising, Inc.
P.O. Box 14046
Lexington, Kentucky 40512
ATTN: Franchise Operations Department

or such other address as Franchisor may designate from time to time in writing.

12. **Supremacy of Addendum**. Notwithstanding anything to the contrary elsewhere in the Lease or any addendum or amendment thereto, Landlord and Tenant agree that the terms and provisions set forth in this Addendum to Lease shall control and shall not be superseded, terminated or modified without the prior written consent of Franchisor. Landlord acknowledges that Franchisor is not a party to the Lease. However, Franchisor is intended to be a third party beneficiary to the Lease and this Addendum with an independent right to enforce its terms against Landlord and Tenant. Landlord and Tenant hereby waive any claim that Franchisor has no right to enforce this Addendum to Lease.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date herein above set forth.

LANDLORD:	TENANT:
By:______________________________	By: ______________________________
Its: ______________________________	Its: ______________________________
Date: ____________________________	Date: ____________________________

EXHIBIT "A"

DESCRIPTION OF THE PREMISES

EXHIBIT "B"

NOTICE

_______________________________, a _________________, landlord and owner of the real property described on Exhibit A, attached hereto (the "Premises"), and __________________, a __________________, tenant of the Premises, have granted Valvoline Instant Oil Change Franchising, Inc., and its affiliates certain conditional rights, including possession, in and to the Premises, pursuant to that certain Addendum to Lease dated ______________, between Landlord and Tenant.

This Notice is to be recorded in the records of _____________________County.

LANDLORD AND OWNER:	TENANT:
By:______________________________	By: ______________________________
Its: ______________________________	Its: ______________________________
Date: ____________________________	Date: ____________________________

(All signatures must be notarized.)

EXHIBIT A-8

CENTER NO.

AMENDMENT TO LICENSE AGREEMENT

THIS AMENDMENT TO LICENSE AGREEMENT ("Amendment") is made and entered into effective as of, notwithstanding the actual date of execution hereof, between Valvoline Instant Oil Change Franchising, Inc. ("VIOCF") with a mailing address of ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509 and , limited liability company, with a mailing address of ("Licensee").

RECITALS

1. VIOCF and Licensee entered into a License Agreement dated ("License Agreement") wherein VIOCF granted Licensee the right to establish and operate a Valvoline Instant Oil Change service center located at ("Center").

2. By its terms, Section 4 of the License Agreement sets forth a flat royalty rate of 6% and adjustments thereto.

3. Licensee desires to amend Section 4 of the License Agreement to be the same as Licensee's existing License Agreements for its other VIOC centers pursuant to the terms of those License Agreements.

4. VIOCF is willing to grant its consent upon the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged, and in consideration of the mutual promises contained in this Amendment, the parties agree as follows:

1. Sections 4.2 of the License Agreement shall be deleted in their entirety and shall have no further force and effect and the following shall be substituted in lieu thereof:

4.2. Licensee shall pay to Licensor a continuing monthly royalty fee in amounts to be calculated in accordance with the "Graduated Royalty Schedule."

4.2.1. Under the "Graduated Royalty Schedule," the royalty fee shall be equal to a percentage of the annual, aggregate Adjusted Gross Revenue for all of Licensee's licensed Centers, including the one licensed under this Agreement and those, if any, licensed under all previously and all subsequently executed License Agreements between Licensor and Licensee. The applicable percentage shall be determined as follows:

IF ALL OF LICENSEE'S CENTER'S PREVIOUS YEAR'S (Oct. 1 - Sept. 30) ADJUSTED GROSS REVENUE IS AT LEAST:	THEN THE APPLICABLE ROYALTY FEE PERCENTAGE FOR THE FOLLOWING YEAR (Oct. 1 - Sept. 30) SHALL BE:
$1,000,000	5.50%
$1,500,000	5.25%
$2,000,000	5.00%
$2,500,000	4.75%
$3,000,000	4.50%
$4,000,000	4.25%

$5,000,000	4.00%

4.2.2. Notwithstanding anything contained in this Section 4.2 to the contrary, if at any time following Licensee's election to be covered by the Graduated Royalty Schedule all of Licensee's Center's Adjusted Gross Revenue during any October 1 through September 30 period is less than One Million Dollars, then Licensee's election shall be automatically revoked effective October 1. Thereafter, until Licensee again elects to be covered by the Graduated Royalty Schedule, the Basic Royalty Schedule shall be applicable for each of Licensee's licensed Centers.

Except as expressly amended by this addendum, all other terms and conditions of the License Agreement are hereby affirmed and remain in full force and effect.

SIGNED AND AGREED:

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.
a Delaware corporation

____
By: Matthew P. McKeown
Its: Vice President
Date: ___________________________

LICENSEE:
a

____
By:
Its:
Date: ___________________________

GENERAL RELEASE
VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.

________________________________ (LICENSEE)

Release - General Provisions. The Licensee hereby releases and forever discharges each and all of the Franchisor-Related Persons/Entities (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, including (without limitation) any claims alleging fraud, breach of any obligation of good faith and fair dealing, or otherwise, howsoever arising, **known or unknown**, fixed or contingent, past or present, that the Licensee (or any of them) now has or may hereafter have against all or any of the Franchisor-Related Persons/Entities by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the "Claims"), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the Franchisor-Related Persons/Entities are hereby forever canceled and forgiven.

THE FRANCHISEE (S) ACKNOWLEDGE THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

THE LICENSEE, BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR JURISDICTIONS OF LICENSEE' RESIDENCE AND LOCATION OF FRANCHISED UNIT.

Provided that if this Release is given in connection with the award of a franchise, then this release will not apply to Claims relating to the offer and sale of that franchise under the California Franchise Investment Law or similar law of any other state or any rule or order issued under such law.

The Licensee expressly assumes the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Licensee, and it is the Licensee's intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Licensee are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Licensee represents and warrants that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Licensee, in the Licensee's independent judgment, believes necessary or appropriate. The Licensee has not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure of any fact, law or otherwise, by the Franchisor-Related Persons/Entities or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

Licensee Initials: _________________

No Assignment or Transfer of Interest. The Licensee represents and warrants that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Licensee may have against any or all of the Franchisor-Related Persons/Entities, all Claims having been fully and finally extinguished, and the Licensee agrees to forever indemnify and hold the Franchisor-Related Persons/Entities harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Franchisor-Related Persons/Entities as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons/Entities as a condition precedent to recovery against the Licensee under this indemnity.

Licensee Initials: _________________

Attorneys' Fees. If the Licensee, or anyone acting for, or on behalf of, the Licensee or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commences, joins in, or in any manner seeks relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder or in any manner asserts against all or any of the Franchisor-Related Persons/Entities any of the Claims released hereunder, the Licensee agrees to pay all attorneys' fees and other costs incurred by any of the Franchisor-Related Persons/Entities in defending or otherwise responding to said suit or assertion directly to the Franchisor-Related Persons/Entities incurring such costs.

Licensee Initials: _________________

"Franchisor-Related Persons/Entities" means Ashland Inc., Valvoline Instant Oil Change Franchising, Inc., Funding Corp. I, and all affiliates of the aforementioned entities, plus any advertising fund, any Franchisee Advisory Group/FAC (including, but not limited to the Franchise Advisory Council, Marketing Advisory Council and Technology Advisory Counsel) and each of the following, whether past, current or future: companies and/or persons acting through and/or in concert with any of the foregoing; partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of any of the foregoing; and predecessors, successors and/or assigns of any of the foregoing.

Licensee Initials: _________________

Date of Releases, Joint and Several Liability. The releases granted hereunder will be deemed effective as of the date hereof. The liabilities and obligations of the Licensee (and any other person/entity providing releases to the Franchisor-Related Persons/Entities) will be joint and several.

Licensee Initials: ________________

Signed and executed this ___ day of ____________, 2017.

LICENSEE:
By: ________________________

EXHIBIT A-10

CONVERSION INCENTIVE PROMISSORY NOTE

DATE OF PROMISSORY NOTE: __[DATE]__

FOR VALUE RECEIVED, the undersigned, ___[COMPANY]__, a __[ENTITY TYPE]__ ("BORROWER"), hereby promises to pay to the order of VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC., a Delaware corporation ("VIOCF"), at 100 Valvoline Way, Lexington, Kentucky 40509, or at such other place as VIOCF may designate in writing, in lawful money of the United States of America, the principal sum of $__[AMOUNT]__, together with interest thereon at the rate set forth herein from the date hereof until paid, on the terms set forth herein. This loan is made in relation to the acquisition or opening of quick oil change facility at __[ADDRESS OF CENTER]__ to be operated as a Valvoline Instant Oil Change branded facility.

Subject to the provisions of Article IV and Article VI, during the period commencing on the date hereof and continuing for a period of ___ years ending on __[DATE]__ (the "Maturity Date"), interest shall accrue on the unpaid principal balance outstanding under this Promissory Note from time to time at a rate per annum equal to zero percent (0%) (the "Applicable Interest Rate"). All interest shall be calculated based on a year of 360 days and the actual number of days elapsed in the period for which such interest is computed.

Commencing __[DATE]__, and on the first day of each calendar month thereafter through and including the Maturity Date, BORROWER shall make monthly payments of principal and accrued interest in the amount which fully amortizes the unpaid principal balance of this Promissory Note and the interest accruing thereon in equal monthly installments, as more fully provided on Schedule A. **Provided, however, if during any calendar month during the term of this Promissory Note (i) BORROWER fully complies with the terms, covenants and conditions of this Promissory Note, and (ii) BORROWER fully complies with all of the terms, covenants, and conditions of all the Development Agreements, License Agreements, Licensee Supply Agreements, Licensee Sign and Equipment Leases, Master Equipment Leases and any other agreements (together the "Borrower Agreements") relating to the Valvoline Instant Oil Change centers now or hereafter operated by BORROWER, then VIOCF shall abate the monthly payment due for that month.** Unless paid monthly or abated, all unpaid principal under this Promissory Note, together with all accrued and unpaid interest thereon, and all other amounts owing by BORROWER under this Promissory Note, shall be due and payable on the Maturity Date. The outstanding principal balance of this Promissory Note may be prepaid at any time in whole or in part without penalty.

All amounts paid or abated under this Promissory Note shall be applied first, to pay all outstanding expenses relating to this Promissory Note and all amounts other than principal and interest due under this Promissory Note (including late charges, reasonable attorneys' fees and legal expenses incurred by the holder of this Promissory Note in endeavoring to collect any amounts payable hereunder which have not been paid when due), second, to pay all accrued and unpaid interest on the unpaid principal balance of this Promissory Note and, third, to pay the unpaid principal balance of this Promissory Note; provided that upon the occurrence of an Event of Default, VIOCF shall be entitled to allocate any payments received by VIOCF to principal, interest, and/or expenses and other amounts relating to this Promissory Note in such order as VIOCF may elect. Except for the right of abatement provided above, all payments of principal, interest and other amounts under this Promissory Note shall be payable without any right of reduction, deferral, set-off, deduction, rescission or counterclaim. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, such payment must be made on the next succeeding Business Day and that extension of time will be included in the computation of the interest due hereunder.

ARTICLE I

REPRESENTATIONS AND WARRANTIES

BORROWER represents and warrants to VIOCF that:

1.1 Existence and Power; Capitalization.

a. it is a __[ENTITY TYPE]__, duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

b. it has the power and authority to own its assets, carry on its business as presently conducted and execute, deliver, and perform its obligations under this Promissory Note;

c. it has all licenses, authorizations, consents and approvals to own its assets, carry on its business as presently conducted and execute, deliver, and perform its obligations under this Promissory Note;

d. it is duly qualified as a __[ENTITY TYPE]__, and is licensed and in good standing, under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license; and

e. it is in compliance with all governmental and quasi-governmental laws, rules, regulations and ordinances applicable to it or the conduct of its business ("Legal Requirements").

1.2 Authorization; No Contravention. The execution, delivery and performance by BORROWER of this Promissory Note has been duly authorized by all necessary action, and does not and will not:

a. contravene the terms of BORROWER's organizational documents;

b. conflict with any order, injunction, writ or decree of any governmental authority to which BORROWER or its property is subject;

c. violate any Legal Requirements; or

d. conflict with any obligation of BORROWER to any other party.

1.3 Binding Effect. This Promissory Note constitutes the legal, valid and binding obligations of BORROWER, enforceable against BORROWER in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

1.4 No Default. No Event of Default (as hereinafter defined) exists or would result from the incurring of the obligations of BORROWER under this Promissory Note. BORROWER is not in default under or with respect to any Contract nor is BORROWER in any other default that would, if such default had occurred after the date hereof, create or cause an Event of Default under this Promissory Note.

1.5 Solvency. As of the time BORROWER executes and delivers this Promissory Note and after giving effect to the transactions contemplated by the Agreement to purchase the assets related to the center to be converted to a Valvoline Instant Oil Change, BORROWER will be solvent and able to pay its debts and other liabilities as they mature in the normal course of business.

ARTICLE II

EVENTS OF DEFAULT

Each of the following shall constitute an "Event of Default":

2.1 Unless abated, BORROWER fails to pay, when and as required to be paid herein, any amount of principal or interest, fee or other amount payable under this Promissory Note; or

2.2 any default occurs under any of the BORROWER Agreements after the date of this Promissory Note and such default continues unremedied beyond any applicable cure period expressly set forth in the applicable BORROWER Agreement, or any BORROWER Agreement is terminated; or

2.3 BORROWER or any Guarantors (i) becomes insolvent or unable, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct a substantial portion of its business in the ordinary course; or (iii) takes any action to effectuate or authorize any of the foregoing; or

2.4 (i) any Bankruptcy Proceeding is commenced or filed against or with respect to BORROWER, any Guarantor or any of their Related Parties, or any writ, judgment, warrant of attachment execution or similar process, is issued or levied against a substantial part of BORROWER's or any Guarantor's property; (ii) BORROWER or any Guarantor admits to the material allegations of a petition against it in any Bankruptcy Proceeding, or an order for relief is ordered in any Bankruptcy Proceeding; or (iii) BORROWER or any Guarantor acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefore) or other similar person or entity for itself or a substantial portion of its property or business.

ARTICLE III

REMEDIES

If any Event of Default occurs, VIOCF may at its option:

3.1 declare all principal, interest and amounts owing or payable under this Promissory Note to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by BORROWER; and

3.2 exercise any and all rights and remedies available to it under this Promissory Note or applicable law or equity or the BORROWER Agreements;

provided that, upon occurrence of any Event of Default set forth in Section 2.4 hereof, the unpaid principal balance on this Promissory Note (and any and all interest and other obligations owing with respect thereto) shall be immediately and automatically due and payable without action of any kind on the part of VIOCF and interest shall automatically accrue as provided in Article IV hereof.

EXHIBIT A-10

ARTICLE IV

DEFAULT INTEREST

BORROWER agrees that, upon the occurrence of an Event of Default, VIOCF shall be entitled to receive and BORROWER shall pay interest on the entire unpaid principal sum at a per annum rate equal to the lesser of (a) eighteen percent (18%) per annum or (b) the maximum interest rate which BORROWER may by law pay (the "Default Rate"). The Default Rate shall be computed from the occurrence of the default giving rise to such Event of Default (without regard to any notice or grace period) until the earlier of the date upon which the Event of Default is cured or the date upon which this Promissory Note is paid in full. Interest calculated at the Default Rate shall be deemed part of the interest payable on this Promissory Note. This clause, however, shall not be construed as an agreement or privilege to extend the Maturity Date of this Promissory Note, nor as a waiver of any other right or remedy accruing to VIOCF by reason of the occurrence of any Event of Default.

ARTICLE V

LATE CHARGE

If any amount payable under this Promissory Note is not paid or abated prior to the fifth (5^{th}) Business Day after the date such payment is due pursuant to the terms of this Promissory Note (including by reason of acceleration or otherwise hereunder), BORROWER shall pay to VIOCF upon demand an amount equal to the lesser of the then current late charge under the License Agreements or the maximum amount permitted by applicable law to defray the expenses incurred by VIOCF in handling and processing the delinquent payment and to compensate VIOCF for the loss of the use of the delinquent payment.

ARTICLE VI

CHARGES ON AMOUNTS PAYABLE UNDER THIS PROMISSORY NOTE

It is the intent of BORROWER and VIOCF that this Promissory Note be exempt from the restrictions of the usury laws of the State of Kentucky. In the event that for any reason it is nonetheless determined that Kentucky usury law is applicable to this Promissory Note, BORROWER and VIOCF stipulate and agree that none of the terms and provisions contained herein shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Kentucky. In such event, if VIOCF shall collect monies which are deemed to constitute interest which would otherwise increase the effective interest rate under this Promissory Note to a rate in excess of the maximum rate permitted to be charged by the laws of the State of Kentucky, all such sums shall, at the option of VIOCF, be credited to the payment of the sums thereafter due hereunder or returned to BORROWER. All sums paid or agreed to be paid to VIOCF for the use, forbearance, or detention of the amounts payable under this Promissory Note, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of this Promissory Note until payment in full so that the rate or amount of interest payable under this Promissory Note does not exceed the maximum lawful rate of interest from time to time in effect and applicable to this Promissory Note for so long as this Promissory Note is outstanding.

ARTICLE VII

RIGHTS NOT EXCLUSIVE

Except as hereinafter provided, the rights provided for in this Promissory Note are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE VIII

NO WAIVER; CUMULATIVE REMEDIES

No failure to exercise and no delay in exercising, on the part of VIOCF, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

EXHIBIT A-10

ARTICLE IX

INDEMNIFICATION

BORROWER hereby indemnifies and agrees to defend and hold harmless VIOCF and its Related Parties against all Losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefore whether or not VIOCF is a party thereto) which VIOCF or any of its Related Parties may pay or incur arising out of or relating to this Promissory Note. The obligations of BORROWER under this Article IX shall survive the termination or repayment of this Promissory Note.

ARTICLE X

NOTICES

All notices required or permitted herein must be given in writing and must be given to such party at its address set forth below or such other address as such party may hereafter specify. All notices mailed or delivered to BORROWERS at the address of the Center shall be deemed sufficient. Each such notice, request or other communication shall be effective (i) if given by mail, forty-eight (48) hours after such communication is deposited in the mail with first class postage prepaid, addressed as aforesaid, or (ii) if given by any other means, when delivered at the address specified in this Article XI.

Notices to VIOCF:
VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.
100 Valvoline Way
Lexington, Kentucky 40509
Attn.: Franchise Operations

Notices to BORROWERS:

ARTICLE XI

GOVERNING LAW

THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF KENTUCKY, NOTWITHSTANDING ANY CONFLICT-OF-LAW PROVISIONS TO THE CONTRARY.

ARTICLE XII

WAIVER OF JURY TRIAL

If BORROWER or VIOCF commences any litigation, proceeding or other legal action in connection with or relating to this Promissory Note or any matters described or contemplated herein, BORROWER and VIOCF: (i) must institute that litigation, proceeding or other legal action in a court of competent jurisdiction located within Fayette County, Kentucky, whether a state or federal court; (ii) hereby consent and submit to personal jurisdiction and venue in Fayette County, Kentucky and to service of process upon them in accordance with the rules and statutes governing service of process (it being understood that nothing in this Article XII shall be deemed to prevent any party from seeking to remove any action to a federal court in Fayette County, Kentucky); (iii) hereby waive to the fullest extent permitted by law any objection that they may now or hereafter have to the venue of that litigation, proceeding or action in any court or that any such litigation, proceeding or action was brought in an inconvenient forum; (iv) agree that service of process in any legal proceeding may be made by mailing copies thereof to each party at its address set forth in Article X for communications to that party; (v) agree that any service made as provided herein is effective and binding service in every respect; and (vi) agree that nothing herein affects the rights of any party to effect service of process in any other manner permitted by law.

BORROWER AND VIOCF EACH WAIVE THEIR RIGHT TO A TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS PROMISSORY NOTE.

ARTICLE XIII

WAIVER OF PRESENTMENT

BORROWER hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and repayment of this Promissory Note and, to the extent permitted by applicable law, the defense of the statute of limitations. BORROWER expressly agrees that, without in any way affecting the liability of BORROWER hereunder and without giving any notice to BORROWER thereof, VIOCF may, at its option, extend the maturity date or the time for payment of any payment due hereunder, accept additional security, release any party liable hereunder, release any security now or hereafter securing this Promissory Note, accept a renewal of this Promissory Note or join in any subordination agreement. No provision in this Promissory Note (including, without limitation, the provisions for the late charge or interest at the Default Rate) shall be construed as in any way excusing BORROWER from its obligation to make each payment under this Promissory Note promptly when due.

ARTICLE XIV

ATTORNEYS' FEES AND OTHER EXPENSES

If BORROWER fails to pay any amounts owing under this Promissory Note when due or if an Event of Default occurs under this Promissory Note, BORROWER shall pay VIOCF, within ten (10) days after demand by VIOCF, all reasonable attorneys' fees and costs, and all other reasonable and necessary out-of-pocket expenses, including, without limitation, title, filing, recording, trustee and other costs or fees, incurred by VIOCF in connection with this Promissory Note and the exercise of any right or remedy under this Promissory Note.

ARTICLE XV

SUCCESSORS AND ASSIGNS

This Promissory Note shall be binding upon and shall inure to the benefit of BORROWER and VIOCF and their respective successors and assigns.

ARTICLE XVI

RELATED PARTIES

For purposes of this Promissory Note, "Related Parties" means, with respect to BORROWER, __[ENTITY WITH AN INTEREST IN THE BUSINESS]__; and "Related Parties" means, with respect to VIOCF, Ashland Inc., VIOCF Instant Oil Change Franchising, Inc., and each of their respective parents, affiliates and subsidiaries and their successors and assigns.

IN WITNESS WHEREOF, this Promissory Note has been duly executed as of the date first above written.

WITNESSES:	BORROWER BY:
______________________________	______________________________

EXHIBIT A-10

______________________________ By:
Title:

EXHIBIT A-10

SCHEDULE A

Amortization Schedule

EXHIBIT A-11

DEVELOPMENT AGREEMENT

This Development Agreement (this "Agreement") is made and entered into as of this ___ day of _____________, 20__ (the "Effective Date") by and between Valvoline Instant Oil Change Franchising, Inc., a Delaware corporation with a mailing address of ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509 ("Grantor"), and ______________, a _________________ corporation with a business address of _______________ _________________________________ ("Developer"). Valvoline LLC, a Delaware limited liability company with a mailing address of ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509 ("Valvoline"), is joining this Agreement for purposes of acknowledging and agreeing to Section 1.4 below.

WITNESSETH:

WHEREAS, Grantor, as the result of the expenditure of time, skill, effort and money, has developed and owns a distinctive system ("System") relating to the establishment and operation of service centers providing motor vehicle oil change, lubrication and specified additional services and featuring certain VALVOLINE® brand products ("Centers");

WHEREAS, the distinguishing characteristics of the System include, without limitation, (i) specialized building design, equipment, standards, specifications and procedures for operations, (ii) consistency of products and services offered, (iii) procedures for quality and inventory control and (iv) training, assistance, advertising and promotional programs, all of which may be changed, improved and further developed by Grantor from time to time;

WHEREAS, Grantor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including , but not limited to, the marks "V", "VALVOLINE INSTANT OIL CHANGE® and design", "VALVOLINE®", "V®", "INSTANT OIL CHANGE™", "INSTANT OIL®", "VALVOLINE INSTANT OIL CHANGE®" and such other trade names, service marks and trademarks as are now designated (and may hereafter be designated by Grantor in writing) for use in connection with the System ("Proprietary Marks");

WHEREAS, Grantor continues to develop, use and control the use of such Proprietary Marks in order to identify for the public the source of services marketed thereunder and under the System and to represent the System's high standards of quality, appearance, and service;

WHEREAS, Developer wishes to obtain certain development rights under Grantor's System to construct and/or acquire a total of _____ new Centers within the Development Area (as such term is defined in Section 1.1 below);

WHEREAS, in order to reach a total of ________ new Centers within the Development Area, Developer shall (i) construct _____ new Centers in the Development Area (the "Ground-Up Centers") and (ii) acquire _______ existing oil change facilities in the Development Area that are not currently operating under the Valvoline Instant Oil Change brand/system and convert them into ____________ Centers (the "Converted Centers"; together with the Ground-Up Centers, the "New Centers"); and

WHEREAS, Grantor desires to grant such development rights to Developer pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. GRANT

1.1. Subject to the ability of Developer to (i) fund the construction of the Ground-Up Centers and the acquisition and conversion of the Converted Centers and (ii) meet Grantor's minimum financial qualifications for each New Center, Grantor hereby grants development rights to Developer, and Developer accepts the obligation, pursuant to the terms and conditions of this Agreement, to (i) construct, establish and operate a minimum of [______] (__) Ground-Up Centers and (ii) acquire [__________] (__) or more existing oil change facilities (that are not currently operating under the Valvoline Instant Oil Change brand/system and convert them into [_______] (__) Converted Centers within the Development Area (at specific locations to be agreed upon by the parties) pursuant to the development schedule set forth in Attachment A hereto, which is incorporated by reference into this Agreement ("Development Schedule"). Each New Center developed hereunder shall be located in the area described in Attachment B hereto, which is incorporated by reference into this Agreement (the "Development Area"), and shall be established and operated pursuant to a separate license agreement (the "License Agreement") to be entered into between Developer and Grantor in accordance with Section 4.1.

1.2. During the term of this Agreement, Grantor shall not establish or operate, or license other persons to establish or operate, any Center under the System and the Proprietary Marks located within the Development Area.

1.3. In the event that Developer successfully fulfills its obligations hereunder, including without limitation, timely satisfaction of the Development Schedule, Grantor will, within thirty (30) days following the date that the last New Center to be developed hereunder opens for business and on each anniversary thereof (each such date, an "Evaluation Date"), review and evaluate the Development Area for additional growth opportunities. If Grantor determines, in its sole discretion, that the Development Area is fully developed based on then-current conditions on an Evaluation Date, Grantor will not establish or operate, or license other persons to establish or operate, any Center under the System and the Proprietary Marks located within the Development Area until the succeeding Evaluation Date. If Grantor determines, in its sole discretion, that the Development Area requires further development based on then-current conditions on an Evaluation Date, Grantor will offer Developer the option to develop the Development Area further pursuant to a separate development agreement in Grantor's then-current form, with such development agreement to be executed within ninety (90) days of the most recent Evaluation Date. In the event that Developer elects not to execute the new development agreement, Grantor shall not be required to review and evaluate such Area for further development on subsequent Evaluation Dates hereunder and may, at its option, but without limitation, (i) execute a development agreement with any third party with respect to the further development of that Area or (ii) establish or operate, or license other persons to establish and operate, Centers under the System and the Proprietary Marks within that Area.

1.4 The protections afforded to Developer in Section 1.2 and in the second sentence of Section 1.3 shall not preclude or otherwise apply to acquisitions of individual quick lube stores or broader quick lube systems that Grantor, Valvoline or any newly formed entity controlled by Grantor or Valvoline (Grantor and Valvoline, together with any entities newly formed by Grantor or Valvoline, are collectively referred to as the "Grantor Group") may consummate within or that may otherwise impact any Development Area or the broader market associated with such Development Area during the term hereof or thereafter (each, an "Acquisition"). In the case of any such Acquisition, the Grantor Group may (i) own and/or operate, and license other persons to own and/or operate, any acquired quick lube stores or all or any part of an acquired quick lube system under the then-existing brand (i.e., the then-current brand of the target store or system) and/or (ii) (a) convert the acquired quick lube stores or all or any part of an acquired quick lube system into Centers under the System and the Proprietary Marks and (b) own and/or operate, and license other persons to own and/or operate, any such converted Center(s) under the System and the Proprietary Marks. With respect to acquired quick lube stores or systems, as referenced in clause (i) of the foregoing sentence, or converted Centers, as referenced in clause (ii) of the foregoing sentence, within the Development Area, the Grantor Group and Developer will work together in good faith to determine appropriate territory boundaries between such acquired facilities and Developer's existing Centers utilizing the parameters of Developer's then-existing License Agreements for its Centers within the Development Area and the store radius protections set forth therein.

1.5 For purposes of this Section 1, the Proprietary Marks do not include the mark "VALVOLINE" or the mark "V" when either such mark is used apart from the mark "INSTANT OIL CHANGE."

1.6 This Agreement is not a license agreement to use or license the use of the Proprietary Marks or the System and does not grant any such rights to Developer.

2. FEES

2.1. In consideration of the development rights granted herein and upon the execution of this Agreement, Developer will pay to Grantor a development fee (the "Development Fee") of __________________ Dollars ($_________), receipt of which is hereby acknowledged by Grantor, which has been fully earned, and is non-refundable in consideration of administrative and other expenses incurred by Grantor and for the development opportunities lost or deferred as a result of the rights granted Developer herein. The Development Fee equals the sum of (i) _________________ Dollars ($_______) for each of the ____________ Ground-Up Centers plus (ii) ______________ Dollars ($____________) for each of the ____________ Converted Centers.

2.2. Upon the execution of a License Agreement for each of the [________] (__) Ground-Up Centers, Developer will pay a license fee of [_____________] Dollars ($___) for each such Center to Grantor. Upon the execution of a License Agreement for each of the [_________] (___) Converted Centers, Developer will pay a license fee of [_________] Dollars ($___) for each such Center to Grantor.

2.3 Developer will pay to Grantor an additional fee (the "Additional Fee") of ______________ Dollars ($____________) upon the earlier of (i) the ________ year anniversary of this Agreement or (ii) the date this Agreement is terminated by Grantor due to Developer's default hereunder; provided, however, that if Developer (a) satisfies all obligations hereunder by the __________ year anniversary of the Effective Date, including, without limitation, the obligation to establish __________ New Centers in the Development Area in accordance with the Development Schedule and (b) pays applicable license fees under the License Agreements for all New Centers, Developer shall not be responsible for payment of the Additional Fee.

3. INCENTIVE/BOUNTY PAYMENTS

Grantor shall make a one-time incentive payment to Developer for each New Center subject to the following terms and conditions:

3.1 For all New Centers opened after the Effective Date and during the term of this Agreement, Grantor shall pay to Developer (i) an amount equal to $[_________] per Converted Center opened by Developer in the Development Area (each, a "Converted Center Bounty Payment") and (ii) an amount equal to $[_________] per Ground-Up Center opened by Developer in the Development Area (each, a "Ground-Up Center Bounty Payment"). These amounts will be paid on a rolling basis within thirty (30) days following the opening of the respective New Center. Developer shall execute a promissory note, in a form mutually satisfactory to Grantor and Developer, as a condition to receiving each Converted Center Bounty Payment and each Ground-Up Center Bounty Payment (each Converted Center Bounty Payment and each Ground-Up Center Bounty Payment, an "Actual Bounty Payment"). Each such promissory note may be amended to reflect the "true up" amount/process described in Sections 3.3 and 3.4 below.

3.2 It is understood and agreed that (i) each Converted Center Bounty Payment is based on such Center performing at least 10,000 oil changes (the "Projected Number of Converted Center Oil Changes") in the 12 month period between the six (6) month anniversary of the Center opening and the eighteen (18) month anniversary of the Center opening (each such Converted Center that has been open for 18 months, a "Mature Converted Center") and (ii) each Ground-Up Center Bounty Payment is based on such Center performing at least 12,500 oil changes (the "Projected Number of Ground-Up Center Oil Changes") in the 12 month period between the one (1) year anniversary of the Center opening and the two (2) year anniversary of the Center opening (each such Ground-Up Center that has been open for 24 months, a "Mature Ground-Up Center").

3.3 With respect to each Converted Center Bounty Payment, a "true up" adjustment will occur on the first day of the calendar quarter beginning at least eighteen (18) months after the opening of the Center (the "Converted OCPD Measurement Date"). The number of oil changes performed by the Converted Center in the six (6) months preceding the Converted OCPD Measurement Date shall be annualized/multiplied by two (2) (the "Actual Number of Converted Center Oil Changes") and compared against the Projected Number of Converted Center Oil Changes.

3.3.1 In the event that the Actual Number of Converted Center Oil Changes exceeds the Projected Number of Converted Center Oil Changes for a given Center, Grantor shall pay additional funds to Developer in an amount equal to $10 per oil change by which the Actual Number of Converted Center Oil Changes exceeds the Projected Number of Converted Center Oil Changes. By way of example, if 12,000 is the Actual Number of Converted Center Oil Changes and 10,000 is the Projected Number of Converted Center Oil Changes for a given Center, Grantor shall pay an additional $20,000 to Developer for that Center. In the event that the Projected Number of Converted Center Oil Changes exceeds the Actual Number of Converted Center Oil Changes for a given Center, Developer shall repay funds to Grantor in an amount equal to $10 per oil changes by which the Projected Number of Converted Center Oil Changes exceeds the Actual Number of Converted Center Oil Changes. By way of example, if 10,000 is the Projected Number of Converted Center Oil Changes and 7,500 is the Actual Number of Converted Center Oil Changes for a given Center, Developer shall repay $25,000 to Grantor for that Center.

3.4 With respect to each Ground-Up Center Bounty Payment, a "true up" adjustment will occur on the first day of the calendar quarter beginning at least twenty four (24) months after the opening of the Center (the "Ground-Up OCPD Measurement Date"). The number of actual oil changes performed by the Ground-Up Center in the six (6) months preceding the Ground-Up OCPD Measurement Date shall be annualized/multiplied by two (2) (the "Actual Number of Ground-Up Center Oil Changes") and compared against the Projected Number of Ground-Up Center Oil Changes.

3.4.1 In the event that the Actual Number of Ground-Up Center Oil Changes exceeds the Projected Number of Ground-Up Center Oil Changes for a given Center, Grantor shall pay additional funds to Developer in an amount equal to $10 per oil change by which the Actual Number of Ground-Up Center Oil Changes exceeds the Projected Number of Ground-Up Center Oil Changes. By way of example, if 17,500 is the Actual Number of Ground-Up Center Oil Changes and 12,500 is the Projected Number of Ground-Up Center Oil Changes for a given Center, Grantor shall pay an additional $50,000 to Developer for that Center. In the event that the Projected Number of Ground-Up Center Oil Changes exceeds the Actual Number of Ground-Up Center Oil Changes for a given Center, Developer shall repay funds to Grantor in an amount equal to $10 per oil change by which the Projected Number of Ground-Up Center Oil Changes exceeds the Actual

Number of Ground-Up Center Oil Changes. By way of example, if 12,500 is the Projected Number of Ground-Up Center Oil Changes and 10,500 is the Actual Number of Ground-Up Center Oil Changes for a given Center, Developer shall repay $20,000 to Grantor for that Center.

3.5 In the event that multiple Mature Centers have the same Ground-Up OCPD Measurement Date and/or the same Converted OCPD Measurement Date, as applicable, any and all true-up adjustments made as of that Date shall be aggregated and netted out as of that Date.

3.6 All amounts hereunder shall be paid by Developer or Grantor, as applicable, within thirty (30) days following Grantor's determination of the amounts due/payable.

3.7 In the event that any New Center closes prior to the expiration of the 15-year term of its respective License Agreement, Developer shall repay a prorated portion of the Actual Bounty Payment (as adjusted in accordance with Section 3.3.1 or 3.4.1 (the "Individual Center True-Up Amount") in the event that closure occurs following such adjustment), with the prorated amount being equal to (i) the number of full months remaining on the term of such License Agreement divided by 180 and then multiplied by (ii) the Actual Bounty Payment (as adjusted by the Individual True-Up Center Amount if the closure occurs following such adjustment). Developer shall make such payment to Grantor within fifteen (15) days following the closure of the New Center.

4. DEVELOPMENT OBLIGATIONS

4.1. Developer shall collaborate with Grantor to assess the Development Area and choose sites therein for the New Centers. Developer shall execute a License Agreement for each New Center, which shall be located at a site approved by Grantor in its sole discretion within the Development Area as hereinafter provided. The License Agreement for each Center developed hereunder shall be the form of License Agreement being offered generally by Grantor at the time each such License Agreement is executed. The License Agreement for each Center shall be executed by Developer and submitted to Grantor within the time frame specified in the Development Schedule.

4.2. Recognizing that time is of the essence, Developer agrees to satisfy the Development Schedule by executing License Agreements and developing the New Centers within the time frames established in the Development Schedule. Failure by Developer to adhere strictly to the Development Schedule within the time specified shall constitute a default under this Agreement as provided in Section 7.2.1.

4.3 In connection with the rights granted hereunder, Developer will (i) provide all capital for the acquisition, development, construction, conversion and operation of the New Centers and (ii) coordinate, oversee and manage all construction associated with the New Centers, including, without limitation, securing all local permits and approvals therefor, and Grantor will (x) assist Developer in identifying potential targets in the Development Area for the Converted Centers, (y) assist Developer in identifying potential sites in the Development Area for the Ground-Up Centers and (z) provide operational support for the New Centers as further described in the License Agreement for each New Center.

5. TERM. Unless sooner terminated as hereinafter provided, the term of this Agreement and all rights granted hereunder and obligations undertaken herein shall commence on the Effective Date and expire on the earlier of (i) the __________ year anniversary of the Effective Date and (ii) the date that the last New Center to be developed hereunder opens for business.

6. OBLIGATIONS OF DEVELOPER

6.1. Developer undertakes and accepts the following obligations:

6.1.1. Except as otherwise approved in writing by Grantor, if Developer is a corporation, it shall comply with the following requirements throughout the term of this Agreement:

6.1.1.1. Developer shall be duly organized and shall confine its activities, and its Articles of Incorporation, Bylaws, and other governing documents, if any, shall at all times provide that its activities are confined, exclusively to operating the business licensed hereunder.

6.1.1.2. Developer shall promptly furnish Grantor with its Articles of Incorporation, Bylaws, other governing documents, and any other documents Grantor may reasonably request and any amendments thereto.

6.1.1.3. Developer shall maintain stop-transfer instructions against the transfer on its records of any equity securities and any and all certificates evidencing its securities shall include the following printed legend:

> The transfer of this stock is subject to the terms and conditions of a Development Agreement dated ________________ and License Agreement(s) dated _____________________ with Valvoline Instant Oil Change Franchising, Inc., which are on file at the principal offices of this Corporation and Valvoline Instant Oil Change Franchising, Inc. Reference is made to the provisions of the said Agreements and to the Articles and Bylaws of this Corporation.

6.1.1.4. Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Developer, which list shall include the ownership percentages for each owner, and shall promptly furnish the list to Grantor annually or at any time upon Grantor's request; provided, however, that if Developer or any of its Affiliates are publicly-held corporations, Developer shall only be required to maintain and furnish to Grantor a current list of all owners of record of Developer's stock. As used in this Agreement, "Affiliate" means any individual, corporation, partnership, or other entity directly or indirectly controlling or controlled by or under direct or indirect common control of another. For purposes of this definition, "control" means the power to direct the management and policies of another, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and shall be presumed to include any person having fifteen percent (15%) or greater interest in another; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

6.1.2. Except as otherwise approved in writing, if Developer is a partnership, it shall comply with the following requirements throughout the term of this Agreement:

6.1.2.1. Developer shall be duly organized and shall confine its activities, and its partnership agreement, and other governing documents, if any, shall at all times provide that its activities are confined, exclusively to operating the business licensed hereunder.

6.1.2.2. Developer shall promptly furnish Grantor with its partnership agreement as well as such other documents as Grantor may reasonably request, and any changes thereto.

6.1.2.3. Developer shall prepare and furnish to Grantor, upon request, a current list of all general and limited partners in Developer.

6.1.2.4. All corporations which are general partners of Developer shall comply with Section 6.1.1 hereof.

6.2. Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Developer by Grantor, including, without limitation, information regarding site selection and marketing methods and techniques of Grantor and the System, and shall disclose such information or materials only to such of Developer's employees or agents who must have access to it in connection with their employment. Developer shall not at any time copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. Developer acknowledges that any violation of the terms of this Section 6.2 would result in irreparable injury to Grantor for which no adequate remedy at law may be available, and Developer accordingly consents to the issuance of an injunction prohibiting any conduct by Developer in violation of this Section 6.2.

6.3. Developer shall comply with all requirements of Federal, state, and local laws, rules and regulations.

6.4. Developer shall furnish, and shall cause [INSERT NAME OF KEY PRINCIPALS] (the "Principals") to furnish to Grantor:

6.4.1. Upon Grantor's written request, exact copies of Federal and state income-tax returns of Developer and Principal(s); and

6.4.2. Within ninety (90) days after the end of their respective fiscal years during the term of this Agreement, the balance sheet of Developer and Principal(s) as at the end of such fiscal year and the related statements of income and retained earnings and changes in financial position of Developer and Principal(s) for the fiscal year then ended, duly executed or acknowledged by Developer and Principal(s), respectively, to the effect that such statements fairly present the financial condition of Developer and Principal(s) as at such dates and the results of the operations of the Developer and Principal(s) for the periods ended on such dates, all in accordance with generally accepted accounting principles in effect on such dates applied on a consistent basis. Grantor reserves the right to require either or both Developer and Principal(s) to furnish to Grantor the statements described in this Section 6.4.2 certified by certified public accountants approved by Grantor.

6.4.3. Within thirty (30) days after the end of each respective calendar quarter during the term of this Agreement, the balance sheet of Developer and Principal(s) as at the end of such quarter and the related statements of income and retained earnings and changes in financial position of Developer and Principal(s) for the calendar quarter then ended, duly executed or acknowledged by Developer and Principal(s), respectively, to the effect that such statements fairly present the financial condition of Developer and Principal(s) as such dates and the results of the operations of Developer and Principal(s) for the periods ended on such dates, all in accordance with generally accepted accounting principles in effect on such dates applied on a consistent basis.

6.4.4. Developer hereby agrees with Grantor that Grantor may release the information delivered pursuant to Section 6.4.2 and Section 6.4.3 to Affiliates of Grantor and lenders to Grantor or Affiliates, potential, actual or otherwise. Developer and Principal(s) hereby agree to release and hold Grantor harmless from any and all losses, costs, damages, expenses and liabilities in connection with the release of such financial information.

6.5. Developer shall notify Grantor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Developer or its ability to fulfill its obligations under this Agreement.

7. DEFAULT, TERMINATION AND EXPIRATION

7.1. Developer shall be deemed to be in default under this Agreement, and this Agreement, together with all rights granted herein, shall automatically terminate without notice to Developer, (i) if Developer becomes insolvent or makes a general assignment for the benefit of creditors, (ii) if Developer admits in writing its insolvency or its inability to meet obligations as they become due and payable, (iii) if a petition in bankruptcy is filed by Developer or such a petition is filed against and not opposed by Developer, (iv) if Developer is adjudicated as bankrupt or insolvent, (v) if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer, (vi) if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, (vii) if proceedings for a composition with creditors under any state or Federal law should be instituted by or against Developer, (viii) if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), (ix) if Developer is dissolved, (x) if execution is levied against Developer's business or property or (xi) if the real or personal property of Developer shall be sold after levy thereupon by any sheriff, marshal, constable, or other authorized official.

7.2. Developer shall be deemed to be in default and Grantor, at its option, may terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon the giving of notice to Developer, upon the occurrence of any of the following events:

7.2.1. If Developer fails to comply strictly with the Development Schedule or fails to comply with, or is in breach of, any other obligation of Developer under this Agreement, including, without limitation, its obligations under Section 7.2 of this Agreement;

7.2.2. If any of Developer's License Agreements for the New Centers or any other agreement between Developer and Grantor or its Affiliates is terminated due to a breach or default by Developer;

7.2.3. Developer, or any officer, director, or partner of Developer, is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Grantor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the reputation associated therewith, or Grantor's interest therein;

7.2.4. If Developer knowingly maintains false books or records or knowingly submits any false reports to Grantor;

7.2.5. If a transfer occurs contrary to the terms of Section 8 of this Agreement;

7.2.6. If Developer fails to maintain adequate insurance in accordance with Section 10 of this Agreement;

7.2.7. If Developer, after curing a default pursuant to Section 7.3, commits the same act of default again within two (2) years of the original default; and

7.2.8. Upon the third instance within a twelve (12) month period that Developer is in default hereof for failure to comply with any of the requirements imposed by this Agreement, whether or not such default is cured after notice.

7.3. Except as provided in Sections 7.1 and 7.2, Developer shall have fifteen (15) days, or such longer period as applicable law may require, after receipt from Grantor of a written notice of termination, within which to remedy any default hereunder and to provide evidence thereof to Grantor. If any such default is not cured within such time period, this Agreement shall terminate without further notice to Developer effective immediately upon expiration of such time period.

7.4. Upon any default under Sections 7.2 or 7.3, Grantor immediately may take any one or more of the following actions, by written notice to Developer:

7.4.1. Terminate this Agreement and all rights granted Developer hereunder.

7.4.2. Accelerate the Development Schedule or reduce the number of New Centers to be developed thereunder.

7.5. Upon termination or expiration of this Agreement:

7.5.1. All rights granted to Developer hereunder shall terminate and Developer shall have no right to establish or operate any New Center for which a License Agreement has not been executed by Grantor at the time of termination.

7.5.2. Grantor shall be entitled to establish, and to license others to establish, Centers in the Development Area except as may be otherwise provided under any License Agreement in effect between Grantor and Developer.

7.5.3. Developer agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Grantor's rights in and to the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Grantor's rights in and to the Proprietary Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Grantor constituting unfair competition.

7.5.4. Developer shall promptly pay all sums owing to Grantor and its Affiliates, including, without limitation, the Additional Fee referenced in Section 2.3 above. In the event of termination for any default of Developer, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Grantor as a result of the default, which obligations shall give rise to and remain, until paid in full, a lien in favor of Grantor against any and all of the real or personal property, furnishings, equipment, signs, fixtures, and inventory owned by Developer and located on the premises of the New Centers developed hereunder.

7.5.5. Developer shall pay to Grantor all damages, costs, and expenses, including collection costs and reasonable attorneys' fees, incurred by Grantor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 6.

7.5.6. In the event of termination for any default of Developer, Developer shall immediately deliver to Grantor all materials and information furnished or disclosed to Developer by Grantor which are confidential.

7.5.7. In the event of termination for any default of Developer, Grantor shall have the option, to be elected by written notice to Developer within thirty (30) days and exercised within sixty (60) days after the date of such termination of this Agreement, to purchase from Developer, Developer's interest in any or all New Center premises, regardless of whether such premises under construction, and all of the construction materials, furnishings, equipment, signs, fixtures, supplies, or inventory of Developer related to such New Center at a price equal to the Fair Market Value. If Grantor elects to exercise such option to purchase, it shall have the right to set off all amounts due from Developer against any payment therefor. For purposes of this Section 7.5.7, the term "Fair Market Value" shall be determined by the following appraisal method: Developer and Grantor shall each hire a qualified, independent appraiser experienced in the industry who shall separately determine the value or cash equivalency of the premises, materials and/or improvements, as applicable. If their appraisals are less than five percent (5%) apart, then the two amounts shall be averaged and the resulting amount shall be adopted by the parties. If their appraisals are different by five percent (5%) or more, then the two appraisers shall select a third qualified, independent appraiser experienced in the industry who shall determine the value or cash equivalency. The cost of the third appraiser shall be split evenly by the parties. If such amount is different by five percent (5%) or more from either of the first two appraisals, then the three appraisal amounts shall be averaged and the resulting amount shall be adopted by the parties.

7.5.8. Developer shall comply with the covenants contained in Section 6.2.

7.5.9. Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which either party may have against the other whether under this Agreement or otherwise, for any reason, whether such claims or rights arise before or after such termination or expiration.

7.5.10. Developer agrees and acknowledges that Developer's failure to comply with the provisions of this Section 7.5 will result in irreparable harm to Grantor and to the Proprietary Marks.

7.6. Default under this Agreement shall not constitute a default under any License Agreement between the parties hereto, unless the action or inaction giving rise to the default hereunder also gives rise to a default under such License Agreement.

7.7. No right or remedy herein conferred upon or reserved to Grantor is exclusive of any other right or remedy provided or permitted by law or equity.

8. <u>TRANSFER OF INTEREST</u>

8.1. <u>Transfer by Grantor</u>

Grantor shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity.

8.2. <u>Transfer by Developer</u>

Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer and that Grantor has granted the development rights in reliance on Developer's business skill, financial capacity and personal character. As such, Developer may transfer or assign all or any part of its rights or obligations herein to any person or legal entity only upon the prior written consent of Grantor (which consent may be withheld in the sole discretion of Grantor).

9. NOTICES

9.1. All notices, requests and other communications to any party hereunder shall be in writing and shall be given to such party at its address set forth below or such other address as such party may hereafter specify. Each such notice, request or other communication shall be effective (i) if given by mail, forty-eight (48) hours after such communication is deposited in the mail with first class postage prepaid, addressed as aforesaid, or (ii) if given by any other means, when delivered at the address specified in this Section 9.

Notices to Grantor: Valvoline Instant Oil Change Franchising, Inc.
~~3499 Blazer Parkway~~100 Valvoline Way
Lexington, Kentucky 40509
Attn.: Chip Huffman, Director of Franchising

Notices to Developer: ______________________________________
____
____
Attn.: ________________________________

10. INDEMNIFICATION

10.1 Developer agrees to protect, indemnify hold harmless and defend Grantor, its subsidiaries and related companies, and the officers, directors, employees, workers and agents of Grantor, its subsidiaries and related companies (collectively, the "Grantor Group") from and against any and all losses, damages (including, but not limited to, punitive damages), demands, suits, claims, actions and other liabilities, including, without limitation, reasonable attorneys fees, judgment amounts, settlement amounts and other expenses of litigation (collectively, "Losses"), arising from or relating to (i) Developer's breach of any provision, term or covenant of this Agreement, (ii) Developer's negligence or willful misconduct and/or (iii) any third party claim related to Developer's conduct, actions, or failure to act; provided, however, that this indemnification obligation shall not apply in the event that the Losses are due to Grantor's willful misconduct.

10.2 In the event Grantor seeks indemnification hereunder, Grantor shall (i) give prompt notice of the relevant claim, (ii) cooperate with Developer, at Developer's expense, in the defense of such claim and (iii) give Developer the right to control the defense and settlement of any such claim, except that Developer shall not enter into any settlement that affects Grantor's rights or interests without Grantor's prior written approval. Grantor shall have the right to participate in the defense at its own expense.

10.3 Developer's agreement to protect, indemnify, hold harmless and defend as set forth in Section 10.1 above shall not be negated or reduced by virtue of Developer's insurance carrier's denial of insurance coverage for the occurrence or event which is the subject matter of the claim and/or refusal to defend the Grantor or the Grantor Group. The provisions of this Section 10.3 shall survive the termination or expiration of this Agreement. The liability of Developer under this Section 10.3 shall not be reduced or limited in any way by worker's compensation regulations, statutes, or constitutional provisions, and Developer hereby waives any limitation on Grantor's or the Grantor Group's rights against Developer which may be afforded by such regulations, laws or provisions.

11. INSURANCE

All New Centers developed hereunder shall procure and maintain insurance coverage as required by the individual License Agreements for such Centers.

12. MISCELLANEOUS

12.1. It is understood and agreed by the parties hereto that Developer shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever.

12.2. It is understood and agreed that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on Grantor's behalf, or to incur any debt or other obligation in Grantor's name; and that Grantor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Grantor be liable by reason of any act or omission of Developer in Developer's operations hereunder, or for any claim or judgment arising therefrom against Developer or Grantor.

12.3. No delay, waiver, omission, or forbearance on the part of Grantor to exercise any right, option, duty, or power arising out of any breach of default by Developer under any of the terms, provisions, covenants, or conditions hereof, shall constitute a waiver by Grantor to enforce any such right, option, duty, or power as against Developer, or as to any subsequent breach or default by Developer. Subsequent acceptance by Grantor of any payments due it hereunder shall not be deemed to be a waiver by Grantor of any preceding breach by Developer of any terms, provisions, covenants, or conditions of this Agreement.

12.4 This Agreement, the documents referred to herein, and the Attachments hereto, if any, constitute the entire, full, and complete Agreement between Grantor and Developer concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced Developer to execute this Agreement. Except for those permitted to be made unilaterally by Grantor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

12.5. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such invalid portions, sections, parts, terms, and/or provisions shall not impair the operation of, or have any other effect upon, such invalid portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and such invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

12.6. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer, Grantor, Grantor's Affiliates, and the officers, directors, employees and agents of Grantor and its Affiliates and such of Developer's and Grantor's respective successors and assigns as may be contemplated (and, as to Developer, permitted) by Section 8, any rights or remedies under or by reason of this Agreement.

12.7 This Agreement shall be construed and interpreted in accordance with and governed by the laws of the Commonwealth of Kentucky without regard to conflict of law principles. Any dispute under this agreement shall be adjudicated in any state or federal court of competent jurisdiction serving Fayette County, Kentucky.

12.8. No right or remedy conferred upon or reserved to Grantor or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

GRANTOR:

Valvoline Instant Oil Change Franchising, Inc.

By:______________________________
Name:____________________________
Title:_____________________________

DEVELOPER:

[_______________]

By:______________________________
Name:____________________________
Title:_____________________________

Acknowledged and agreed as
to Section 1.4 above:

Valvoline LLC

By:______________________________
Name:____________________________
Title:_____________________________

ATTACHMENT A
TO DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

Developer shall be responsible for establishing ________ New Centers over a ____-year period commencing on the Effective Date. It is anticipated that Developer will fulfill this obligation by constructing ________ Ground-Up Centers and developing ________ Converted Centers.

The development schedule shall be as follows:

New Center	Definitive Agreement for (i) purchase of real property for Ground-Up Center or (ii) acquisition of existing facility for Converted Center executed on or before:	Consummate (i) purchase of real property for Ground-Up Center or (ii) acquisition of existing facility for Converted Center on or before:	Open New Center on or before**:
1st	XX	XX	XX
2nd	XX	XX	XX
3rd	XX	XX	XX
4th	XX	XX	XX
5th	XX	XX	XX
6th	XX	XX	XX
7th	XX	XX	XX
8th	XX	XX	XX
9th	XX	XX	XX
10th	XX	XX	XX

<u>ATTACHMENT B</u>
TO DEVELOPMENT AGREEMENT

[Legal Description of Development Area]

The Development Area, as described above, is depicted on the map attached hereto.

Center No. ____________

EXHIBIT A-11 A

AMENDMENT TO VALVOLINE INSTANT OIL CHANGE DEVELOPMENT AGREEMENT FOR THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code, the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to these terms in the Development Agreement.

2. In the event of a conflict between the terms of the Development Agreement and the terms of this Amendment, the terms of this Amendment shall control.

3. Except as specifically modified by this Amendment, all terms of the Development Agreement are in full force and effect.

4. Section 12.7 of the Development Agreement is hereby modified by adding the following at the end thereof:

"THIS AGREEMENT REQUIRES APPLICATION OF THE LAW OF THE COMMONWEALTH OF KENTUCKY. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

THIS AGREEMENT REQUIRES THE COMMONWEALTH OF KENTUCKY AS THE FORUM FOR PERMITTED LITIGATION. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW."

5. The Development Agreement is hereby modified by adding the following new Section 12.9 to the Development Agreement:

"12.9. California Disclosures and Modifications.

(a) California Corporations Code, Section 31125, requires VIOCF to give you a disclosure document, approved by the California Department of Business Oversight, before a solicitation of a proposed material modification of an existing franchise.

(b) Relative to the provision for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law.

(c) California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If this Agreement contains a provision that is inconsistent with the law, the law will control.

(d) This Agreement requires you to sign a general release of claims upon renewal or transfer of the Agreement. California

Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

(e) This Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(f) Prospective Developers are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Development Agreement restricting venue to a forum outside the State of California."

6. This Amendment, together with the Development Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to Development Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.

By: ______________________________
Name: ____________________________
Title: _____________________________

DEVELOPER:

By: ______________________________
Name: ____________________________
Title: _____________________________

Center No. ____________

AMENDMENT TO DEVELOPMENT AGREEMENT
REQUIRED BY STATE OF HAWAII
EFFECTIVE AS OF ________________

In recognition of the requirements of the Hawaii Franchise Investment Law, Section 482E-6(2)(F), the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. Section 2., "Fees", a new Section 2.4. of the Development Agreement is hereby added to provide in its entirety as follows:

> "2.4 Notwithstanding Sections 2.1. and 2.2. the Hawaii Business Registration Division Department of Commerce and Consumer Affairs requires Grantor to defer payment of the development fee and other initial payments owed by Developer to Grantor until Grantor has completed Grantor's pre-opening obligations (if any) under this Agreement."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to Development Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	DEVELOPER:
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________

Center No. ____________

AMENDMENT TO DEVELOPMENT AGREEMENT
REQUIRED BY STATE OF ILLINOIS
EFFECTIVE AS OF ________________

In recognition of the requirements of the Illinois Franchise Disclosure Act, Section 41 et seq., the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Development Agreement.

2. In the event of a conflict between the terms of the Development Agreement and the terms of this Amendment, the terms of this Amendment shall control.

3. Except as specifically modified by this Amendment, all terms of the Development Agreement are in full force and effect.

4. Section 12.7 of the Development Agreement is hereby deleted and the following substituted therefor:

> "12.7 This Agreement shall be construed and interpreted in accordance with and governed by the laws of the State of Illinois without regard to conflict of law principles. Any dispute under this agreement shall be adjudicated in any federal court of competent jurisdiction located in the State of Illinois."

5. A new Section 12.9 is hereby added to the Development Agreement as follows:

> "**12.9 Illinois Law and Illinois Franchise Disclosure Act.** Illinois law governs the agreements between the parties to this franchise. Pursuant to section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void."

6. This Amendment, together with the Development Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to Development Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	DEVELOPER:
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________

Center No. ____________

AMENDMENT TO DEVELOPMENT AGREEMENT
REQUIRED BY STATE OF INDIANA
EFFECTIVE AS OF ________________

In recognition of the requirements of the Indiana Franchise Act, Indiana Code Section 23-2-2.7 et.seq., the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Development Agreement.

2. In the event of a conflict between the terms of the Development Agreement and the terms of this Amendment, the terms of this Amendment shall control.

3. Except as specifically modified by this Amendment, all terms of the Development Agreement are in full force and effect.

4. Section 7.5.5 of the Development Agreement is hereby modified by adding the following to the end thereof:

> "Notwithstanding inconsistent provisions of this Agreement, Valvoline Instant Oil Change's right to injunctive relief shall be subject to Indiana Code Section 23-2-2.7-1(10). In addition, nothing in this Agreement shall be construed as a waiver by you of any applicable bond requirement with regard to Valvoline Instant Oil Change's entitlement to injunctive relief."

5. Section 12.7 of the Development Agreement is hereby deleted and the following substituted therefor:

> "12.7 This Agreement shall be construed and interpreted in accordance with and governed by the laws of the State of Indiana without regard to conflict of law principles. Any dispute under this agreement shall be adjudicated in any federal court of competent jurisdiction located in the State of Indiana."

6. This Amendment, together with the Development Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to Development Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	DEVELOPER:
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________

Center No. ____________

AMENDMENT TO DEVELOPMENT AGREEMENT
REQUIRED BY STATE OF MARYLAND
EFFECTIVE AS OF _________________

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties of the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. ~~LICENSE~~DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. Section 12., "Miscellaneous",~~ Paragraph~~ Section 12.7 of the Agreement ~~shall be~~is hereby deleted in its entirety and shall have no force or effect; and the following ~~paragraph~~Section shall be substituted in lieu thereof:

> "12.7. This Agreement ~~takes effect upon its acceptance and execution by Licensor in Lexington, Kentucky and~~ shall be construed and interpreted ~~and constructed under~~in accordance with and governed by the laws of the State of Maryland~~, which laws shall prevail in the event of any conflict. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of Maryland. Nothing herein shall derogate from Licensor's right to institute proceedings in any forum where jurisdiction shall exist or become established.~~ without regard to conflict of law principles. Any dispute under this agreement shall be adjudicated in any federal court of competent jurisdiction located in the State of Maryland."

2. Section 2., "Fees", a new Section 2.4. of the Development Agreement is hereby added to provide in its entirety as follows:

> "2.4 Notwithstanding Sections 2.1. and 2.2, the State of Maryland Office of the Attorney General Securities Division requires Grantor to defer payment of the development fee and other initial payments owed by Developer to Grantor until Grantor has completed Grantor's pre-opening obligations (if any) under this Agreement."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to ~~License~~Development Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	~~LICENSEE~~DEVELOPER:
By: _____________________________	By: _____________________________
Name: ___________________________	Name ____________________________
Title: ____________________________	Title: ____________________________

Center No. ____________

AMENDMENT TO DEVELOPMENT AGREEMENT
REQUIRED BY STATE OF MINNESOTA
EFFECTIVE AS OF ______________

In recognition of the Minnesota Franchise Act, Minn. Stat., Section 80C.01 et seq., and of the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule §2860.4400, et seq., the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. ~~LICENSE~~DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. Section 7., "Default and Termination," of the Agreement shall be supplemented by the addition of a new ~~Paragraph~~ Section 7.8., as follows:

> 7.8. Minnesota law provides Developers with certain termination and non-renewal rights. ~~with certain termination and non-renewal rights.~~ Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a Developer be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Development Agreement. To the extent that the provisions of this Section 6 concerning termination are inconsistent with the requirements of the Minnesota Franchise Act, then the termination provisions set forth in Section 6 shall be superseded by the requirements of the Minnesota Franchise Act, and shall have no force or effect.

2. Section 12, "Miscellaneous," ~~Paragraph~~ Section 12.7. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following ~~Paragraph 26.1~~Section 12.7 shall be substituted in lieu thereof:

> 12.7. This Agreement shall be construed and interpreted in accordance with and governed by the laws of the Commonwealth of Kentucky without regard to conflict of law principles. Developer consents to and submits to the exercise of jurisdiction over its person by any court situated at Lexington, Kentucky having jurisdiction over the subject matter and provided, however, that pursuant to Minn. Stat. Sec. 80C.21, this section shall not in any way abrogate or reduce any rights of Developer as provided for in Minnesota Statutes, Chapter 80C, including but not limited to, the right to submit matters to the jurisdiction of the courts of Minnesota.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to ~~License~~Development Agreement on the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	~~LICENSEE~~DEVELOPER:
By: ____________________________	By: ____________________________
Name: __________________________	Name ___________________________
Title: ___________________________	Title: ___________________________

Center No. ____________

AMENDMENT TO DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF NEW YORK
EFFECTIVE AS OF _________________

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. Section 1., “Grant,” ~~Paragraph~~Section 1.1. of the Agreement shall be amended by deleting the last sentence of ~~Paragraph~~Section 1.1 in its entirety, which shall have no force or effect; and the following sentence shall be substituted in lieu thereof:

   “Each New Center developed hereunder shall be located in the area to be determined by county boundaries, described in Attachment B hereto, which is incorporated by reference into this Agreement (the "Development Area"), and shall be established and operated pursuant to a separate license agreement (the "License Agreement") to be entered into between Developer and Grantor in accordance with Section 3.1.

7. Section 12., “Miscellaneous,” ~~Paragraph~~Section 12.7. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following ~~Paragraph~~ Section 12.7. shall be substituted in lieu thereof:

   12.7. This Agreement shall be construed and interpreted in accordance with and governed by the laws of the Commonwealth of Kentucky without regard to conflict of law principles, except to the extent that the offer and sale of licenses in New York is subject to the provisions of Article 33 of the General Business Law of the State of New York; provided, however, that if any of the provisions of this Agreement would not be enforceable under the laws of Kentucky, then such provisions shall be interpreted and construed under the laws of the state in which the Development Area is located.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to ~~License~~Development Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	~~LICENSEE~~DEVELOPER:
By: ______________________________	By: ______________________________
Name: ____________________________	Name ____________________________
Title: ____________________________	Title: ____________________________

AMENDMENT TO DEVELOPMENT AGREEMENT
REQUIRED BY STATE OF WASHINGTON
EFFECTIVE AS OF ____________________

In recognition of the requirements of the Washington Franchise Investment Protection Act, the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. ~~LICENSE~~DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. Section 7., "Default and Termination", ~~Paragraph~~ Section 7.5.7. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following ~~Paragraph~~Section 17.9 shall be substituted in lieu thereof:

7.5.7. Upon the termination of this Agreement, Grantor shall purchase from Developer such inventory and supplies at a price and under such terms and conditions as may be required by the provisions of the Washington Franchise Investment Protection Act in effect at the time of termination. Grantor also shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Developer, Developer's interest in any Center premises (regardless of whether such premises is under construction, and all of the construction materials, furnishings, equipment, signs, fixtures, supplies, or inventory of Developer related to such New Center at a price equal to the Fair Market Value, which it is not otherwise required to purchase pursuant to the provisions of the Washington Franchise Investment Protection Act. If Grantor elects to exercise such option to purchase, it shall have the right to set off all amounts due from Developer against any payment therefor. For purposes of this Section 6.5.7, the term "Fair Market Value" shall be determined by the following appraisal method: Developer and Grantor shall each hire a qualified, independent appraiser experienced in the industry who shall separately determine the value or cash equivalency of the premises, materials and/or improvements, as applicable. If their appraisals are less than five percent (5%) apart, then the two amounts shall be averaged and the resulting amount shall be adopted by the parties. If their appraisals are different by five percent (5%) or more, then the two appraisers shall select a third qualified, independent appraiser experienced in the industry who shall determine the value or cash equivalency. The cost of the third appraiser shall be split evenly by the parties. If such amount is different by five percent (5%) or more from either of the first two appraisals, then the three appraisal amounts shall be averaged and the resulting amount shall be adopted by the parties.

2. Section 7., "Default and Termination," of the Agreement shall be supplemented by adding a new ~~Paragraph~~Section 7.8 as follows:

"7.8. To the extent that the termination provisions described in this Section are inconsistent with the requirements of the Washington Franchise Investment Protection Act, Section 19.100.180(2)(j), then such termination provisions shall be superseded by the Act's requirements and shall have no force or effect."

3. Section 12., "Miscellaneous," ~~Paragraph~~Section 12.7 of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following ~~Paragraph~~Section 12.7 shall be substituted in lieu thereof:

"12.7. This Agreement shall be construed and interpreted in accordance with and governed by the laws of the Commonwealth of Kentucky without regard to conflict of law principles, provided, however, that in the event of any conflict of law between the Washington Franchise Investment Protection act and the lass of Kentucky, the provisions of the Washington Franchise Investment Protection Act shall prevail as governing law for Development Agreements sold to Washington residents, and provided further that if any of the provisions of this Agreement would not be enforceable under the laws of Kentucky, then such provisions shall be interpreted and construed under the laws of the State in which the Development Area is located.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to ~~License~~Development Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.	~~LICENSEE~~DEVELOPER:
By: ____________________________	By: ____________________________
Name: __________________________	Name __________________________
Title: ___________________________	Title: ___________________________

EXHIBIT A-12

ADDENDUM RELATING TO
VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.
LICENSE AGREEMENT

THIS ADDENDUM (this "Addendum") is made and entered into on ____________, 20__, by Valvoline Instant Oil Change Franchising, Inc., a Delaware corporation with a mailing address of ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509 ("Franchisor"), and __________________________, a __________ company with a mailing address of ________________ ("Franchisee").

Background

Franchisor and Franchisee entered into a License Agreement on _____________, 20__ ("License Agreement"). Franchisee agreed, among other things, to operate and maintain a franchise located at ___________________ designated by Franchisor as Center #__________ ("Center"). Franchisee has secured from a loan (the "Loan") from a lender in which funding is provided with the assistance of the U.S. Small Business Administration (the "SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

Agreement

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. No Default. The License Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the License Agreement that remains uncured on the date hereof
.

2. Right of First Refusal. Section 15.4 of the License Agreement provides that Franchisor (or any Third Party Assignee of Franchisor) may elect pursuant to its Right of First Refusal to exercise said option when Franchisee decides to sell partial interest(s) in the business. This section is hereby amended to reflect that Franchisor (and any Third Party Assignee of Franchisor) will not exercise the option with respect to any partial sale of Franchisee's business. Neither Franchisor nor any Third Party Assignee of the Franchisor may become a partial owner of any SBA-financed franchises.

3. Purchase of Real Estate. Notwithstanding anything to the contrary in Section 17.4 and Section 17.9 of the License Agreement, neither Franchisor nor its affiliates will have the option to purchase any real estate owned by Franchisee. Franchisor may lease the real estate for the remainder of the term of Franchisee's License Agreement (excluding additional renewals) for fair market value.

4. SBA Lien. Under Section 20.5 of the License Agreement, any SBA-financed franchise will be granted a lien on the business assets of Franchisee as required in its loan authorization.

5. Termination of Addendum. This Addendum automatically terminates on the earliest to occur of the following: (i) the License Agreement is terminated; (ii) the Loan is repaid in full; or (iii) the SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.

By:________________________________
Name:______________________________
Title:_______________________________

FRANCHISEE:

____

By:________________________________
Name:______________________________
Title:_______________________________

EXHIBIT A-13

Terms and Conditions of
Valvoline Instant Oil Change Bounty Program

The Valvoline Instant Oil Change Bounty Program (the "Bounty Program") is designed to accelerate growth in the number of franchisee-owned Valvoline Instant Oil Change ("VIOC") centers. The Bounty Program will apply to new centers opened after July 1, 2015.

Description of the Bounty Program. VIOC will provide incentive monies to franchisees that construct new centers (each, a "Ground-Up Center") or acquire existing quick facilities that are not currently operating as VIOC stores and convert them to VIOC stores (each, a "Converted Center"; each Ground-Up Center and each Converted Center, a "New Center"). Incentive payment amounts for Ground-Up Centers will be based on VIOC's proprietary store forecasting model. Projections for Ground-Up Centers will be determined solely by VIOC. Incentive payment amounts for Converted Centers will be based on historical P.O.S. reports or other suitable documentation. Subject to the conditions below or as otherwise agreed by the parties, incentive payments on a given New Center will be paid within thirty (30) days of the opening of that Center in the following amounts:

Incentive Payment Schedule for Each Ground-Up Center

Projected Annual Oil Changes	Incentive Payment
7,500 +	$75,000
10,000 +	$100,000
12,500 +	$125,000
15,000 +	$150,000
17,500 +	$175,000
20,000 +	$200,000

Incentive Payment Schedule for Each Converted Center

Prior 12 Months Oil Changes	Incentive Payment
7,500 +	$75,000
10,000 +	$100,000
12,500 +	$125,000
15,000 +	$150,000
17,500 +	$175,000
20,000 +	$200,000

No incentive payments will be made with respect to New Centers that do not meet the oil change thresholds set forth in the above charts. All incentive payments will be structured as no payback loans with a term of fifteen (15) years.

Conditions for Participating in the Bounty Program. In order to participate in the Bounty Program, a franchisee must be in good standing as to all agreements with Ashland Inc. and

Valvoline Instant Oil Change Franchising, Inc., including, but not limited to, complying with franchisee's obligations as to (i) being current on payments, (ii) implementation and ongoing practice of SuperPro, (iii) product purchases and (iv) marketing.

Conditions for Receiving Incentive Payments. In order to receive incentive payments for a Ground-Up Center under the Bounty Program, a franchisee must (i) obtain advance site approval for the Center from VIOC, (ii) submit a New Center Incentive Program Enrollment Form/Information Sheet to VIOC and (iii) open the Center after July 1, 2015. In order to receive incentive payments for a Converted Center under the Bounty Program, a franchisee must (i) submit appropriate documentation to VIOC that validates the Center's prior year's oil changes, (ii) submit a New Center Incentive Program Enrollment Form/Information Sheet to VIOC and (iii) open the Center after July 1, 2015.

True-Up Adjustment to Incentive Payment Amounts. Given that the incentive payment amounts set forth in the charts above are based on forecasted performance in the case of Ground-Up Centers and historical performance in the case of Converted Centers, VIOC and the franchisee receiving incentive monies on a New Center (each, a "Recipient") will "true-up" those monies following an operational ramp-up period for the relevant New Center.

True-Up Process for Ground-Up Centers. With respect to Ground-Up Centers, the "true-up" adjustment will occur on the first day of the calendar quarter beginning at least twenty- four (24) months after the opening of the Center (the "Ground-Up OCPD Measurement Date"). The number of actual oil changes performed by the Ground-Up Center in the six (6) months preceding the Ground-Up OCPD Measurement Date shall be annualized/multiplied by two (the "Actual Number of Oil Changes (Ground-Up)") and compared against the projected number of oil changes for the Center per the Incentive Payment Schedule for Each Ground-Up Center above (upon which that Center's incentive payment was based) (the "Projected Number of Oil Changes (Ground-Up)"). If the Actual Number of Oil Changes (Ground-Up) qualifies the Center/franchisee to receive an incentive payment amount that is greater than the one received by the Center/franchisee based on the Projected Number of Oil Changes (Ground-Up) in the Incentive Payment Schedule set forth above, then VIOC shall pay the difference to the franchisee. If the Actual Number of Oil Changes (Ground Up) qualifies the Center/franchisee to receive zero incentive payment or an incentive payment amount that is lesser than the one received by the Center/franchisee based on the Projected Number of Oil Changes (Ground-Up) in the Incentive Payment Schedule set forth above, then the franchisee shall repay the incentive payment or pay the difference to VIOC, as applicable. All amounts hereunder shall be paid by VIOC or the franchisee, as applicable, within thirty (30) days following VIOC's determination of the amounts due/payable.

True Up Process for Converted Centers. With respect to Converted Centers, the "true up" adjustment will occur on the first day of the calendar quarter beginning at least eighteen (18) months after the opening of the Center (the "Converted OCPD Measurement Date"). The number of actual oil changes performed by the Converted Center in the six (6) months preceding the Converted OCPD Measurement Date shall be annualized (the "Actual Number of Oil Changes (Converted)") and compared against the projected number of oil changes for the Center per the Incentive Payment Schedule for Each Converted Center above (upon which that Center's incentive payment was based) (the "Projected Number of Oil Changes (Converted)"). If the Actual Number of Oil Changes (Converted) qualifies the Center/franchisee to receive an incentive payment amount that is greater than the one received by the Center/franchisee based on the Projected Number of Oil Changes (Converted) in the Incentive Payment Schedule set forth above, then VIOC shall pay the difference to the franchisee. If the Actual Number of Oil Changes (Converted) qualifies the Center/franchisee to receive zero incentive payment or an incentive payment amount that is lesser than the one received by the Center/franchisee based on the Projected Number of Oil Changes (Converted) in the Incentive Payment Schedule set forth above, then the franchisee shall repay the incentive payment or pay the difference to VIOC, as applicable. All amounts hereunder shall be paid by VIOC or the franchisee, as applicable, within thirty (30) days following VIOC's determination of the amounts due/payable.

VIOC is hereby authorized to offset any monies otherwise due from VIOC to the undersigned franchisee, including, but not limited to, additional bounty payments, fleet processing payments or other incentives, against any monies due from franchisee to VIOC per the "true up" adjustments set forth above.

Aggregation of True-Up Adjustments. In the event that a franchisee opens multiple centers that mature on the same Ground-Up OCPD Measurement Date and/or the same Converted OCPD Measurement Date, as applicable, any and all true-up adjustments made as of that Date shall be aggregated and netted out as of that Date.

Right to Change or Discontinue Bounty Program. VIOC reserves the right to change or discontinue the Bounty Program upon fifteen (15) days notice to all then-current participants in the Bounty Program. A group email shall constitute sufficient notice hereunder.

Agreement. Please indicate your agreement with the above terms and conditions by signing below where indicated. Please return the signed original to the individual/address set forth below.

Valvoline Instant Oil Change Franchising, Inc.

By:______________________________
Name:____________________________
Title:_____________________________

[FRANCHISEE CORPORATE NAME]

By:______________________________
Name:____________________________
Title:_____________________________

** Return signed original to Gayle McMillin, Valvoline Instant Oil Change, ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509

EXHIBIT B

LIST OF ADMINISTRATORS

California

Commissioner Of Business Oversight
Department Of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677

Hawaii

Commissioner Of Securities
Business Registration Division
Dept. Of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, HI 96810
(808) 586-2722

Illinois

Office Of the Illinois Attorney General
Franchise Bureau
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

State Of Indiana Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office Of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-7042

Michigan

Michigan Attorney General's Office
Consumer Protection Division/Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933
(517) 373-7117

Minnesota

Minnesota Department Of Commerce
Securities Unit
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

New York

Office Of the New York State Attorney General
Investor Protection Bureau
Franchise Section
New York State Department Of Law
120 Broadway, 23rd Floor
New York, New York 10271-0332
(212) 416-8211

North Dakota

Franchise Examiner
Securities Department
600 East Boulevard Avenue
State Capital, 5th Floor
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island

State Of Rhode Island Department Of Business Regulation
Securities Division
1511 Pontiac Avenue, Building 69-1
Cranston, Rhode Island 02920
(401) 462-9582

South Dakota

Franchise Administration
Division Of Securities
South Dakota Department Of Labor and Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

Washington

Administrator
Dept. Of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

Federal Trade Commission

Division Of Marketing Practices
Bureau Of Consumer Protection
Seventh & Pennsylvania Avenues., NW
Washington, DC 20580
(202) 326-2970

Virginia

State Corporation Commission
Division Of Securities and Retail Franchising
Tyler Building, 1300 E. Main Street
Richmond, Virginia 23219-3630
(804) 371-9051

Wisconsin

Franchise Registration
Division Of Securities
Dept. Of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701-1768
(608) 266-2801

EXHIBIT C

AGENTS FOR SERVICE OF PROCESS

Alabama

The Corporation Company
2000 Interstate Park Drive, Suite 204
Montgomery, AL 36109

Alaska

C T Corporation System
9360 Glazier Highway, Suite 202
Juneau, AK 99801

Arizona

C T Corporation System
2394 East Camelback Road
Phoenix, AZ 85016

Arkansas

The Corporation Company
124 West Capitol Ave., Suite 1900
Little Rock, AR 72201

California

C T Corporation System
818 West 7th Street
Los Angeles, CA 90017

Commissioner Of Business Oversight
California Department Of Business Oversight
1515 K Street, Suite 200
Sacramento, California 95814

Colorado

The Corporation Company
1675 Broadway, Suite 1200
Denver, CO 80202

Connecticut

C T Corporation System
One Corporate Center, Floor 11
Hartford, CT 06103

Delaware

The Corporation Trust Company
1209 Orange Street
Wilmington, DE 19801

District Of Columbia

C T Corporation System
1015 15th Street, NW, Suite 1000
Washington, DC 20005

Florida

C T Corporation System
1200 South Pine Island Road
Plantation, FL 33324

Georgia

C T Corporation System
1201 Peachtree Street NE
Atlanta, GA 30361

Hawaii

The Corporation Company, Inc.
900 Fort Street Mall, Suite 1800
Honolulu, HI 96813

Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
King Kalakaua Building
335 Merchant Street
Honolulu, Hawaii 96813

Idaho

C T Corporation System
1111 West Jefferson, Suite 530
Boise, ID 83702

Illinois

C T Corporation System
208 South LaSalle Street, Suite 814
Chicago, IL 60604

Illinois Office Of The Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana

C T Corporation System
251 E. Ohio Street, Suite 1100
Indianapolis, IN 46204

Indiana Secretary Of State
201 State House
Indianapolis, Indiana 46204

Iowa

C T Corporation System
2222 Grand Ave.
Des Moines, IA 50312

Kansas

The Corporation Company, Inc.
515 South Kansas Ave
Topeka, KS 66603

Kentucky

C T Corporation System
4169 Westport Road
Louisville, KY 40207

Louisiana

C T Corporation System
5615 Corporate Blvd., Suite 400 B
Baton Rouge, LA 70808

Maine

C T Corporation System
One Portland Square
Portland, ME 04101

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

The Corporation Trust Incorporated
300 East Lombard Street
Baltimore, MD 21202

Massachusetts

C T Corporation System
155 Federal Street, Suite 700
Boston, MA 02110

Michigan

The Corporation Company
30600 Telegraph Road, Suite 2345
Bingham Farms, MI 48025

Michigan Department of Commerce
Corporations and Securities Bureau
Corporation Division
P.O. Box 30054
Lansing, Michigan 48909

Minnesota

C T Corporation System
100 South Fifth Street, Suite 1075
Minneapolis, MN 55402

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

Mississippi

C T Corporation System
645 Lakeland East Drive, Suite 101
Flowood, MS 39232

Missouri

C T Corporation System
120 South Central Avenue
Clayton, MO 63105

Montana

C T Corporation System
401 North 31st Street, Suite 1650
Billings, MT 59103

Nebraska

C T Corporation System
301 South 13th Street
Lincoln, NE 68508

New Hampshire

C T Corporation System
9 Capitol Street
Concord, NH 03301

New Jersey

The Corporation Trust Company
820 Bear Tavern Road
West Trenton, NJ 08628

New Mexico

C T Corporation System
123 East Marcy Street
Santa Fe, NM 87501

New York

C T Corporation System
111 Eighth Avenue
New York, NY 10011

New York Secretary Of State
New York Department Of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

Nevada

The Corporation Trust Company Of Nevada
6100 Neil Road, Suite 500
Reno, NV 89511

North Carolina

C T Corporation System
150 Fayetteville Street, Box 1011
Raleigh, NC 27601

North Dakota

C T Corporation System
314 East Thayer Avenue
Bismarck, ND 58501

North Dakota Securities Commissioner
State Capitol
600 East Boulevard Avenue
Bismarck, North Dakota 58505

Ohio

C T Corporation System
1300 East 9th Street
Cleveland, OH 44114

Oklahoma

The Corporation Company
735 First National Building
Oklahoma City, OK 73102

Oregon

C T Corporation System
388 State Street, Suite 420
Salem, OR 97301

Pennsylvania

C T Corporation System
116 Pine Street, 3rd Floor, Suite 320
Harrisburg, PA 17101

Rhode Island

C T Corporation System
155 South Main Street, Suite 301
Providence, RI 02903

Director Of Rhode Island Dept. Of
Business Regulation
Department of Business Regulation
Securities Division
John O. Pastore Complex, Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920-4407

South Carolina

C T Corporation System
75 Beattie Place, Two Insignia Financial Plaza
Greenville, SC 29601

South Dakota

C T Corporation System
319 South Coteau Street
Pierre, SD 57501

South Dakota Dept. Department Of
Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Tennessee

C T Corporation System
800 S. Gay Street, Suite 2021
Knoxville, TN 37929

Texas

C T Corporation System
350 North St. Paul Street
Dallas, TX 75201

Utah

CT Corporation System
136 East South Temple, Suite 2100
Salt Lake City, UT 84111

Vermont

C T Corporation System
400 Cornerstone Drive, Suite 240
Williston, VT 05495

Virginia

C T Corporation System
4701 Cox Road, Suite 301
Glen Allen, VA 23060

Clerk Of The State Corporation Commission
Commonwealth Of Virginia
1300 E. Main St., 1st Floor
Richmond, Virginia 23219

Washington

C T Corporation System
1801 Wet Bay Drive NW, Suite 206
Olympia, WA 98502

Director of Department Of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

West Virginia

C T Corporation System
707 Virginia Street East
Charleston, WV 25301

Wisconsin

C T Corporation System
8040 Excelsior Drive, Suite 202
Madison, WI 53717

Wisconsin Department Of Financial Institutions
Division Of Securities
345 West Washington Avenue
Madison, Wisconsin 53703

Wyoming

C T Corporation System
1720 Carey Avenue
Cheyenne, WY 82001

<u>EXHIBIT D</u>

These financial statements are prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expresses his/her own opinion with regard to the content or form.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Valvoline Inc. and Consolidated Subsidiaries
Condensed Consolidated Statements of Comprehensive Income

	Three months ended December 31	
(In millions except per share data - unaudited)	2016	2015
Sales	$ 489	$ 456
Cost of sales	304	280
Gross profit	185	176
Selling, general and administrative expense	95	87
Non-service income and gains on pension and other postretirement plans	(26)	(2)
Separation costs	6	—
Equity and other income	(10)	(5)
Operating income	120	96
Net interest and other financing expense	10	—
Income before income taxes	110	96
Income tax expense	38	31
Net income	$ 72	$ 65
NET INCOME PER SHARE		
Basic and Diluted	$ 0.35	$ 0.32
AVERAGE SHARES OUTSTANDING		
Basic and Diluted	205	205
DIVIDENDS PAID PER COMMON SHARE	$ 0.05	$ —
COMPREHENSIVE INCOME (LOSS)		
Net income	$ 72	$ 65
Other comprehensive income (loss), net of tax		
Unrealized translation loss	(9)	(4)
Pension and other postretirement obligation adjustment	(2)	—
Other comprehensive loss	(11)	(4)
Comprehensive income	$ 61	$ 61

See Notes to Condensed Consolidated Financial Statements.

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Valvoline Inc. and Consolidated Subsidiaries

Condensed Consolidated Balance Sheets

(In millions except per share amounts - unaudited)	December 31 2016	September 30 2016
Assets		
Current assets		
Cash and cash equivalents	$ 236	$ 172
Accounts receivable	353	363
Inventories	141	139
Other assets	29	56
Total current assets	759	730
Noncurrent assets		
Property, plant and equipment		
Cost	739	727
Accumulated depreciation	408	403
Net property, plant and equipment	331	324
Goodwill and intangibles	270	267
Equity method investments	30	26
Deferred income taxes	386	389
Other assets	89	89
Total noncurrent assets	1,106	1,095
Total assets	$ 1,865	$ 1,825
Liabilities and Stockholders' Equity		
Current liabilities		
Short-term debt	$ 75	$ —
Current portion of long-term debt	15	19
Trade and other payables	146	177
Accrued expenses and other liabilities	257	204
Total current liabilities	493	400
Noncurrent liabilities		
Long-term debt	650	724
Employee benefit obligations	854	886
Deferred income taxes	2	2
Other liabilities	152	143
Total noncurrent liabilities	1,658	1,755
Commitments and contingencies		
Stockholders' (deficit) equity		
Preferred stock, no par value, 40 shares authorized; no shares issued and outstanding	—	—
Common stock, par value $0.01 per share, 400 shares authorized; 205 shares issued and outstanding at December 31, 2016 and September 30, 2016	2	2
Paid-in capital	710	710
Retained earnings	62	—
Parent company investment	(1,052)	(1,039)
Accumulated other comprehensive loss	(8)	(3)
Total stockholders' (deficit) equity	(286)	(330)
Total liabilities and stockholders' (deficit) equity	$ 1,865	$ 1,825

See Notes to Condensed Consolidated Financial Statements.

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Valvoline Inc. and Consolidated Subsidiaries
Condensed Consolidated Statements of Cash Flows

(In millions - unaudited)	Three months ended December 31 2016	Three months ended December 31 2015
Cash flows from operating activities		
Net income	$ 72	$ 65
Adjustments to reconcile net income to cash flows from operating activities		
Depreciation and amortization	9	9
Debt issuance cost amortization	1	—
Equity income from affiliates	(4)	(3)
Distributions from equity affiliates	—	4
Pension contributions	(3)	(1)
Gain on pension and other postretirement plan remeasurements	(8)	—
Stock-based compensation expense	1	—
Change in assets and liabilities [a]		
Accounts receivable	10	13
Inventories	(2)	(2)
Payables and accrued liabilities	23	(37)
Other assets and liabilities	(11)	(8)
Total cash provided by operating activities	88	40
Cash flows from investing activities		
Additions to property, plant and equipment	(9)	(5)
Purchase of operations - net of cash acquired	—	(4)
Other investing activities	(1)	—
Total cash used in investing activities	(10)	(9)
Cash flows from financing activities		
Net transfers to parent	(2)	(31)
Proceeds from borrowings	75	—
Repayments on borrowings	(79)	—
Cash dividends paid	(10)	—
Total cash used in financing activities	(16)	(31)
Effect of currency exchange rate changes on cash and cash equivalents	2	—
Increase in cash and cash equivalents	64	—
Cash and cash equivalents - beginning of period	172	—
Cash and cash equivalents - end of period	$ 236	$ —

(a) Excludes changes resulting from operations acquired or sold.

See Notes to Condensed Consolidated Financial Statements.

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NOTE 1 – BASIS OF PRESENTATION

Valvoline Inc. (“Valvoline” or the “Company”) is a subsidiary of Ashland Global Holdings Inc. (which together with its predecessors and consolidated subsidiaries is referred to as “Ashland” or “Parent”). On September 22, 2015, Ashland announced that its Board of Directors approved proceeding with a plan to separate Ashland into two independent, publicly traded companies comprising of the Valvoline business and the specialty chemicals businesses (the “Separation”). Following a series of restructuring steps, Valvoline was incorporated in May 2016, and prior to the completion of the Company’s initial public offering (“IPO”) on September 28, 2016, substantially all of the historical Valvoline business reported by Ashland, as well as certain other legacy Ashland assets and liabilities, were transferred to Valvoline. After completing the IPO, Ashland owns approximately 83% of the total outstanding shares of Valvoline’s common stock. Subject to market conditions and other factors, Ashland presently intends to distribute the remaining Valvoline shares in 2017 following the release of March-quarter earnings results by both Ashland and Valvoline.

The contribution of the Valvoline business by Ashland to Valvoline was treated as a reorganization of entities under common Ashland control. As a result, Valvoline is retrospectively presenting the condensed consolidated financial statements of Valvoline and its subsidiaries for periods presented prior to the completion of the IPO, which have been prepared a stand-alone basis and derived from Ashland’s consolidated financial statements and accounting records using the historical results of operations, and assets and liabilities attributed to Valvoline’s operations, and includes allocations of expenses from Ashland. The condensed consolidated financial statements for periods presented subsequent to the completion of the IPO reflect the consolidated operations of Valvoline and its majority-owned subsidiaries as a separate, stand-alone entity.

For periods prior to the completion of the IPO, transactions between Valvoline and Ashland were considered to be effectively settled for cash at the time the transactions were recorded. These transactions and net cash transfers to and from Ashland’s centralized cash management system are reflected as a component of Parent company investment on the Condensed Consolidated Balance Sheets and as a financing activity within the accompanying Condensed Consolidated Statements of Cash Flows. The Parent company investment on the Condensed Consolidated Balance Sheets represents the cumulative net investment by Ashland in Valvoline, including net income through the completion of the IPO and net cash transfers to and from Ashland.

The accompanying unaudited condensed consolidated financial statements have been prepared by Valvoline in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and Securities and Exchange Commission regulations for interim financial reporting, which do not include all information and footnote disclosures normally included in annual financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with Valvoline’s Annual Report on Form 10-K for the fiscal year ended September 30, 2016. Certain prior period amounts have been reclassified to conform to current presentation.

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make use of estimates and assumptions that affect the reported amounts and disclosures. Actual results may vary from these estimates. In the opinion of management, all adjustments considered necessary for a fair presentation have been included herein, and the assumptions underlying the condensed consolidated financial statements for these interim periods are reasonable. The results for the interim periods are not necessarily indicative of results to be expected for the entire year.

New accounting standards

A description of new U.S. GAAP accounting standards issued and adopted during the current year is required in interim financial reporting. A detailed listing of all new accounting standards relevant to Valvoline is included in the Annual Report on Form 10-K for the fiscal year ended September 30, 2016. The following standard relevant to Valvoline was adopted in the current period.

In April 2015, the FASB issued accounting guidance to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. Cloud computing arrangements represent the delivery of hosted services over the internet which includes software, platforms, infrastructure and other hosting arrangements. Under the guidance, customers that gain access to software in a cloud computing arrangement account for the software as internal-use software only if the arrangement includes a software license. Valvoline adopted this standard on a prospective basis on October 1, 2016. As a result, certain costs related to these arrangements will be expensed when incurred.

NOTE 2 - ACCOUNTS RECEIVABLE

The following summarizes Valvoline's accounts receivable as of the Condensed Consolidated Balance Sheet dates:

(In millions)	December 31 2016	September 30 2016
Trade and other accounts receivable	$ 359	$ 368
Less: Allowance for doubtful accounts	(6)	(5)
	$ 353	$ 363

NOTE 3 - INVENTORIES

Inventories are carried at the lower of cost or market value. Inventories are primarily stated at cost using the weighted-average cost method. In addition, certain lubricants are valued at cost using the last-in, first-out ("LIFO") method.

The following summarizes Valvoline's inventories as of the Condensed Consolidated Balance Sheet dates:

(In millions)	December 31 2016	September 30 2016
Finished products	$ 147	$ 149
Raw materials, supplies and work in process	24	21
LIFO reserves	(28)	(29)
Obsolete inventory reserves	(2)	(2)
	$ 141	$ 139

PART I - FINANCIAL INFORMATION

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Separation costs	6	—
Equity and other income	(10)	(5)
Operating income	120	96
Net interest and other financing expense	10	—
Income before income taxes	110	96
Income tax expense	38	31
Net income	$ 72	$ 65
NET INCOME PER SHARE		
Basic and Diluted	$ 0.35	$ 0.32
AVERAGE SHARES OUTSTANDING		
Basic and Diluted	205	205
DIVIDENDS PAID PER COMMON SHARE	$ 0.05	$ —
COMPREHENSIVE INCOME (LOSS)		
Net income	$ 72	$ 65
Other comprehensive income (loss), net of tax		
Unrealized translation loss	(9)	(4)
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Valvoline Inc. and Consolidated Subsidiaries

Condensed Consolidated Balance Sheets

(In millions except per share amounts - unaudited)	December 31 2016	September 30 2016
Assets		
Current assets		
Cash and cash equivalents	$ 236	$ 172
Accounts receivable	353	363
Inventories	141	139
Other assets	29	56
Total current assets	759	730
Noncurrent assets		
Property, plant and equipment		
Cost	739	727
Accumulated depreciation	408	403
Net property, plant and equipment	331	324
Goodwill and intangibles	270	267
Equity method investments	30	26
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Total assets	$ 1,865	$ 1,825
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Current liabilities		
Short-term debt	$ 75	$ —
Current portion of long-term debt	15	19
Trade and other payables	146	177
Accrued expenses and other liabilities	257	204
Total current liabilities	493	400
Noncurrent liabilities		
Long-term debt	650	724
Employee benefit obligations	854	886
Deferred income taxes	2	2
Other liabilities	152	143
Total noncurrent liabilities	1,658	1,755
Commitments and contingencies		
Stockholders' (deficit) equity		
Preferred stock, no par value, 40 shares authorized; no shares issued and outstanding	—	—
Common stock, par value $0.01 per share, 400 shares authorized; 205 shares issued and outstanding at December 31, 2016 and September 30, 2016	2	2
Paid-in capital	710	710
Retained earnings	62	—
Parent company investment	(1,052)	(1,039)
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Valvoline Inc. and Consolidated Subsidiaries

Condensed Consolidated Statements of Cash Flows

	Three months ended December 31	
(In millions - unaudited)	2016	2015
Cash flows from operating activities		
Net income	$ 72	$ 65
Adjustments to reconcile net income to cash flows from operating activities		
Depreciation and amortization	9	9
Debt issuance cost amortization	1	—
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Gain on pension and other postretirement plan remeasurements	(8)	—
Stock-based compensation expense	1	—
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Accounts receivable	10	13
Inventories	(2)	(2)
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Other assets and liabilities	(11)	(8)
Total cash provided by operating activities	88	40
Cash flows from investing activities		
Additions to property, plant and equipment	(9)	(5)
Purchase of operations - net of cash acquired	—	(4)
Other investing activities	(1)	—
Total cash used in investing activities	(10)	(9)
Cash flows from financing activities		
Net transfers to parent	(2)	(31)
Proceeds from borrowings	75	—
Repayments on borrowings	(79)	—
Cash dividends paid	(10)	—
Total cash used in financing activities	(16)	(31)
Effect of currency exchange rate changes on cash and cash equivalents	2	—
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(a) Excludes changes resulting from operations acquired or sold.

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(In millions)	December 31 2016	September 30 2016
Trade and other accounts receivable	$ 359	$ 368
Less: Allowance for doubtful accounts	(6)	(5)
	$ 353	$ 363

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The following summarizes Valvoline's inventories as of the Condensed Consolidated Balance Sheet dates:

(In millions)	December 31 2016	September 30 2016
Finished products	$ 147	$ 149
Raw materials, supplies and work in process	24	21
LIFO reserves	(28)	(29)
Obsolete inventory reserves	(2)	(2)
	$ 141	$ 139

NOTE 4 - DEBT

The following table summarizes Valvoline’s current and long-term debt as of the dates reported in the Condensed Consolidated Balance Sheets:

(In millions)	December 31 2016	September 30 2016
Senior Notes	$ 375	$ 375
Term Loan A	296	375
Accounts Receivable Securitization	75	—
Revolver	—	—
Other [(a)]	(6)	(7)
Total debt	$ 740	$ 743
Short-term debt	75	—
Current portion of long-term debt	15	19
Long-term debt	$ 650	$ 724

(a) At December 31, 2016, Other includes $8 million of debt issuance cost discounts and $2 million of debt acquired through acquisitions. At September 30, 2016, Other included $9 million of debt issuance cost discounts and $2 million of debt acquired through acquisitions.

At December 31, 2016, Valvoline’s long-term debt (including current portion and excluding debt issuance costs) had a carrying value of $673 million, compared to a fair value of $688 million. At September 30, 2016, Valvoline’s long-term debt (including current portion and excluding debt issuance costs) had a carrying value of $752 million, compared to a fair value of $771 million. Borrowings under the Term Loans (as defined below) are at variable interest rates and accordingly their carrying amounts approximate fair value. The fair value of the 5.500% senior unsecured notes due 2024 (“Senior Notes”) is based on quoted market prices, which are Level 1 inputs within the fair value hierarchy.

Accounts Receivable Securitization

In November 2016, Valvoline entered into a $125 million accounts receivable securitization facility (the “2017 Accounts Receivable Securitization Facility”) with various financial institutions. The Company may from time to time, obtain up to $125 million (in the form of cash or letters of credit) through the sale of an undivided interest in its accounts receivable. The agreement has a term of one year but is extendable at the discretion of the Company and the financial institutions. The Company accounts for the 2017 Accounts Receivable Securitization Facility as secured borrowings, which are classified as Short-term debt and the receivables sold are included in Accounts receivable in the Condensed Consolidated Balance Sheets.

During the first quarter of 2017, Valvoline borrowed $75 million under the 2017 Accounts Receivable Securitization Facility and used the net proceeds to repay an equal amount of the Term Loan A. As a result, the Company recognized an immaterial charge related to the accelerated amortization of previously capitalized debt issuance costs, which is included in Net interest and other financing expense in the Condensed Consolidated Statements of Comprehensive Income for the three months ended December 31, 2016. The weighted-average interest rate for this instrument during the period borrowings were outstanding in the first quarter of 2017 was 1.5%.

Senior Credit Agreement

The 2016 Senior Credit Agreement provided for an aggregate principal amount of $1,325 million in senior secured credit facilities (“2016 Credit Facilities”), composed of (i) a five years $875 million term loan A facility (“Term Loans”) and (ii) a five years $450 million revolving credit facility (including a $100 million letter of credit sublimit) (“Revolver”). At December 31, 2016, there were no borrowings under the Revolver and the total borrowing capacity remaining under the Revolver was $428 million, due to a reduction of $22 million for letters of credit outstanding.

The 2016 Senior Credit Agreement contains usual and customary representations and warranties, and usual and customary affirmative and negative covenants, including limitations on liens, additional indebtedness, investments, restricted payments, asset sales, mergers, affiliate transactions and other customary limitations, as well as financial covenants (including maintenance of a maximum consolidated net leverage ratio and a minimum consolidated interest coverage ratio). As of the end of any fiscal quarter, the maximum consolidated net leverage ratio and minimum consolidated interest coverage ratio permitted under the 2016 Senior Credit Agreement are 4.5 and 3.0, respectively. As of December 31, 2016, Valvoline is in compliance with all covenants under the 2016 Senior Credit Agreement.

NOTE 5 – INCOME TAXES

Current Fiscal year

Valvoline's estimated annual effective income tax rate used to determine income tax expense in interim financial reporting for the year ending September 30, 2017 is 34.6%. The overall effective tax rate was 34.5% for the three months ended December 31, 2016 and was impacted by a net favorable benefit of discrete items.

Prior Fiscal year

Valvoline's annual effective income tax rate used to determine income tax expense in interim financial reporting for the year ended September 30, 2016 was 33.7%. The overall effective tax rate was 32.3% for the three months ended December 31, 2015. The prior tax rate for the period was favorably impacted primarily by the reinstatement of the research and development tax credit.

Unrecognized tax benefits

Valvoline recognized less than $1 million of uncertain tax positions for the three months ended December 31, 2016, all of which related to increases in positions taken in the current year. Valvoline expects no decrease in the amount of accrual for uncertain tax positions in the next twelve months. However, it is reasonably possible that there could be material changes to the amount of uncertain tax positions due to activities of the taxing authorities, settlement of audit issues, reassessment of existing uncertain tax positions, or the expiration of applicable statute of limitations; however, Valvoline is not able to estimate the impact of these items at this time.

Tax Matters Agreement

For the periods prior to Separation from Ashland, Valvoline will be included in Ashland's consolidated U.S. and state income tax returns and in tax returns of certain Ashland international subsidiaries (collectively, the "Ashland Group Returns"). Under the Tax Matters Agreement between Valvoline and Ashland that was entered into on September 22, 2016, Ashland will generally make all necessary tax payments to the relevant tax authorities with respect to Ashland Group Returns, and Valvoline will make tax sharing payments to Ashland, inclusive of tax attributes utilized. The amount of the tax sharing payments will generally be determined as if Valvoline and each of its relevant subsidiaries included in the Ashland Group Returns filed their own consolidated, combined or separate tax returns for the periods prior to Separation that include only Valvoline and/or its relevant subsidiaries, as the case may be. Total net liabilities related to these and other obligations owed to Ashland under the Tax Matters Agreement are $83 million and $66 million at December 31, 2016 and September 30, 2016, respectively. The net liability at December 31, 2016 consisted of receivables from Parent of $5 million recorded in other current assets, $20 million included in Accrued expenses and other liabilities, and $68 million recorded in other long-term liabilities in the Condensed Consolidated Balance Sheets. As of September 30, 2016, the net liability consisted of receivables from Parent of $5 million recorded in other current assets and $71 million recorded in other long-term liabilities in the Condensed Consolidated Balance Sheets.

These financial statements are prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expresses his/her own opinion with regard to the content or form.

NOTE 6 – EMPLOYEE BENEFIT PLANS

During September 2016, Ashland transferred a substantial portion of its U.S. qualified pension and non-qualified U.S. pension plans as well as certain other postretirement obligations to Valvoline as part of the separation process. Prior to the transfer, Valvoline accounted for its participation in the Ashland sponsored pension and other postretirement benefit plans as multi-employer plans. For purposes of these financial statements, costs for multi-employer plans were allocated based on Valvoline employee's participation in the plan prior to September 1, 2016. Subsequent to the transfer from Ashland, Valvoline accounts for the plans as single-employer plans recognizing the full amount of any costs, gains, and net liabilities within the condensed consolidated financial statements. The total pension and other postretirement benefit income accounted for under the single employer plan method was $25 million during the three months ended December 31, 2016 primarily recognized within Non-service income and gains on pension and other postretirement plans in the Condensed Consolidated Statements of Comprehensive Income. The total pension income allocated to Valvoline related to multi-employer pension plans was income of $1 million for the three months ended December 31, 2015 primarily within Non-service income and gains on pension and other postretirement plans in the Condensed Consolidated Statements of Comprehensive Income. The net periodic benefit costs for the pension and other postretirement benefit plans are disclosed in further below.

Contributions to the pension plans were approximately $3 million during the three months ended December 31, 2016. Expected contributions to pension plans for the remainder of 2017 are approximately $12 million.

Plan amendments and remeasurements

Effective January 1, 2017, Valvoline discontinued certain other postretirement health and life insurance benefits. The effect of these plan amendments resulted in a remeasurement gain of $8 million within Non-service income and gains on pension and other postretirement plans in the Condensed Consolidated Statements of Comprehensive Income for the three months ended December 31, 2016.

Components of net periodic benefit costs (income)

For segment reporting purposes, service cost is proportionately allocated to each reportable segment, while all other components of net periodic benefit income are recognized within Unallocated and other.

The following table summarizes the components of pension and other postretirement benefit income. For the three months ended December 31, 2015, these amounts were generally related to allocations to Valvoline under a multi-employer plan.

	Pension benefits		Other postretirement benefits	
(In millions)	2016	2015	2016	2015
Three months ended December 31				
Service cost	$ 1	$ 2	$ —	$ —
Interest cost	21	6	—	—
Expected return on plan assets	(36)	(9)	—	—
Amortization of prior service credit	—	—	(3)	—
Actuarial gain	—	—	(8)	—
Net periodic benefit income	$ (14)	$ (1)	$ (11)	$ —

Deferred compensation investments

Deferred compensation investments consist of Level 1 measurements within the fair value hierarchy, which are observable inputs such as unadjusted quoted prices in active markets for identical assets and liabilities. Valvoline had $34 million of non-qualified benefit plan investments as of December 31 and September 30, 2016, which primarily consist of fixed income U.S government bonds and are classified as other noncurrent assets in the Condensed Consolidated Balance Sheets. Gains and losses related to deferred compensation investments are immediately recognized within the Condensed Consolidated Statements of Comprehensive Income.

NOTE 7 – LITIGATION, CLAIMS AND CONTINGENCIES

There are various claims, lawsuits and administrative proceedings pending or threatened against Valvoline and its various subsidiary companies. Such actions are with respect to commercial and tax disputes, product liability, toxic tort liability, environmental, and other matters which seek remedies or damages, in some cases in substantial amounts. While Valvoline cannot predict with certainty the outcome of such actions, it believes that adequate reserves have been recorded where appropriate and losses already recognized with respect to such actions were not material as of December 31, 2016 and September 30, 2016. There is a reasonable possibility that a loss exceeding amounts already recognized may be incurred related to these actions; however, Valvoline currently believes that such potential losses will not be material.

NOTE 8 - EARNINGS PER SHARE

The following is the computation of basic and diluted earnings per share ("EPS"). Earnings per share is reported under the treasury stock method.

	Three months ended December 31	
(In millions except per share data)	2016	2015
Numerator		
Net income	$ 72	$ 65
Denominator		
Weighted-average shares used to compute basic EPS	205	205
Effect of dilutive securities [(a)]	—	—
Weighted-average shares used to compute diluted EPS	205	205
Earnings per share		
Basic	$ 0.35	$ 0.32
Diluted	$ 0.35	$ 0.32

(a) During the three months ended December 31, 2016, the Company issued share-based awards to six non-employee directors. These awards had no material impact on earnings per share.

EXHIBIT D

“AUDITED FINANCIAL STATEMENTS”

EXHIBIT D

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Valvoline Inc. and Consolidated Subsidiaries

We have audited the accompanying consolidated balance sheets of Valvoline Inc. and Consolidated Subsidiaries (the "Company") as of September 30, 2016 and 2015, and the related consolidated statements of comprehensive income, stockholders' equity and cash flows for each of the two years in the period ended September 30, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Valvoline Inc. and Consolidated Subsidiaries as of September 30, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the two years in the period ended September 30, 2016 in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Cincinnati, Ohio
December 19, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Valvoline Inc. and Consolidated Subsidiaries:

In our opinion, the consolidated statements of comprehensive income, of stockholders' equity and of cash flows for the year ended September 30, 2014 present fairly, in all material respects, the results of operations and cash flows of Valvoline Inc. and its consolidated subsidiaries for the year ended September 30, 2014, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Cincinnati, OH
May 31, 2016, except for the effects of the reorganization of entities under common control discussed in Note 1 to the consolidated financial statements, as to which the date is December 19, 2016

Valvoline Inc. and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income

	Years ended September 30		
(In millions except per share amounts)	2016	2015	2014
Sales	$ 1,929	$ 1,967	$ 2,041
Cost of sales	1,168	1,282	1,409
Gross profit	761	685	632
Selling, general and administrative expense	270	291	303
Corporate expense allocation	79	79	95
Equity and other income	19	8	30
Operating income	431	323	264
Net interest and other financing expense	9	—	—
Net loss on acquisition and divestiture	(1)	(26)	—
Income before income taxes	421	297	264
Income tax expense	148	101	91
Net income	$ 273	$ 196	$ 173
PER SHARE DATA			
Net income per common share			
Basic	$ 1.33	$ 0.96	$ 0.84
Diluted	$ 1.33	$ 0.96	$ 0.84
Weighted average common shares outstanding			
Basic	205	205	205
Diluted	205	205	205
COMPREHENSIVE INCOME (LOSS)			
Net income	$ 273	$ 196	$ 173
Other comprehensive income (loss), net of tax			
Unrealized translation gain (loss)	8	(34)	(12)
Pension and postretirement obligation adjustment	(1)	—	—
Other comprehensive income (loss)	7	(34)	(12)
Comprehensive income	$ 280	$ 162	$ 161

See Notes to Consolidated Financial Statements.

Valvoline Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

(In millions except per share amounts)	At September 30 2016	At September 30 2015
Assets		
Current assets		
Cash and cash equivalents	$ 172	$ —
Accounts receivable, net of allowance of $5 in 2016 and $4 in 2015	363	335
Inventories	139	125
Other assets	56	17
Total current assets	730	477
Noncurrent assets		
Property, plant and equipment		
Cost	727	628
Accumulated depreciation	403	374
Net property, plant and equipment	324	254
Goodwill and intangibles	267	171
Equity method investments	26	29
Deferred income taxes	389	8
Other assets	89	39
Total noncurrent assets	1,095	501
Total assets	$ 1,825	$ 978
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	$ 19	$ —
Trade and other payables	177	174
Accrued expenses and other liabilities	204	125
Total current liabilities	400	299
Noncurrent liabilities		
Long-term debt	724	—
Employee benefit obligations	886	13
Deferred income taxes	2	24
Other liabilities	143	25
Total noncurrent liabilities	1,755	62
Commitments and contingencies		
Stockholders' (deficit) equity		
Preferred stock, no par value, 40 shares authorized; no shares issued and outstanding	—	—
Common stock, par value $0.01 per share, 400 shares authorized 205 shares issued and outstanding at 2016; no shares issued and outstanding at 2015	2	—
Paid-in capital	710	—
Parent company investment	(1,039)	678
Accumulated other comprehensive loss	(3)	(61)
Total stockholders' (deficit) equity	(330)	617
Total liabilities and stockholders' (deficit) equity	$ 1,825	$ 978

See Notes to Consolidated Financial Statements.

Valvoline Inc. and Consolidated Subsidiaries

Consolidated Statements of Stockholders' Equity

(In millions)	Common Stock Shares	Common Stock Amount	Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Parent Company Investment	Total
Balance at September 30, 2013	—	$ —	$ —	$ (15)	$ 699	$ 684
Net income	—	—	—	—	173	173
Currency translation adjustments	—	—	—	(12)	—	(12)
Net transfers to Parent	—	—	—	—	(121)	(121)
Balance at September 30, 2014	—	—	—	(27)	751	724
Net income	—	—	—	—	196	196
Currency translation adjustments, net of tax of ($1)	—	—	—	(34)	—	(34)
Net transfers to Parent	—	—	—	—	(269)	(269)
Balance at September 30, 2015	—	—	—	(61)	678	617
Net income	—	—	—	—	273	273
Net transfers to Parent	—	—	—	—	(1,500)	(1,500)
Contribution of net liabilities from Parent	—	—	—	51	(490)	(439)
Issuance of common stock to Parent and in connection with initial public offering, net of offering costs	205	2	710	—	—	712
Currency translation adjustments, net of tax of $2	—	—	—	8	—	8
Amortization of pension and postretirement prior service credits in income	—	—	—	(1)	—	(1)
Balance at September 30, 2016	205	$ 2	$ 710	$ (3)	$ (1,039)	$ (330)

See Notes to Consolidated Financial Statements.

Valvoline Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows	Years ended September 30		
(In millions)	2016	2015	2014
Cash flows from operating activities			
Net income	$ 273	$ 196	$ 173
Adjustments to reconcile to cash flows from operations			
Depreciation and amortization	38	38	37
Debt issuance cost amortization	4	—	—
Deferred income taxes	13	(9)	(16)
Equity income from affiliates	(12)	(12)	(10)
Distributions from affiliates	16	18	7
Net loss on acquisition and divestiture	1	26	—
Impairment of equity investment	—	14	—
Pension contributions	(2)	—	—
(Gain) loss on Valvoline pension plan and other postretirement plan remeasurements	(42)	2	1
Change in assets and liabilities (a)			
Accounts receivable	(17)	53	(31)
Inventories	(4)	(6)	8
Trade and other payables	(49)	(7)	(8)
Accrued expenses and other liabilities	54	9	(11)
Other assets and liabilities	38	8	20
Total cash provided by operating activities	311	330	170
Cash flows from investing activities			
Additions to property, plant and equipment	(66)	(45)	(37)
Proceeds from disposal of property, plant and equipment	1	1	1
Purchase of operations, net of cash acquired	(83)	(5)	(2)
Proceeds from sale of operations	—	23	—
Total cash used by investing activities	(148)	(26)	(38)
Cash flows from financing activities			
Net transfers to Parent	(1,504)	(304)	(132)
Cash contributions from Parent	60	—	—
Proceeds from initial public offering, net of offering costs of $40	719	—	—
Proceeds from borrowings, net of issuance costs of $15	1,372	—	—
Repayments on borrowings	(637)	—	—
Total cash provided by (used in) financing activities	10	(304)	(132)
Effect of currency exchange rate changes on cash and cash equivalents	(1)	—	—
Increase in cash and cash equivalents	172	—	—
Cash and cash equivalents - beginning of year	—	—	—
Cash and cash equivalents - end of year	$ 172	$ —	$ —
Supplemental disclosures			
Interest paid	$ —	$ —	$ —
Income taxes paid	17	—	—

(a) Excludes changes resulting from operations acquired or sold.

See Notes to Consolidated Financial Statements.

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Business

Valvoline Inc. (“Valvoline” or the “Company”) is a leading worldwide producer and distributor of premium-branded automotive, commercial and industrial lubricants and automotive chemicals. Valvoline also operates a retail quick lube service chain through Valvoline Instant Oil Change (“VIOC”), which provides service through 1,068 franchised and company-owned stores. Valvoline was incorporated in May 2016 and at September 30, 2016 is a subsidiary of Ashland Global Holdings Inc. (which together with its predecessors and consolidated subsidiaries is referred to as “Ashland” or "Parent").

Formation of the Company and Initial Public Offering

On September 22, 2015, Ashland announced that its Board of Directors approved proceeding with a plan to separate Ashland into two independent, publicly traded companies comprising of the Valvoline business and the specialty chemicals businesses (the “Separation”). Following a series of restructuring steps, prior to the initial public offering (“IPO”) of Valvoline common stock, the Valvoline business was transferred from Ashland to Valvoline Inc. such that the Valvoline business includes substantially all of the historical Valvoline business reported by Ashland, as well as certain other assets and liabilities transferred to Valvoline by Ashland. The largest transferred liabilities are the net pension and other postretirement plan liabilities. Other transferred assets and liabilities primarily consist of deferred compensation, certain Ashland legacy business insurance reserves, tax attributes, and certain trade payables. Additionally, any deferred tax assets and liabilities that relate specifically to these assets and liabilities have been transferred to Valvoline, as well as certain other tax liabilities and indemnities as a result of the Tax Matters Agreement entered into between Ashland and Valvoline. The contribution of the Valvoline business by Ashland to Valvoline Inc. was treated as a reorganization of entities under common Ashland control. As a result, Valvoline is retrospectively presenting the consolidated financial position and results of operations of Valvoline Inc. and its subsidiaries for all periods presented.

Key elements of the Separation of Valvoline from Ashland’s other businesses include the following:

- During July 2016, Valvoline completed its issuance of 5.500% senior unsecured notes due 2024 with an aggregate principal amount of $375 million. The net proceeds of the offering of $370 million (after deducting initial purchasers’ discounts) were transferred to Ashland. See Note 9 of Notes to Consolidated Financial Statements.

- On September 19, 2016 Valvoline Inc. amended and restated its articles of incorporation and by-laws. Among other changes, the amendment and restatement increased Valvoline’s authorized capital stock to 440 million shares, consisting of (1) 40 million shares of preferred stock, having no par value, and (2) 400 million shares of common stock, par value $0.01 per share.

- On September 26, 2016 Valvoline incurred $875 million in new indebtedness under a credit agreement that provides for an aggregate principal amount of $1,325 million in senior secured credit facilities, comprised of (i) a five-year $875 million term loan A facility and (ii) a five-year $450 million revolving credit facility (including a $100 million letter of credit sublimit). Valvoline fully drew on the term loan A facility, receiving approximately $865 million (after deducting fees and expenses) and borrowed $137 million under the revolving credit facility. These proceeds were transferred to Ashland. See Note 9 of Notes to Consolidated Financial Statements.

- On September 28, 2016 Valvoline completed the IPO and sold 34.5 million shares of common stock, including 4.5 million shares pursuant to the underwriters’ option to purchase additional shares, at a price to the public of $22.00 per share. The total net proceeds, net of underwriting discounts and other expenses, received from the IPO were approximately $712 million. Valvoline used these net proceeds to repay $500 million of the outstanding amounts on the term loan facility, to repay $137 million of the outstanding amounts on the revolving credit facility, and retained approximately $75 million for general corporate purposes. As of September 30, 2016, Ashland owned 170 million shares of Valvoline common stock, representing approximately 83% of the total outstanding shares of Valvoline common stock.

Ashland presently intends to distribute the remaining shares of Valvoline common stock to Ashland’s stockholders following the release of second fiscal quarter of 2017 financial results by both Ashland and Valvoline (the “Stock Distribution”). Immediately following the Stock Distribution, Ashland shareholders will own shares of both Ashland and Valvoline. The Stock Distribution is expected to be tax-free for Ashland shareholders. The Stock Distribution is subject to final Ashland board approval as well as the satisfaction or waiver by Ashland of a number of conditions. Ashland may determine not to complete the Separation if, at any time, the Board of Directors of Ashland determines, in its sole and absolute discretion, that the Stock Distribution is not in the best interest of Ashland or its stockholders or is otherwise not advisable.

During 2016, Valvoline recognized separation costs of $6 million, which are primarily related to transaction and legal fees. Separation costs are recorded within the selling, general and administrative expense caption of the Consolidated Statements of Comprehensive Income.

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and U.S. Securities and Exchange Commission regulations. The financial statements are presented on a consolidated basis for all periods presented and include the accounts of the Company and its majority-owned subsidiaries. All intercompany transactions and balances within Valvoline have been eliminated in consolidation. Additionally, certain prior period data has been reclassified in the consolidated financial statements and accompanying notes to conform to the current period presentation, which includes the adoption of new accounting guidance during the current year related to the classification as noncurrent of all deferred tax assets and liabilities in the Consolidated Balance Sheets.

The financial statements for periods presented prior to IPO were prepared as if Valvoline had operated on a stand-alone basis and include the historical results of operations, financial position and cash flows of the Valvoline unincorporated commercial unit derived from the consolidated financial statements and accounting records of Ashland. For periods prior to the IPO, the financial statements include the recognition of certain assets and liabilities that were recorded at the Ashland corporate level but which were specifically identifiable or otherwise attributable to Valvoline. For periods following the IPO, Valvoline was transferred various assets and liabilities from Ashland at carry-over (historical cost) basis as noted above.

All transactions and balances between Valvoline and Ashland have been reported in the consolidated financial statements. For periods prior to the IPO, these transactions were considered to be effectively settled for cash at the time the transactions were recorded. These transactions and net cash transfers to and from Ashland's centralized cash management system are reflected as a component of Parent company investment on the Consolidated Balance Sheets and as a financing activity within the accompanying Consolidated Statements of Cash Flows. In the Consolidated Statements of Stockholders' Equity, the Parent Company Investment represents the cumulative net investment by Ashland in Valvoline through IPO, including net income and net cash transfers to and from Ashland. Valvoline retained earnings from IPO through September 30, 2016 were not material and accordingly, were not separately presented in the Consolidated Balance Sheets or Consolidated Statements of Stockholders' Equity.

Prior to the completion of the IPO, Valvoline utilized centralized functions of Ashland to support its operations, and in return, Ashland allocated certain of its expenses to Valvoline. Such expenses represent costs related, but not limited to, treasury, legal, accounting, insurance, information technology, payroll administration, human resources, stock incentive plans and other services. These costs, together with an allocation of Ashland overhead costs, are included within the corporate expense allocation caption in the Consolidated Statements of Comprehensive Income. Where it was possible to specifically attribute such expenses to activities of Valvoline, these amounts have been charged or credited directly to Valvoline without allocation or apportionment. Allocation of all other such expenses is based on a reasonable reflection of the utilization of service provided or benefits received by Valvoline during the periods presented on a consistent basis, such as headcount, square footage, tangible assets or sales. However, the allocations of these shared expenses may not represent the amounts that would have been incurred had Valvoline operated autonomously or independently from Ashland. Actual costs that would have been incurred if Valvoline had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions in various areas, including information technology and infrastructure. Upon completion of the IPO, Valvoline assumed responsibility for the costs of these functions.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Valvoline's significant accounting policies, which conform to U.S. GAAP and are applied on a consistent basis in all years presented, except as indicated, are described below.

Use of estimates, risks and uncertainties

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent assets and liabilities. Significant items that are subject to such estimates and assumptions include, but are not limited to, long-lived assets (including goodwill), sales deductions, employee benefit obligations and income taxes. Although management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results could differ significantly from the estimates under different assumptions or conditions.

Cash and cash equivalents

All short-term, highly liquid investments having original maturities of three months or less are considered to be cash equivalents.

The Company had $12 million of cash equivalents at September 30, 2016, which are considered level 1 fair value measurements. The carrying value of the cash equivalents approximates fair value because of the short-term maturity of those instruments.

Accounts receivable and allowance for doubtful accounts

Valvoline records an allowance for doubtful accounts as a best estimate of the amount of probable credit losses for accounts receivable. Valvoline estimates the allowance for doubtful accounts based on a variety of factors, including the length of time receivables are past due, the financial health of its customers, macroeconomic conditions, past transaction history with the customer and changes in customer payment terms. If the financial condition of its customers deteriorates or other circumstances occur that result in an impairment of customers' ability to make payments, the Company records additional allowances as needed. The Company writes off uncollectible trade accounts receivable against the allowance for doubtful accounts when collections efforts have been exhausted and/or any legal action taken by the Company has concluded.

For periods prior to the IPO and as part of the centralized cash management program with Ashland, Valvoline participated in an accounts receivable securitization facility beginning in 2012 that allowed Ashland to sell, on an ongoing basis, certain of its qualifying accounts receivable, certain related assets and the right to the collections on those accounts receivable to CVG Capital III, LLC ("CVG"), a wholly-owned special purpose subsidiary of Ashland. Valvoline's participation was a result of Ashland's centralized approach to cash management, and transfers under the facility were recorded as secured borrowings by Ashland with the receivables sold pursuant to the facility included in the Consolidated Balance Sheets as accounts receivable. In connection with the Separation, no amounts were outstanding under this facility as of September 30, 2016 as Valvoline no longer participated in the Ashland program. At September 30, 2015, the outstanding amount of accounts receivable sold by Ashland to CVG for Valvoline's participating receivables in the facility was $235 million.

During 2014, Ashland entered into an agreement to sell accounts receivable for a Valvoline customer in the form of drafts or bills of exchange to a financial institution. Each draft constitutes an order to pay for obligations of the customer to Ashland arising from the sale of goods by Ashland to the customer. As the intention of the arrangement is to decrease the amount of time accounts receivable is outstanding and increase cash flows for Ashland through its centralized cash management function. The outstanding amount of drafts sold by Ashland to the financial institution was $29 million and $41 million as of September 30, 2016 and 2015, respectively.

Inventories

Inventories are carried at the lower of cost or market value. Inventories are primarily stated at cost using the weighted-average cost method. In addition, certain lubricants with a replacement cost of $68 million at September 30, 2016 and $63 million at September 30, 2015 are valued at cost using the last-in, first-out ("LIFO") method. See Note 5 for further information.

Property, plant and equipment

The cost of property, plant and equipment is depreciated by the straight-line method over the estimated useful lives of the assets. Buildings are depreciated principally over 5 to 35 years and machinery and equipment principally over 5 to 15 years. Such costs are periodically reviewed for recoverability when impairment indicators are present and are conducted at the lowest identifiable level of cash flows. Such indicators could include, among other factors, operating losses, unused capacity, market value declines and technological obsolescence. Recorded values of asset groups of property, plant and equipment, that are not expected to be recovered through undiscounted future net cash flows, are written down to current fair value, which generally is determined from estimated discounted future net cash flows (assets held for use) or net realizable value (assets held for sale).

Goodwill and other intangible assets

Valvoline tests goodwill for impairment annually as of July 1 or when events and circumstances indicate an impairment may have occurred. This annual assessment consists of Valvoline determining each reporting unit's current fair value compared to its current carrying value. Valvoline's reporting units are Core North America, Quick Lubes, and International.

With respect to goodwill, Valvoline performs either a qualitative or quantitative evaluation for each of its reporting units. Factors considered in the qualitative test include reporting unit specific operating results as well as new events and circumstances impacting the operations of the reporting units. For the quantitative test utilized in 2016, the Company assesses goodwill for impairment by comparing the carrying value of its reporting units to their respective fair values and reviewing the Company's market value of invested capital. The Company determines the fair value of its reporting units using a combination of income and market-based approaches and incorporates assumptions it believes marketplace participants would utilize.

Finite-lived intangible assets principally consist of certain trademarks and trade names, intellectual property, and customer lists. These intangible assets are amortized on a straight-line basis over their estimated useful lives. The cost of trademarks and trade names is amortized principally over 3 to 5 years, intellectual property over 10 years and customer relationships over 10 to 20 years. Valvoline reviews finite-lived intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and any not expected to be recovered through undiscounted future net cash flows are written down to current fair value. For further information on goodwill and other intangible assets, see Note 7.

Equity method investments

Investments in joint ventures where Valvoline has the ability to exert significant influence are accounted for under the equity method of accounting. As of September 30, 2016 and 2015 Valvoline's investments in these assets were $26 million and $29 million, respectively.

Revenue recognition

Sales generally are recognized when persuasive evidence of an arrangement exists, products are received or services are provided to customers, the sales price is fixed or determinable and collectability is reasonably assured. Valvoline reports all sales net of tax assessed by qualifying governmental authorities. Certain shipping and handling costs paid by the customer are recorded in sales, while those costs paid by Valvoline are recorded in cost of sales. Franchise revenue is also included within sales and was $24 million, $22 million, and $20 million during 2016, 2015, and 2014, respectively.

Sales rebates and discounts, consisting primarily of promotional rebates and customer pricing discounts, are offered through various programs to customers. Sales are recorded net of these rebates and discounts totaling $388 million, $345 million and $322 million in the Consolidated Statements of Comprehensive Income for September 30, 2016, 2015 and 2014, respectively. Sales rebates and discounts are recognized as incurred, generally at the time of the sale, or over the term of the sales contract. Valvoline bases its estimates on historical rates of customer discounts and rebates as well as the specific identification of discounts and rebates expected to be realized.

Expense recognition

Cost of sales include material and production costs, as well as the costs of inbound and outbound freight, purchasing and receiving, inspection, warehousing, internal transfers and all other distribution network costs. Selling, general and administrative expense includes sales and marketing costs, advertising, customer support, environmental remediation, and administrative costs, other than allocated corporate charges from Ashland, which have been separately identified in the corporate overhead allocation within the Consolidated Statements of Comprehensive Income. Advertising costs ($58 million in 2016, $56 million in 2015 and $56 million in 2014) and research and development costs ($13 million in 2016 and $11 million in both 2015 and 2014) are expensed as incurred.

Income taxes

For the periods prior to full separation of Valvoline from Ashland, Valvoline's operating results will be included in Ashland's consolidated U.S. and state income tax returns and in tax returns of certain Ashland international subsidiaries. The income tax provision in these Consolidated Statements of Comprehensive Income has been calculated as if Valvoline was operating on a stand-alone basis and filed separate tax returns in the jurisdictions in which it operates.

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the deferred assets or liabilities are expected to be settled or realized. Valuation allowances are established when it is more likely than not that some portion or all of the deferred income tax assets will not be realized.

Valvoline's Consolidated Balance Sheets reflect assumptions regarding the expected manner of the Stock Distribution of the Company that would result in Ashland retaining certain tax attributes in a number of jurisdictions. As a result, the tax attributes that Ashland would retain in these jurisdictions have been eliminated from the Valvoline Consolidated Balance Sheets. The income tax impact of these items has been reflected in the Consolidated Statements of Comprehensive Income, with a corresponding offset to Parent company investment. For additional information on income taxes, see Note 11.

Pension plans and other postretirement benefits

At September 30, 2016, qualifying employees participate in specific Valvoline sponsored defined-benefit pension plans, which typically provide pension payments based on an employee's length of service and compensation during the years immediately preceding retirement or have a cash balance design. The majority of U.S. pension plans have been closed to new participants since January 1, 2011 and, effective September 30, 2016, the accrual of pension benefits for participants were frozen. In addition, most foreign pension plans are closed to new participants while those that remain open relate to areas where local laws require plans to operate within the applicable country. Pension obligations for applicable employees of non-U.S. consolidated subsidiaries are provided for in accordance with local practices and regulations of the respective countries.

At September 30, 2016, certain qualifying retired or disabled employees participate in health care and life insurance plans sponsored by Valvoline, which typically provide retiree life insurance and medical care benefits. During March 2016, the other postretirement benefit plans were amended to reduce retiree life and medical benefits effective October 1, 2016 and January 1, 2017, respectively.

The funded status of Valvoline's pension and other postretirement benefit plans is recognized in the Consolidated Balance Sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at September 30, the measurement date ("mark-to-market accounting"). The fair value of plan assets represents the current market value of assets held by an irrevocable trust fund for the sole benefit of participants. For defined benefit pension plans, the benefit obligation is the projected benefit obligation ("PBO") and for other postretirement benefit plans, the benefit obligation is the accumulated postretirement benefit obligation ("APBO"). The PBO represents the actuarial present value of benefits expected to be paid upon retirement based on estimated future compensation levels. The APBO represents the actuarial present value of postretirement benefits attributed to employee services already rendered. The measurement of the benefit obligation is based on estimates and actuarial valuations. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain key assumptions that require significant judgment, including, but not limited to, estimates of discount rates, expected return on plan assets, rate of compensation increases, interest rates and mortality rates.

Valvoline recognizes the change in the fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement. The remaining components of pension and other postretirement benefits expense are recorded ratably on a quarterly basis. Pension and other postretirement benefits adjustments charged directly to cost of sales that are applicable to inactive participants are excluded from inventoriable costs. The service cost component of pension and other postretirement benefits costs is allocated to each reportable segment on a ratable basis; while the remaining components of pension and other postretirement benefits costs are recorded to Unallocated and other. For purposes of the stand-alone financial statements of Valvoline, Valvoline's portion of these costs has been reflected in the Consolidated Statements of Comprehensive Income within cost of sales or selling, general and administrative expenses.

Valvoline Stand-alone Defined Benefit Pension Plans

Valvoline has certain defined benefit pension plans that are specifically designated only for Valvoline employees throughout all periods presented within these consolidated financial statements. The net funded status of these Valvoline defined benefit pension plans is recognized in the Consolidated Balance Sheets.

Valvoline Participation in former Ashland Sponsored Plans

As part of the initial separation from Ashland, a significant portion of Ashland's net unfunded pension and other postretirement plan liabilities, of which a substantial portion related to U.S. qualified and non-qualified pension plans, was transferred to Valvoline.

Prior to the transfer of certain pension and other postretirement liabilities to Valvoline, the Company accounted for its participation in the Ashland sponsored defined benefit pension and other postretirement plans as a participation in a multi-employer plan within the consolidated financial statements. Under this method of accounting, Valvoline recognized its allocated portion of net periodic benefit cost but did not report a liability beyond the contributions due and unpaid to the plans. Therefore, no assets or liabilities relative to these benefit plans have been included in the Consolidated Balance Sheet at September 30, 2015. Amounts recognized in the Consolidated Statements of Comprehensive Income for multi-employer defined benefit and other postretirement benefit plans include an allocation to Valvoline on a ratable basis of the net actuarial gains and losses on an annual basis or whenever a plan was determined to qualify for remeasurement.

As a result of the transfer of pension and other postretirement liabilities from Ashland to Valvoline, Valvoline assumed full responsibility as plan sponsor for these plans. From the point of transfer, Valvoline accounts for the plans as single-employer plans under mark-to-market accounting, recognizing the full amount of any costs or gains, including the net actuarial gains and losses recognized upon remeasurement. The net funded status of these plans is recognized in the Consolidated Balance Sheets once the net obligations were transferred to Valvoline by Ashland.

For further information regarding plan assumptions and the current financial position of the pension and other postretirement plans, see Note 12.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.

Valvoline partially insures its workers' compensation claims and other general business insurance needs. Prior to the IPO, Ashland charged Valvoline for the applicable portion of costs. As part of the Separation, Valvoline was transferred certain active and legacy Ashland insurance reserves. Valvoline records accrued liabilities related to these costs based upon specific claims filed and loss development factors, which contemplate a number of factors including claims history and expected trends. These loss development factors are developed in consultation with external actuaries.

Fair Value Measurements

Valvoline uses applicable guidance for defining fair value, the initial recording and periodic remeasurement of certain assets and liabilities measured at fair value and related disclosures for instruments measured at fair value. Fair value accounting guidance establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. Valvoline measures assets and liabilities using inputs from the following three levels of fair value hierarchy:

Level 1 - Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 - Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. Unobservable inputs reflect Valvoline's own assumptions about what market participants would use to price the asset or liability. The inputs are developed based on the best information available in the circumstances, which might include Valvoline's own financial data such as internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

For assets that are measured using quoted prices in active markets (Level 1), the total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs (Level 2) are primarily valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability. For all other assets and liabilities for which unobservable inputs are used (Level 3), fair value is derived through the use of fair value models, such as a discounted cash flow model or other standard pricing models that Valvoline deems reasonable.

Foreign currency translation

Operations outside the United States are measured primarily using the local currency as the functional currency. Upon consolidation, the results of operations of the subsidiaries and affiliates whose functional currency is other than the U.S. dollar are translated into U.S. dollars at the average exchange rates for the year while assets and liabilities are translated at year-end exchange rates. Adjustments to translate assets and liabilities into U.S. dollars are recorded in the stockholders' equity section of the Consolidated Balance Sheets as a component of accumulated other comprehensive loss and are included in net earnings only upon sale or substantial liquidation of the underlying foreign subsidiary or affiliated company. For periods prior to IPO, the Consolidated Balance Sheet does not reflect derivative instruments entered into by Ashland to hedge variations in foreign currency for Valvoline results due to the centralized treasury function utilized by Ashland on behalf of its subsidiaries. Derivative instruments entered into by Valvoline following the IPO in late September 2016 had an immaterial impact on the consolidated financial statements.

Earnings per share

Basic earnings per share is calculated by dividing net income by the weighted-average number of shares outstanding during the reported period. The calculation of diluted earnings per share is similar to basic earnings per share, except that the weighted-average number of shares outstanding includes the dilution from potential shares added from stock awards. For all periods presented, basic and diluted earnings per share were the same, as no potentially dilutive securities were outstanding. While there were no shares outstanding prior to Valvoline's IPO, per share calculations have been provided for comparability purposes utilizing the September 30, 2016 number of shares outstanding for all periods.

New accounting pronouncements

In August 2016, the Financial Accounting Standards Board (the "FASB") issued new accounting guidance on eight specific cash flow classification issues. The amendments in this guidance will become effective retrospectively for Valvoline on October 1, 2018. Early adoption is permitted in any interim or annual period. Valvoline is currently evaluating the impact this guidance may have on Valvoline's consolidated financial statements.

In March 2016, the FASB issued new accounting guidance for certain aspects of share-based payments to employees. This guidance requires all excess tax benefits and tax deficiencies related to share-based payments to be recognized as income tax expense in the income statement instead of additional paid in capital, and changes the classification of excess tax benefits from a financing activity to an operating activity within the statement of cash flows. This guidance also allows entities to make an accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. Lastly, this guidance increases the amount an employer can withhold to cover income taxes on awards and still qualify for equity classification and requires that cash paid by an employer when directly withholding shares for tax-withholding purposes be classified as a financing activity within the statement of cash flows. The guidance will become effective for Valvoline on October 1, 2017. Valvoline expects to issue share-based payments to employees in future periods and is currently evaluating the impact this guidance may have on Valvoline's consolidated financial statements.

In February 2016, the FASB issued new accounting guidance related to lease transactions. The main objective of this guidance is to increase transparency and comparability among organizations by requiring lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by leases and to disclose key information about leasing arrangements. The presentation of the Consolidated Statements of Comprehensive Income and the Consolidated Statements of Cash Flows is largely unchanged under this guidance. This guidance retains a distinction between finance leases and operating leases, and the classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the current accounting literature. The guidance will become effective for Valvoline on October 1, 2019. Valvoline is currently evaluating the impact this guidance will have on Valvoline's consolidated financial statements.

In January 2016, the FASB issued accounting guidance related to the recognition and measurement of financial assets and financial liabilities. The main objective of this guidance is enhancing the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The amendments in this guidance address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The guidance also eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet and clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. The guidance will become effective for Valvoline on October 1, 2018. Early application to financial statements of fiscal years or interim periods that have not yet been issued is permitted as of the beginning of the fiscal year of adoption. Valvoline is currently evaluating the impact this guidance may have on Valvoline's consolidated financial statements.

In November 2015, the FASB issued accounting guidance requiring all deferred tax assets and liabilities to be classified as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. During 2016, Valvoline adopted this new guidance and applied it retrospectively to the September 30, 2015 Consolidated Balance Sheet. The impact of this new guidance within this statement resulted in the reclassification of $8 million of net current deferred taxes to noncurrent deferred tax assets.

In July 2015, the FASB issued accounting guidance to simplify the subsequent measurement of certain inventories by replacing the current lower of cost or market test with a lower of cost and net realizable value test. The guidance applies only to inventories for which cost is determined by methods other than last-in first-out and the retail inventory method. This guidance will become effective prospectively for Valvoline on October 1, 2017, with early adoption permitted. Valvoline is currently evaluating the new accounting standard and the impact this new guidance will have on Valvoline's consolidated financial statements.

In April 2015, the FASB issued accounting guidance to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. Cloud computing arrangements represent the delivery of hosted services over the internet which includes software, platforms, infrastructure and other hosting arrangements. Under the guidance, customers that gain access to software in a cloud computing arrangement account for the software as internal-use software only if the arrangement includes a software license. This guidance will become effective prospectively for Valvoline on October 1, 2016.

In April 2015 and August 2015, the FASB issued accounting guidance to simplify the presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented retrospectively in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs were not affected by this amendment. Valvoline did not have debt issuance costs as of September 30, 2015, and as a result of electing to early adopt this guidance, $9 million of debt issuance costs were presented as long-term debt as of September 30, 2016.

In May 2014, the FASB issued accounting guidance outlining a single comprehensive five step model for entities to use in accounting for revenue arising from contracts with customers (ASC 606 Revenue from Contracts with Customers). The new guidance supersedes most current revenue recognition guidance, in an effort to converge the revenue recognition principles within U.S. GAAP. This new guidance also requires entities to disclose certain quantitative and qualitative information regarding the nature, amount, timing and uncertainty of qualifying revenue and cash flows arising from contracts with customers. Entities have the option of using a full retrospective or a modified retrospective approach to adopt the new guidance. This guidance becomes effective for Valvoline on October 1, 2018. Valvoline is currently evaluating the new accounting standard and the available implementation options the standard allows as well as the impact this new guidance will have on Valvoline's consolidated financial statements.

NOTE 3 – ACQUISITIONS AND DIVESTITURES

Oil Can Henry's

On December 11, 2015, Ashland announced that it signed a definitive agreement to acquire OCH International, Inc. (Oil Can Henry's), which was the 13th largest quick-lube network in the United States, servicing approximately 1 million vehicles annually with 89 quick-lube stores, 47 of which were company-owned and 42 of which were franchise locations, in Oregon, Washington, California, Arizona, Idaho and Colorado. On February 1, 2016, Ashland completed the acquisition.

The total purchase price, net of cash acquired, for the acquisition of Oil Can Henry's within the Quick Lubes reportable segment was $62 million. The following table summarizes the preliminary values of the assets acquired and liabilities assumed at the date of acquisition.

Purchase price allocation (in millions)	Estimated Fair Value	
Assets:		
Accounts receivable	$	1
Inventory		1
Property, plant and equipment		4
Goodwill		83
Intangible assets		2
Other noncurrent assets		2
Liabilities:		
Trade and other payables		(1)
Accrued expenses and other liabilities		(10)
Debt		(11)
Other noncurrent liabilities		(9)
Total purchase price	$	62

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The factors contributing to the recognition of goodwill were based on strategic benefits that are expected to be realized from the acquisition of Oil Can Henry's. None of the goodwill is expected to be deductible for income tax purposes.

From the date of acquisition through September 30, 2016, the total revenue for Oil Can Henry's company-owned and franchise locations totaled $34 million with operating income of $2 million.

Other Quick Lubes Acquisitions

During 2016, Valvoline acquired 15 locations within the Quick Lubes reportable segment through five acquisitions. The aggregate purchase price of $17 million was allocated primarily to property, plant and equipment and goodwill.

At September 30, 2016, the Company was in the process of completing an acquisition for 5 locations within the Quick Lubes reportable segment. The Company paid $4 million related to this acquisition, which closed on October 3, 2016.

During 2015, Valvoline acquired three locations within the Quick Lubes reportable segment. The purchase price of $5 million was allocated primarily to property, plant and equipment and goodwill.

Car Care Products

During 2015, Ashland entered into a definitive sale agreement to sell Valvoline's car care product assets within the Core North America reportable segment for $24 million, which included Car Brite™ and Eagle One™ automotive appearance products. Prior to the sale, Valvoline recognized a loss of $26 million before tax in 2015 to recognize the assets at fair value less cost to sell, using Level 2 nonrecurring fair value measurements. The loss is reported within the net loss on divestiture caption within the Consolidated Statements of Comprehensive Income. The transaction closed on June 30, 2015 and Valvoline received net proceeds of $19 million after adjusting for certain customary closing costs and final working capital amounts.

The sale of Valvoline's car care product assets did not qualify for discontinued operations treatment since it did not represent a strategic shift that had or will have a major effect on Valvoline's operations and financial results.

Venezuela Equity Method Investment

During 2015, Valvoline sold the equity method investment in Venezuela within the International reportable segment. Prior to the sale, Valvoline recognized a $14 million impairment in 2015, for which there was no tax effect, using Level 2 nonrecurring fair value measurements within the equity and other income caption of the Consolidated Statements of Comprehensive Income.

Valvoline's decision to sell the equity investment and the resulting impairment charge recorded during 2015 is reflective of the continued devaluation of the Venezuelan currency (bolivar) based on changes to the Venezuelan currency exchange rate mechanisms during the fiscal year. In addition, the continued lack of exchangeability between the Venezuelan bolivar and U.S. dollar had restricted the equity method investee's ability to pay dividends and obligations denominated in U.S. dollars. These exchange regulations and cash flow limitations, combined with other recent Venezuelan regulations and the impact of declining oil prices on the Venezuelan economy, had significantly restricted Valvoline's ability to conduct normal business operations through the joint venture arrangement. Valvoline determined this divestiture did not represent a strategic shift that had or will have a major effect on Valvoline's operations and financial results, and thus it did not qualify for discontinued operations treatment.

NOTE 4 – EQUITY METHOD INVESTMENTS

Summarized financial information for companies accounted for on the equity method is presented in the following table, along with a summary of the amounts recorded in the consolidated financial statements. The results of operations and amounts recorded by Valvoline as of and for the years ended September 30, 2016, 2015 and 2014 include results for the Valvoline equity method investment within Venezuela prior to its divestiture in 2015. See Note 3 for further information on this divestiture in 2015. Valvoline has a 50% interest in joint ventures with Cummins in India and China and smaller joint ventures in select countries in Latin America and Asia.

At September 30, 2016 and 2015, Valvoline's stockholders' (deficit) equity included $26 million and $30 million, respectively, of undistributed earnings from affiliates accounted for on the equity method. The summarized financial information for all companies accounted for on the equity method by Valvoline is as of and for the years ended September 30, 2016, 2015 and 2014, respectively.

(In millions)	2016	2015	2014
Financial position			
Current assets	$ 86	$ 80	
Current liabilities	(55)	(48)	
Working capital	31	32	
Noncurrent assets	24	25	
Noncurrent liabilities	(2)	(1)	
Stockholders' equity	$ 53	$ 56	
Results of operations			
Sales	$ 255	$ 275	$ 300
Income from operations	46	48	40
Net income	23	24	22
Amounts recorded by Valvoline			
Investments and advances	$ 26	$ 29	$ 44
Equity income (loss) (a)	12	(2)	10
Distributions received	16	18	7

(a) 2015 includes a $14 million impairment of the equity method investment in Venezuela as further discussed in Note 3.

NOTE 5 – INVENTORIES

Inventories are carried at the lower of cost or market value. Inventories are primarily stated at cost using the weighted-average cost method. In addition, certain lubricants with a replacement cost of $68 million at September 30, 2016 and $63 million at September 30, 2015 are valued at cost using the last-in, first-out (LIFO) method.

The following summarizes Valvoline's inventories in the Consolidated Balance Sheets as of September 30:

(In millions)	2016	2015
Finished products	$ 149	$ 136
Raw materials, supplies and work in process	21	22
LIFO reserves	(29)	(31)
Excess and obsolete inventory reserves	(2)	(2)
	$ 139	$ 125

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

The following table describes the various components of property, plant and equipment within the Consolidated Balance Sheets as of September 30:

(In millions)	2016	2015
Land	$ 50	$ 47
Buildings (a)	216	200
Machinery and equipment	382	362
Construction in progress	79	19
Total property, plant and equipment (gross)	727	628
Accumulated depreciation (b)	(403)	(374)
Total property, plant and equipment (net)	$ 324	$ 254

(a) Includes $7 million and $5 million of capitalized leases as of September 30, 2016 and September 30, 2015, respectively.
(b) Includes $2 million for capitalized leases as of September 30, 2016 and September 30, 2015.

The following table summarizes property, plant and equipment charges included within the Consolidated Statements of Comprehensive Income.

(In millions)	2016	2015	2014
Depreciation (includes capital leases)	$ 38	$ 38	$ 37

NOTE 7 – GOODWILL AND OTHER INTANGIBLES

Goodwill

Valvoline performed a goodwill impairment assessment for each reporting unit during 2016, 2015, and 2014. and upon completion of these assessments, noted no impairment. The estimated fair value of each reporting unit was significantly in excess of its carrying value.

The following is a progression of goodwill by reportable segment for the years ended September 30, 2016 and 2015.

(In millions)	Core North America	Quick Lubes	International	Total
Balance at September 30, 2014	$ 90	$ 38	$ 40	$ 168
Acquisitions (a)	—	3	—	3
Divestitures	(1)	—	—	(1)
Balance at September 30, 2015	89	41	40	170
Acquisitions (a)	—	94	—	94
Balance at September 30, 2016	$ 89	$ 135	$ 40	$ 264

(a) Relates largely to the Oil Can Henry acquisition in 2016 (see Note 3 for additional information) and other smaller Quick Lubes acquisitions in 2016 and 2015.

Other intangible assets

Refer to the below for a summary of intangible assets as of September 30:

	2016			2015		
(In millions)	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangible assets						
Trademarks and trade names	$ 1	$ —	$ 1	$ —	$ —	$ —
Customer relationships	3	(2)	1	3	(2)	1
Other intangibles	1	—	1	—	—	—
Total definite-lived intangible assets	$ 5	$ (2)	$ 3	$ 3	$ (2)	$ 1

Amortization expense recognized on intangible assets was less than $1 million for all periods presented and is primarily included in the selling, general and administrative expense caption of the Consolidated Statements of Comprehensive Income. As of September 30, 2016, all of Valvoline's intangible assets that had a carrying value were being amortized. Estimated amortization expense for future periods is $1 million in 2017 and 2018, with immaterial amounts expected in 2019, 2020 and 2021. The amortization expense for future periods is an estimate. Actual amounts may change from such estimated amounts due to fluctuations in foreign currency exchange rates, additional intangible asset acquisitions and divestitures, potential impairment, accelerated amortization, or other events.

NOTE 8 – OTHER NONCURRENT ASSETS AND CURRENT AND NONCURRENT LIABILITIES

The following table provides the components of other noncurrent assets in the Consolidated Balance Sheets as of September 30:

(In millions)	2016	2015
Non-qualified benefit plan investments (a)	$ 34	$ —
Notes receivable from customers	26	17
Customer incentive programs	16	19
Other	13	3
	$ 89	$ 39

(a) The fair value of these investments are based on Level 1 inputs within the fair value hierarchy. See Note 2 for further discussion of fair value measurements.

The following table provides the components of accrued expenses and other liabilities in the Consolidated Balance Sheets as of September 30:

(In millions)	2016	2015
Sales deductions and rebates	$ 67	$ 44
Accrued pension and other postretirement plans	24	—
Incentive compensation	21	20
Accrued vacation	18	15
Accrued taxes (excluding income taxes)	14	16
Accrued payroll	9	6
Accrued interest	4	—
Other current taxes payable	5	10
Other	42	14
	$ 204	$ 125

The following table provides the components of other noncurrent liabilities in the Consolidated Balance Sheets as of September 30:

(In millions)	2016	2015
Obligations to Parent (a)	$ 71	$ —
Reserves related to workers' compensation and general liability	25	14
Accrued tax liabilities	—	5
Deferred compensation	8	—
Unfavorable leasehold interest	7	—
Capitalized lease obligations	6	4
Other	26	2
	$ 143	$ 25

(a) Principally includes amounts due to Ashland under the terms of the Tax Matters Agreement further described in Note 11. Under the Tax Matters Agreement, amounts due to Ashland include the value of certain tax attributes as well as amounts payable to Ashland for various uncertain tax positions and tax-related indemnification obligations.

NOTE 9 – DEBT

The following table summarizes Valvoline's current and long-term debt at September 30, 2016:

(In millions)		
Senior Notes	$	375
Term Loan A		375
Revolver		—
Other (a)		(7)
Total debt	$	743
Current portion of long-term debt		19
Long-term debt	$	724

(a) Other includes $9 million of debt issuance cost discounts in 2016 and $2 million of debt acquired through acquisitions.

At September 30, 2016, Valvoline's long-term debt (including current portion and excluding debt issuance costs) had a carrying value of $752 million, compared to a fair value of $771 million. Borrowings under the Term Loans are at variable interest rates and accordingly their carrying amounts approximate fair value. The fair value of the Senior Notes is based on quoted market prices, which are Level 1 inputs within the fair value hierarchy. See Note 2 for additional information on fair value measurements.

In connection with these financing transactions, Valvoline deferred approximately $17 million in debt issuance costs, of which approximately $4 million of amortization was accelerated and recognized in net interest and other financing expense in the Consolidated Statements of Comprehensive Income as a result of the repayment on the senior secured term loan facility. Of the remaining deferred debt issuance costs, approximately $3 million is related to the Revolver, which had no outstanding balance at September 30, 2016, and is therefore recorded in other noncurrent assets on the Consolidated Balance Sheets. The remaining balance of debt issuance costs is amortized over the term of the respective arrangements using the effective interest method.

Senior Credit Agreement

The 2016 Senior Credit Agreement provides for an aggregate principal amount of $1,325 million in senior secured credit facilities ("2016 Credit Facilities"), comprised of (i) a five-year $875 million term loan A facility ("Term Loans") and (ii) a five-year $450 million revolving credit facility (including a $100 million letter of credit sublimit) ("Revolver").

On September 26, 2016, Valvoline borrowed the full $875 million available under the Term Loans, resulting in approximately $865 million of net proceeds (after deducting fees and expenses). On September 27, 2016, Valvoline borrowed $137 million under the Revolver. The net proceeds of these borrowings under the Term Loans and Revolver were transferred to Ashland. On September 28, 2016, Valvoline used $637 million of the net proceeds received from the IPO to repay $500 million of the $875 million outstanding under the Term Loans and the full $137 million balance outstanding under the Revolver. The 2016 Credit Facilities are guaranteed by Valvoline's existing and future subsidiaries (other than certain immaterial subsidiaries, joint ventures, special purpose financing subsidiaries, regulated subsidiaries, foreign subsidiaries and certain other subsidiaries), and are secured by a first-priority security interest in substantially all the personal property assets, and certain real property assets, of Valvoline and the guarantors, including all or a portion of the equity interests of certain of Valvoline's domestic subsidiaries and first-tier foreign subsidiaries. The 2016 Credit Facilities may be prepaid at any time without premium.

At Valvoline's option, the loans issued under the 2016 Senior Credit Agreement bear interest at either LIBOR or an alternate base rate, in each case plus the applicable interest rate margin. Loans initially bore interest at LIBOR plus 2.375% per annum, in the case of LIBOR borrowings, or at the alternate base rate plus 1.375%, in the alternative, through and including the date of delivery of a quarterly compliance certificate and thereafter the interest rate will fluctuate between LIBOR plus 1.500% per annum and LIBOR plus 2.500% per annum (or between the alternate base rate plus 0.500% per annum and the alternate base rate plus 1.500% annum), based upon Valvoline's corporate credit ratings or the consolidated first lien net leverage ratio (as defined in the 2016 Senior Credit Agreement).

The 2016 Senior Credit Agreement contains usual and customary representations and warranties, and usual and customary affirmative and negative covenants, including limitations on liens, additional indebtedness, investments, restricted payments, asset sales, mergers, affiliate transactions and other customary limitations, as well as financial covenants (including maintenance of a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio). As of the end of any fiscal quarter, the maximum consolidated leverage ratio and minimum consolidated interest coverage ratio permitted under the 2016 Senior Credit Agreement are 4.5 and 3.0, respectively.

As of September 30, 2016, Valvoline is in compliance with all covenants under the 2016 Senior Credit Agreement. As of September 30, 2016, there were no amounts outstanding on the Revolver. Total borrowing capacity remaining under the 2016 Senior Credit Agreement was $435 million, due to a reduction of $15 million for letters of credit at September 30, 2016.

Senior Notes

During July 2016, Valvoline completed its issuance of 5.500% senior unsecured notes due 2024 ("2024 Notes") with an aggregate principal amount of $375 million. The 2024 Notes were initially unsecured obligations of Valvoline and were initially guaranteed on an unsubordinated unsecured basis by Ashland ("Ashland Guarantee"). The net proceeds of the offering of $370 million (after deducting initial purchasers' discounts) were transferred to Ashland. Upon completing the initial phase of the Separation of Valvoline from Ashland, the Ashland Guarantee was automatically released.

The 2024 Notes contain customary events of default for similar debt securities, which if triggered may accelerate payment of principal, premium, if any, and accrued but unpaid interest on the 2024 Notes. Such events of default include non-payment of principal and interest, non-performance of covenants and obligations, default on other material debt, and bankruptcy or insolvency. If a change of control repurchase event occurs, Valvoline may be required to offer to purchase the 2024 Notes from the holders thereof. The 2024 Notes are not otherwise required to be repaid prior to maturity, although they may be redeemed at the option of Valvoline at any time prior to their maturity in the manner specified in the indentures governing the Senior Notes.

Long-term Debt Maturities

The future estimated maturities of long-term debt, excluding debt issuance costs, are as follows:

(In millions) **Year ending September 30**		
2017	$	19
2018		19
2019		37
2020		38
2021		263
Thereafter		376
Total	$	752

NOTE 10 – LEASE COMMITMENTS

Valvoline and its subsidiaries are lessees of office buildings, retail outlets, transportation equipment, warehouses and storage facilities, other equipment, facilities and properties under leasing agreements that expire at various dates. Capitalized lease obligations are primarily included in other noncurrent liabilities while capital lease assets are included in property, plant and equipment.

Future minimum rental payments for operating leases was as follows:

(In millions) **Year ending September 30**	**Minimum lease payments**	
2017	$	22
2018		20
2019		17
2020		14
2021		13
Thereafter		69
Total future minimum lease payments (a)	$	155

(a) Minimum payments have not been reduced by minimum sublease rentals of $4 million due in the future under noncancelable subleases.

Rental expense under operating leases for operations was as follows:

(In millions)	2016	2015	2014
Minimum rentals (including rentals under short-term leases)	$ 15	$ 12	$ 14
Contingent rentals	2	2	3
Sublease rental income	(1)	(1)	(1)
	$ 16	$ 13	$ 16

NOTE 11 – INCOME TAXES

For the years ended September 30, income tax expense consisted of the following:

(In millions)	2016	2015	2014
Current			
Federal	$ 99	$ 81	$ 82
State	24	16	15
Foreign	12	13	10
	135	110	107
Deferred			
Federal	14	(5)	(15)
State	2	(1)	(2)
Foreign	(3)	(3)	1
	13	(9)	(16)
Income tax expense	$ 148	$ 101	$ 91

Deferred income taxes are provided for income and expense items recognized in different years for tax and financial reporting purposes. As of September 30, 2016, management intends to indefinitely reinvest approximately $11 million of foreign earnings. Because these earnings are considered indefinitely reinvested, no U.S. tax provision has been accrued related to the repatriation of these earnings, and it is not practicable to estimate the amount of U.S. tax that might be payable if these earnings were ever to be remitted.

Temporary differences that give rise to significant deferred tax assets and liabilities are presented in the following table as of September 30:

(In millions)	2016	2015
Deferred tax assets		
Foreign net operating loss carryforwards (a)	$ 1	$ 1
Employee benefit obligations	351	5
Compensation accruals	17	8
Environmental, self-insurance and litigation reserves (net of receivables)	10	—
State net operating loss carryforwards (b)	18	—
Credit carryforwards (c)	20	—
Other items	5	5
Valuation allowances (d)	(6)	(1)
Total deferred tax assets	416	18
Deferred tax liabilities		
Goodwill and other intangibles (e)	6	10
Property, plant and equipment	21	22
Unremitted earnings	2	2
Total deferred tax liabilities	29	34
Net deferred tax asset (liability)	$ 387	$ (16)

(a) Gross net operating loss carryforwards of $2 million will expire in future years beyond 2018.

(b) Apportioned net operating loss carryforwards of $423 million will expire in future years as follows: $3 million in 2017, $5 million in 2018 and the remaining balance in other future years. If certain substantial changes in entity's ownership occur, there would be an annual limitation on the amount of the carryforwards that can be utilized.

(c) Credit carryforwards include offset for uncertain tax positions and consist primarily of foreign tax credits of $13 million expiring in future years beyond 2018, research and development credits of $6 million expiring in future years beyond 2018 and alternative minimum tax credits of $1 million with no expiration date. If certain substantial changes in entity's ownership occur, there would be an annual limitation on the amount of the carryforwards that can be utilized.

(d) Valuation allowances primarily relate to certain state and foreign net operating loss carryforwards, and certain other deferred tax assets.

(e) The total gross amount of goodwill as of September 30, 2016 expected to be deductible for tax purposes is $17 million.

As of September 30, 2016 and 2015, valuation allowances of $6 million and $1 million, respectively, were recorded on the Consolidated Balance Sheets related to deferred tax assets that are not expected to be realized or realizable.

The U.S. and foreign components of income before income taxes and a reconciliation of the statutory federal income tax with the provision for income taxes follow.

(In millions)	2016	2015	2014
Income before income taxes			
United States (a)	$ 382	$ 245	$ 230
Foreign	39	52	34
Total income before income taxes	$ 421	$ 297	$ 264
Income taxes computed at U.S. statutory rate (35%)	$ 147	$ 104	$ 93
Increase (decrease) in amount computed resulting from			
Uncertain tax positions	3	1	2
State taxes	16	9	8
International rate differential	(5)	(8)	(3)
Permanent items (b)	(11)	(5)	(9)
Other items	(2)	—	—
Income tax expense	$ 148	$ 101	$ 91

(a) A significant component of the fluctuations within this caption relates to the annual remeasurements of the U.S. pension and other postretirement plans.
(b) Permanent items in each year relate primarily to the domestic manufacturing deduction and income from equity affiliates. Further, 2015 includes adjustments related to the sale of the Venezuela joint venture of $6 million.

Unrecognized tax benefits

U.S. GAAP prescribes a recognition threshold and measurement attribute for the accounting and financial statement disclosure of tax positions taken or expected to be taken in a tax return. The evaluation of a tax position is a two-step process. The first step requires Valvoline to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The second step requires Valvoline to recognize in the financial statements each tax position that meets the more likely than not criteria, measured at the amount of benefit that has a greater than 50% likelihood of being realized. Valvoline had $8 million and $5 million of unrecognized tax benefits at September 30, 2016 and 2015, respectively. As of September 30, 2016, the total amount of unrecognized tax benefits that, if recognized, would affect the tax rate was $8 million. The remaining unrecognized tax benefits relate to tax positions for which ultimate deductibility is highly certain but for which there is uncertainty as to the timing of such deductibility. Recognition of these tax benefits would not have an impact on the effective tax rate.

Valvoline recognizes interest and penalties related to uncertain tax positions as a component of income tax expense in the Consolidated Statements of Comprehensive Income. Such interest and penalties totaled expense of $1 million in 2016 and less than $1 million in both 2015 and 2014. Valvoline had $1 million and less than $1 million in interest and penalties related to unrecognized tax benefits accrued as of September 30, 2016 and 2015, respectively.

The table below is a rollforward of the changes in gross unrecognized tax benefits for the past three fiscal years:

(In millions)	
Balance at September 30, 2013	$ 2
Increases related to positions taken on items from prior years	1
Decreases related to positions taken on items from prior years	1
Balance at September 30, 2014	4
Increases related to positions taken on items from prior years	1
Balance at September 30, 2015	5
Increases related to positions taken on items from prior years	2
Increases related to positions taken in the current year	1
Balance at September 30, 2016	$ 8

From a combination of statute expirations and audit settlements in the next twelve months, Valvoline expects no decrease in the amount of accrual for uncertain tax positions. For the remaining balance as of September 30, 2016, it is reasonably possible that there could be changes to the amount of uncertain tax positions due to activities of the taxing authorities, settlement of audit issues, reassessment of existing uncertain tax positions, or the expiration of applicable statute of limitations; however, Valvoline is not able to estimate the impact of these items at this time.

Valvoline or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions, or it is included in a consolidated return in these jurisdictions. Foreign taxing jurisdictions significant to Valvoline include Australia, Canada, Brazil, Mexico, China, Singapore, India and the Netherlands. Valvoline is subject to U.S. federal income tax examinations, either directly or as part of a consolidated return, by tax authorities for periods after September 30, 2011 and U.S. state income tax examinations by tax authorities for periods after September 30, 2006. With respect to countries outside of the United States, with certain exceptions, Valvoline's foreign subsidiaries are subject to income tax audits for years after 2005.

For the periods prior to final separation and Stock Distribution, Valvoline will be included in Ashland's consolidated U.S. and state income tax returns and in tax returns of certain Ashland international subsidiaries (collectively, the "Ashland Group Returns"). Under the Tax Matters Agreement between Valvoline and Ashland that was entered into on September 22, 2016, Ashland will generally make all necessary tax payments to the relevant tax authorities with respect to Ashland Group Returns, and Valvoline will make tax sharing payments to Ashland, inclusive of tax attributes utilized. The amount of the tax sharing payments will generally be determined as if Valvoline and each of its relevant subsidiaries included in the Ashland Group Returns filed their own consolidated, combined or separate tax returns for the Interim Period that include only Valvoline and/or its relevant subsidiaries, as the case may be.

For taxable periods that begin on or after the day after the date of the Stock Distribution, Valvoline will no longer be included in any Ashland Group Returns and will file tax returns that include only Valvoline and/or its subsidiaries, as appropriate. Valvoline will not be required to make tax sharing payments to Ashland for those taxable periods. Nevertheless, Valvoline has (and will continue to have following the Stock Distribution) joint and several liability with Ashland to the U.S. Internal Revenue Service ("IRS") for the consolidated U.S. federal income taxes of the Ashland consolidated group for the taxable periods in which Valvoline was part of the Ashland consolidated group.

The Tax Matters Agreement also generally provides that Valvoline has indemnified Ashland for the following taxes:

- Taxes of Valvoline for all taxable periods that begin on or after the day after the date of the Stock Distribution;
- Taxes of Valvoline for the period between the IPO and full separation from Ashland that are not attributable to Ashland Group Returns;
- Taxes for the Pre-IPO Period that arise on audit or examination and are directly attributable to the Valvoline business;
- Certain U.S. federal, state or local taxes for the Pre-IPO Period of Ashland and/or its subsidiaries for that period that arise on audit or examination and are directly attributable to neither the Valvoline business nor the Chemicals business; and
- Transaction Taxes (as defined below) that are allocated to Valvoline under the Tax Matters Agreement.

Total liabilities related to these obligations to Ashland are $71 million at September 30, 2016 and are included within other noncurrent liabilities in the Consolidated Balance Sheets.

The Tax Matters Agreement also provides that Valvoline indemnify Ashland for any taxes (and reasonable expenses) resulting from the failure of the Stock Distribution to qualify for non-recognition of gain and loss or certain reorganization transactions related to the

Separation or the Stock Distribution to qualify for their intended tax treatment ("Transaction Taxes"), where the taxes result from (1) breaches of covenants (including covenants containing the restrictions described below that are designed to preserve the tax-free nature of the Stock Distribution), (2) the application of certain provisions of U.S. federal income tax law to the Stock Distribution with respect to acquisitions of Valvoline's common stock or (3) any other actions that Valvoline knows or reasonably should expect would give rise to such taxes. The Tax Matters Agreement also requires Valvoline to indemnify Ashland for a portion of certain other Transaction Taxes allocated to Valvoline based on Valvoline's market capitalization relative to the market capitalization of Ashland.

Valvoline will generally have either sole control, or joint control with Ashland, over any audit or examination related to taxes for which Valvoline is required to indemnify Ashland.

The Tax Matters Agreement imposes certain restrictions on Valvoline and its subsidiaries (including restrictions on share issuances or repurchases, business combinations, sales of assets and similar transactions) that are designed to preserve the tax-free nature of the Stock Distribution. These restrictions will apply for the two-year period after the Stock Distribution. However, Valvoline will be able to engage in an otherwise restricted action if Valvoline obtains an appropriate opinion from counsel or ruling from the IRS.

NOTE 12 – EMPLOYEE BENEFIT PLANS

Pension plans

Qualifying employees participate in specific Valvoline or Ashland sponsored defined-benefit pension plans, which typically provide pension payments based on an employee's length of service and compensation during the years immediately preceding retirement or have a cash balance design. During March 2016, Ashland announced that the majority of its defined benefit pension plans, accounted for as multi-employer plans for the majority of 2016 and all prior periods, will freeze the accrual of benefits effective as of September 30, 2016. As a result of the Separation, Ashland transferred the majority of the multi-employer pension plans to Valvoline on September 1, 2016. Pension obligations for applicable employees of non-U.S. consolidated subsidiaries are provided for in accordance with local practices and regulations of the respective countries.

Valvoline has certain defined benefit pension plans that were specifically designated only for Valvoline employees that are included within the Consolidated Balance Sheets. Valvoline accounted for its participation in the Ashland sponsored defined benefit pension plans as multi-employer plans, which in accordance with U.S. GAAP, were not included within the Consolidated Balance Sheets for periods prior to September 2016. As part of the initial separation from Ashland, a significant portion of Ashland's net unfunded pension plan liabilities, of which a substantial portion relates to the U.S pension plans, was transferred to Valvoline. Subsequent to the transfer of Ashland's net unfunded pension plan liabilities to Valvoline on September 1, 2016, Valvoline accounts for the plans as single-employer plans recognizing the full amount of any costs, gains, and net liabilities within the consolidated financial statements.

For purposes of these consolidated financial statements, costs for multi-employer plans were allocated based on Valvoline employees' participation in the plan prior to September 1, 2016. The amount of net pension cost allocated to Valvoline related to these multi-employer plans was expense of $21 million, $43 million, and $58 million during the eleven months ended August 31, 2016, and fiscal 2015 and 2014, respectively. Within the multi-employer adjustments are remeasurement gains and losses, including actuarial gains and losses, of $24 million, $44 million and $58 million in losses during the eleven months ended August 31, 2016, and fiscal 2015 and 2014, respectively.

For Valvoline's specific stand-alone pension plans and plans that were accounted for as single-employer plans subsequent to the transfer from Ashland, the amount of net pension income was $45 million during 2016. The amount of net pension costs for Valvoline specific stand-alone pension plans was $3 million during both 2015 and 2014. The net periodic benefit costs, obligations and plan assets for these stand-alone and the transferred pension plans are disclosed in further detail within this Note 12.

Pension annuity program

On September 15, 2016, Valvoline used pension assets to purchase a non-participating annuity contract from an insurer that will pay and administer future pension benefits for 14,800 participants within the qualified U.S. pension plan. Valvoline transferred approximately $378 million of the outstanding pension benefit obligation in exchange for pension trust assets whose value approximated the liability value. The annuity purchase transaction did not generate a material settlement adjustment during 2016. The insurer has unconditionally and irrevocably guaranteed the full payment of benefits to plan participants associated with the annuity purchase and benefit payments will be in the same form that was in effect under the Plan. The insurer has also assumed all investment risk associated with the pension assets that were delivered as annuity contract premiums.

Other postretirement benefit plans

Certain of Valvoline's U.S. and Canada retired or disabled employees participated in health care and life insurance plans sponsored by Ashland. Historically, there were no Valvoline specific postretirement benefit plans. During March 2016, Ashland announced that it will reduce retiree life and medical benefits effective October 1, 2016 and January 1, 2017, respectively. The majority of qualifying employees participated in Ashland sponsored postretirement plans that were accounted for by Valvoline as multi-employer plans, which in accordance with U.S. GAAP, were not included within the Consolidated Balance Sheets for prior periods. As a result of the Separation, Ashland transferred the majority of the multi-employer other postretirement benefit plans to Valvoline on September 1, 2016. For purposes of these consolidated financial statements, the transferred plans were accounted for as multi-employer plans until the transfer date of September 1, 2016 and subsequently all costs and liabilities associated with these plans are included in the consolidated financial statements.

Since January 1, 2004, the transferred plans have limited their annual per capita costs to an amount equivalent to base year per capita costs, plus annual increases of up to 1.5% per year for costs incurred. As a result, health care cost trend rates have no significant effect on the amounts reported for the health care plans. Premiums for retiree health care coverage are equivalent to the excess of the estimated per capita costs over the amounts borne by Valvoline. The assumed postretirement health care plans include a limit on Valvoline's share of costs for recent and future retirees. The assumed pre-65 health care cost trend rate as of September 30, 2016 was 7.9% and continues to be reduced to 4.5% in 2037 and thereafter. The assumptions used to project the liability anticipate future cost-sharing changes to the written plans that are consistent with the increase in health care cost.

Costs for Valvoline's participation in the Ashland sponsored other postretirement plans were allocated based on Valvoline employees' relative participation in the plan prior to September 1, 2016. The amount of cost allocated was expense of $1 million during 2014. Within the multi-employer adjustments are remeasurement gains and losses, including actuarial losses of $2 million during 2014.

Change in applying discount rate to measure benefit costs

During 2016, Ashland changed the method used to estimate the service and interest cost components of net periodic benefit costs for pension and other postretirement benefits. This change compared to the previous method resulted in a decrease in the service and interest cost components for pension and other postretirement benefit costs during 2016. Historically, Ashland estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. Ashland has elected to utilize a full yield curve approach in the estimation of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. Ashland made this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. This change does not affect the measurement of Ashland's total benefit obligations or annual net periodic benefit costs as the change in the service and interest costs will be offset in the actuarial gain or loss reported, which typically occurs during the fourth fiscal quarter. Ashland has accounted for this change as a change in accounting estimate that is inseparable from a change in accounting principle and accordingly has accounted for it prospectively. Valvoline will continue this accounting treatment for the transferred plans.

For defined benefit pension plans specific to Valvoline, the impact of this discount rate change compared to the previous method decreased pension service and interest cost minimally for the full year 2016. Based on plan demographics, the majority of the incremental decrease was reported in selling, general, and administrative expense during 2016, within the Consolidated Statements of Comprehensive Income in the Unallocated and other segment. Service and interest cost, as well as the other components of net periodic benefit costs, were subject to change for such reasons as an event requiring a remeasurement. Valvoline's total projected benefit obligations related to these specific pension plans was not impacted by these reductions in service and interest costs as the decrease was substantially offset within the actuarial gain or loss caption when the plans were remeasured during the fiscal year.

Components of net periodic benefit costs (income)

For segment reporting purposes, service cost for operations is proportionately allocated to each reportable segment, excluding the Unallocated and other segment, while all other costs for operations are recorded within the Unallocated and other segment.

The following table summarizes the components of pension and other postretirement plans benefit costs for operations and the assumptions used to determine net periodic benefit costs (income) for the plans included within the Consolidated Balance Sheets, which as of September 30, 2016 includes pension and other postretirement plans transferred from Ashland.

	Pension benefits			Other postretirement benefits		
(In millions)	2016	2015	2014	2016	2015	2014
Net periodic benefit costs (income)						
Service cost	$ 3	$ 1	$ 2	$ —	$ —	$ —
Interest cost	11	3	3	—	—	—
Expected return on plan assets	(17)	(3)	(3)	—	—	—
Amortization of prior service credit (a)	—	—	—	(1)	—	—
Actuarial loss (gain)	(42)	2	1	—	—	—
Pre-separation allocation from Parent (b)	21	43	58	—	—	1
	$ (24)	$ 46	$ 61	$ (1)	$ —	$ 1
Weighted-average plan assumptions (c)						
Discount rate for service cost (d)	4.10%	4.08%	4.61%	4.25%	—	—
Discount rate for interest cost (d)	3.23%	4.08%	4.61%	2.92%	—	—
Rate of compensation increase	3.23%	3.15%	3.52%	—	—	—
Expected long-term rate of return on plan assets	6.77%	5.34%	5.97%	—	—	—

(a) Other postretirement plan changes announced in March 2016 resulted in negative plan amendments that are being amortized within this caption during 2016.

(b) The pre-separation allocation from Ashland are costs (income) of multi-employer plans for 2014, 2015, and from October 1, 2015 until the transfer of plans to Valvoline at September 1, 2016. The allocation during 2016, 2015 and 2014 is comprised of service cost of $7 million, $8 million, and $8 million, respectively; non-service income of $10 million, $9 million, and $9 million, respectively; and actuarial losses of $24 million, $44 million, and $60 million, respectively.

(c) The plan assumptions discussed are a blended weighted-average rate for Valvoline's U.S. and non-U.S. plans. The assumptions for 2015 and 2014 only reflect Valvoline stand-alone plans. The 2016 assumptions reflect a combination of a full year of Valvoline stand-alone plans and one month for the plans transferred to Valvoline on September 1, 2016. The U.S. pension plan represented approximately 98% of the projected benefit obligation at September 30, 2016. Other postretirement benefit plans consist of U.S. and Canada, with the U.S. plan representing approximately 81% of the projected benefit obligation at September 30, 2016. Non-U.S. plans use assumptions generally consistent with those of U.S. plans.

(d) Weighted-average discount rates in 2016 reflect the adoption of the full yield curve approach.

The following table shows the amortization of prior service cost (credit) recognized in accumulated other comprehensive loss.

	Pension benefits		Postretirement	
(In millions)	2016	2015	2016	2015
Transfer in of unrecognized prior service cost (credit)	$ 1	$ —	$ (81)	$ —
Amortization of prior service credit	—	—	1	—
Total	$ 1	$ —	$ (80)	$ —
Total recognized in net periodic benefit cost (income) and accumulated other comprehensive loss	$ (23)	$ 3	$ (81)	$ —

The following table shows the amount of prior service credit in accumulated other comprehensive loss at September 30, 2016 that is expected to be recognized as a component of net periodic benefit cost (income) during the next fiscal year.

(In millions)	Pension benefits	Postretirement
Prior service credit	$ —	$ (12)

As of September 30, 2016 and 2015, the amounts recognized within accumulated other comprehensive loss are shown in the following table.

	Pension benefits		Postretirement	
(In millions)	2016	2015	2016	2015
Prior service cost (credit)	$ 2	$ 1	$ (80)	$ —

Obligations and funded status

Actuarial valuations are performed for the pension benefit plans to determine Valvoline's obligation for each plan specific to Valvoline. In accordance with U.S. GAAP, Valvoline recognizes the unfunded status of these plans as a liability in the Consolidated Balance Sheets. Summaries of the change in benefit obligations, plan assets, funded status of the plans, amounts recognized in the balance sheet, and assumptions used to determine the benefit obligations for 2016 and 2015 follow for the plans included within the Consolidated Balance Sheets.

(In millions)	Pension benefits 2016	Pension benefits 2015	Postretirement 2016	Postretirement 2015
Change in benefit obligations				
Benefit obligations at October 1	$ 59	$ 68	$ —	$ —
Transfer from Parent	3,523	—	75	—
Service cost	3	1	—	—
Interest cost	11	3	—	—
Participant contributions	—	—	1	—
Benefits paid	(20)	(3)	(3)	—
Actuarial loss (gain)	(66)	2	—	—
Foreign currency exchange rate changes	1	(12)	—	—
Curtailment/Settlement	(373)	—	—	—
Benefit obligations at September 30	$ 3,138	$ 59	$ 73	$ —
Change in plan assets				
Value of plan assets at October 1	$ 46	$ 53	$ —	$ —
Transfer from Parent	2,653	—	—	—
Actual return on plan assets	(7)	3	—	—
Employer contributions	6	3	2	—
Participant contributions	—	—	1	—
Benefits paid	(20)	(3)	(3)	—
Foreign currency exchange rate changes	2	(10)	—	—
Curtailment/Settlement	(373)	—	—	—
Value of plan assets at September 30	$ 2,307	$ 46	$ —	$ —
Unfunded status of the plans	$ (831)	$ (13)	$ (73)	$ —
Amounts recognized in the balance sheet				
Current benefit liabilities	$ (11)	$ —	$ (11)	$ —
Noncurrent benefit liabilities	(820)	(13)	(62)	—
Net amount recognized	$ (831)	$ (13)	$ (73)	$ —
Weighted-average plan assumptions				
Discount rate	3.54%	3.84%	2.92%	—
Rate of compensation increase	3.10%	3.14%	—	—

The accumulated benefit obligation for all pension plans was $3,134 million at September 30, 2016 and $56 million at September 30, 2015. Information for pension plans with an accumulated benefit obligation in excess of plan assets follows for the plans included within the Consolidated Balance Sheets:

(In millions)	2016 Qualified plans	2016 Non-qualified plans	2016 Total	2015 Qualified plans	2015 Non-qualified plans	2015 Total
Projected benefit obligation	$ 2,976	$ 152	$ 3,128	$ 44	$ 7	$ 51
Accumulated benefit obligation	2,973	152	3,125	42	6	48
Fair value of plan assets	2,298	—	2,298	39	—	39

Plan assets

The weighted average expected long-term rate of return on pension plan assets was 6.77% and 5.34% for 2016 and 2015, respectively. The basis for determining the expected long-term rate of return is a combination of future return assumptions for various asset classes in Ashland's investment portfolio, historical analysis of previous returns, market indices and a projection of inflation.

The following table summarizes the various investment categories that the pension plan assets are invested in and the applicable fair value hierarchy that the financial instruments are classified within these investment categories as of September 30, 2016. For additional information and a detailed description of each level within the fair value hierarchy, see Note 2.

(In millions)	Total fair value	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash and cash equivalents	$ 81	$ 81	$ —	$ —
U.S. government securities	85	—	85	—
Other government securities	73	—	73	—
Corporate debt instruments	1,077	877	200	—
Corporate stocks	242	134	108	—
Private equity and hedge funds	726	—	—	726
Other investments	23	—	—	23
Total assets at fair value	$ 2,307	$ 1,092	$ 466	$ 749

The following table summarizes the various investment categories that the pension plan assets are invested in and the applicable fair value hierarchy that the financial instruments are classified within these investment categories as of September 30, 2015.

(In millions)	Total fair value	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash and cash equivalents	$ 3	$ 3	$ —	$ —
Other government securities	26	—	26	—
Corporate stocks	16	—	16	—
Private equity and hedge funds	1	—	—	1
Total assets at fair value	$ 46	$ 3	$ 42	$ 1

Valvoline's pension plans hold a variety of investments designed to diversify risk. Investments classified as a Level 1 fair value measure principally represent marketable securities priced in active markets. Cash and cash equivalents and public equity and debt securities are well diversified and invested in U.S. and international small-to-large companies across various asset managers and styles. Investments classified as a Level 2 fair value measure principally represent fixed-income securities in U.S. treasuries and agencies and other investment grade corporate bonds and debt obligations.

Valvoline's pension plans also hold Level 3 investments primarily within hedge funds and private equity funds with hedge funds accounting for nearly all of the Level 3 investments. Valvoline's investments in these funds are primarily valued using the net asset value per share of underlying investments as determined by the respective individual fund administrators on a daily, weekly or monthly basis, depending on the fund. Such valuations are reviewed by the portfolio managers who determine the estimated value of the collective funds based on these inputs. The following table provides a reconciliation of the beginning and ending balances for these Level 3 assets.

(In millions)	Total Level 3 assets	Private equity and hedge funds	Other investments
Balance at September 30, 2014	$ 1	$ 1	$ —
Purchases	—	—	—
Sales	—	—	—
Actual return on plan assets	—	—	—
Balance at September 30, 2015	$ 1	$ 1	$ —
Transfer in	794	771	23
Purchases	—	—	—
Sales	(51)	(51)	—
Actual return on plan assets			
Related to assets held at September 30, 2016	5	5	—
Balance at September 30, 2016	$ 749	$ 726	$ 23

Investments and Strategy

In developing an investment strategy for its defined benefit plans, Valvoline has considered the following factors: the nature of the plans' liabilities, the allocation of liabilities between active, deferred and retired members, the funded status of the plans, the applicable investment horizon, the respective size of the plans and historical and expected investment returns. Valvoline's U.S. pension plan assets are managed by outside investment managers, which are monitored against investment return benchmarks and Valvoline's established investment strategy. Investment managers are selected based on an analysis of, among other things, their investment process, historical investment results, frequency of management turnover, cost structure and assets under management. Assets are periodically reallocated between investment managers to maintain an appropriate asset mix and diversification of investments and to optimize returns.

The current target asset allocation for the U.S. plan is 51% fixed securities and 49% equity securities. Fixed income securities primarily include long duration high grade corporate debt obligations. Risk assets include both traditional equity as well as a mix of non-traditional assets such as hedge funds and private equity. Investment managers may employ a limited use of derivatives to gain efficient exposure to markets.

Valvoline's investment strategy and management practices relative to plan assets of non-U.S. plans generally are consistent with those for U.S. plans, except in those countries where investment of plan assets is dictated by applicable regulations. The weighted-average asset allocations for Valvoline's U.S. and non-U.S. plans at September 30, 2016 and 2015 by asset category follow.

		Actual at September 30	
(In millions)	Target	2016	2015
Plan assets allocation			
Equity securities	15-60%	46%	36%
Debt securities	40-85%	52%	62%
Other	0-20%	2%	2%
		100%	100%

Cash flows

U.S. pension legislation and future funding requirements

Valvoline's U.S. qualified pension plans funding requirements through fiscal 2017 are calculated in accordance with the regulations set forth in the Moving Ahead for Progress in the 21st Century Act (MAP-21), which provides temporary relief for employers who sponsor defined benefit pension plans related to funding contributions under the Employee Retirement Income Security Act of 1974. Specifically, MAP-21 allows for the use of a 25-year average interest rate within an upper and lower range for purposes of determining minimum funding obligations instead of an average interest rate for the two most recent years, as was previously required.

During fiscal 2016, Valvoline contributed $2 million to its non-qualified U.S. pension plans and $4 million and $3 million during 2016 and 2015, respectively, to its non-U.S. pension plans. Valvoline expects to contribute approximately $12 million to its non-qualified U.S. pension plans and $3 million to its non-U.S. pension plans during 2017.

The following benefit payments, which reflect future service expectations, are projected to be paid in each of the next five years and in aggregate for five years thereafter.

(In millions)	Pension benefits	Postretirement
2017	$ 195	$ 11
2018	194	8
2019	193	7
2020	193	5
2021	192	4
2022 - 2026	942	19

Other plans

For 2016, 2015 and 2014, qualifying Valvoline employees are eligible to participate in Ashland's qualified savings plan that assists employees in providing for retirement or other future needs, Valvoline's allocated expense related to these defined contributions was $11 million in 2016 and 2015 and $7 million in 2014. After the IPO, Valvoline sponsors various other benefit plans, some of which are required by different countries. Total current and noncurrent liabilities associated with these plans were $2 million and $4 million, respectively, as of September 30, 2016.

NOTE 13 – LITIGATION, CLAIMS AND CONTINGENCIES

There are various claims, lawsuits and administrative proceedings pending or threatened against Valvoline and its various subsidiary companies and, in certain jurisdictions, separate legal entities which are deemed insignificant. Such actions are with respect to commercial and tax disputes, product liability, toxic tort liability, environmental, and other matters which seek remedies or damages, in some cases in substantial amounts. While Valvoline cannot predict with certainty the outcome of such actions, it believes that adequate reserves have been recorded where appropriate and losses already recognized with respect to such actions were immaterial as of September 30, 2016 and 2015. There is a reasonable possibility that a loss exceeding amounts already recognized may be incurred related to these actions; however, Valvoline believes that such potential losses will not be material.

Commercial contract

During 2014, Valvoline received a favorable arbitration ruling on a commercial contract related to the International reportable segment. Collections from the settlement for $2 million and $10 million during 2015 and 2014, respectively, were recognized within the equity and other income caption of the Consolidated Statements of Comprehensive Income.

NOTE 14 – RELATED PARTY TRANSACTIONS AND PARENT COMPANY INVESTMENT

Related party transactions

All significant intercompany transactions between Valvoline and Ashland have been included in the consolidated financial statements and are considered to have been effectively settled for cash at the time the transaction was recorded. The total net effect of the settlement of these transactions between Valvoline and Ashland is reflected in the Consolidated Statements of Cash Flows as a financing activity and in the Consolidated Balance Sheets as Parent company investment. In the Consolidated Statements of Stockholders' Equity, the invested equity returned to Ashland is the net of a variety of intercompany transactions including, but not limited to, collection of trade receivables, payment of trade payables and accrued liabilities, settlement of charges for allocated corporate costs and payment of taxes by Ashland on Valvoline's behalf.

Cash management and financing

Until the IPO, Valvoline participated in Ashland's centralized cash management system. Accordingly, the cash and cash equivalents were held by Ashland at the corporate level and were not attributed to Valvoline for the 2015 period. Transfers of cash, both to and from Ashland's centralized cash management system, are reflected as a component of Parent company investment on the Consolidated Balance Sheets and as a financing activity within the accompanying Consolidated Statements of Cash Flows. Debt obligations of Ashland have not been included in the consolidated financial statements of Valvoline, because Valvoline is not a party to the obligation between Ashland and the debt holders.

Derivative instruments

Ashland regularly uses derivative instruments to manage its exposure to fluctuations in foreign currencies. Gains and losses related to a hedge are either recognized in income immediately, to offset the gain or loss on the hedged item, or deferred and recorded in the equity section of Ashland's Consolidated Balance Sheets as a component of accumulated other comprehensive loss and subsequently recognized in Ashland's Consolidated Statements of Comprehensive Income when the hedged item affects net income. The ineffective portion of the change in fair value of a hedge is recognized in income immediately.

Until the IPO, Valvoline participated in Ashland's centralized programs. As a result, no gains or losses on hedges reported as a component of the cumulative translation adjustment within accumulated other comprehensive loss are reported in the Consolidated Balance Sheets for any year presented.

Changes in the fair value of all derivatives are recognized immediately in income unless the derivative qualifies as a hedge of future cash flows or a hedge of a net investment in foreign operations. Expenses recognized in income have been allocated to Valvoline as part of the Corporate expense allocations.

Valvoline began its own hedging program in late September 2016. Foreign currency derivative instruments are used to manage exposure on certain transactions denominated in foreign currencies to curtail potential earnings volatility effects of certain assets and liabilities, including short-term inter-company loans, denominated in currencies other than the U.S. dollar. These derivative contracts generally require exchange of one foreign currency for another at a fixed rate at a future date and generally have maturities of less than twelve months. All contracts are valued at fair value with net changes in fair value recorded within the selling, general and administrative expense caption of the Consolidated Statements of Comprehensive Income. As of the end of fiscal year 2016, none of the outstanding hedges had settled. The outstanding balance of these hedges was not material at September 30, 2016.

Stock incentive plans

Valvoline has historically participated in Ashland's stock incentive plans for key employees and directors, primarily in the form of stock appreciation rights, restricted stock, performance shares and other non-vested stock awards. Equity-based compensation expense has been either directly reported by or allocated to Valvoline based on the awards and terms previously granted to Ashland's employees. Stock based compensation expense recorded by Valvoline during the fiscal years ended September 30, 2016, 2015 and 2014 were $11 million, $9 million, and $8 million, respectively. These costs were primarily included within the Corporate expense allocation caption of the Consolidated Statements of Comprehensive Income. Compensation expense for stock incentive plans is generally based on the grant-date fair value over the appropriate vesting period. Ashland utilizes several industry accepted valuation models to determine the fair value. Until the Separation occurs, Valvoline will continue to participate in Ashland's equity-based compensation plans and record equity-based compensation expense based on the historical allocation of cost.

Related party receivables and payables

At September 30, 2016, Valvoline had receivables from Parent of $30 million recorded in other current assets on the Consolidated Balance Sheets. Also, at September 30, 2016, Valvoline had recorded obligations to Parent of $73 million, of which $2 million is in accrued expenses and other liabilities on the Consolidated Balance Sheets and $71 million is recorded in other noncurrent liabilities on the Consolidated Balance Sheets. The long-term liability relates primarily to the obligations under the Tax Matters Agreement.

Transition Services Agreement

Valvoline also entered into a Transition Services Agreement ("TSA") and Reverse Transition Services Agreement ("RTSA") with Ashland to cover certain continued corporate services provided by Valvoline and Ashland to each other following the completion of Valvoline's IPO. In connection with the IPO, Valvoline began to set up its own corporate functions, and pursuant to the TSA, Ashland provides various corporate support services, including certain accounting, human resources, information technology, office and building, risk, security, tax and treasury services. Pursuant to the RTSA, Valvoline provides various corporate support services, including certain human resources, information technology, office and building, security and tax services, as well as certain regulatory compliance services required during the period in which Valvoline remains a majority-owned subsidiary of Ashland. Additional services may be identified from time to time and also be provided under the TSA and RTSA. In general, these agreements began following the completion of the IPO and cover a period not expected to exceed 24 months. The costs of these services were not material during the year ended September 30, 2016, and are consistent with expenses that Ashland has historically allocated or incurred with respect to such services, plus a mark-up of five percent.

Corporate allocations and Parent company investment

Corporate allocations

Prior to the completion of the IPO, Valvoline has historically utilized centralized functions of Ashland to support its operations, and in return, Ashland allocated certain of its expenses to Valvoline. Such expenses represent costs related, but not limited to, treasury, legal, accounting, insurance, information technology, payroll administration, human resources, stock incentive plans and other services. These costs, together with an allocation of Ashland overhead costs, are included within the Corporate expense allocation caption of the Consolidated Statements of Comprehensive Income. Where it is possible to specifically attribute such expenses to activities of Valvoline, these amounts have been charged or credited directly to Valvoline without allocation or apportionment. Allocation of all other such expenses is based on a reasonable reflection of the utilization of service provided or benefits received by Valvoline during the periods presented on a consistent basis, such as headcount, square footage, tangible assets or sales. Valvoline's management supports the methods used in allocating expenses and believes these methods to be reasonable estimates. During 2016, Valvoline began to establish its own corporate functions.

The following table summarizes the centralized and administrative support costs of Ashland that have been allocated to Valvoline for the years ended September 30:

(In millions)	2016	2015	2014
Information technology	$ 20	$ 17	$ 17
Financial and accounting	12	13	12
Building services	11	10	10
Legal and environmental	6	7	7
Human resources	5	4	5
Shared services	2	2	—
Other general and administrative	23	26	44
Total	$ 79	$ 79	$ 95

Nevertheless, the consolidated financial statements may not include all of the actual expenses that would have been incurred and may not reflect Valvoline's results of operations, financial position and cash flows had it been a stand-alone company during the periods presented. It is not practicable to estimate actual costs that would have been incurred had Valvoline been a stand-alone company during the periods presented. Actual costs that would have been incurred if Valvoline had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure. General corporate expenses allocated to Valvoline during the fiscal years ended September 30, 2016, 2015 and 2014 were $79 million, $79 million, and $95 million, respectively.

NOTE 15 – REPORTABLE SEGMENT INFORMATION

Valvoline's business is managed within three reportable segments based on how operations are managed internally for the products and services sold to customers, including how the results are reviewed by the chief operating decision maker, which includes determining resource allocation methodologies used for reportable segments. Valvoline's operating segments are identical to its reportable segments. Operating income is the primary measure reviewed by the chief operating decision maker in assessing each reportable segment's financial performance. Valvoline's businesses are managed within three reportable segments: Core North America, Quick Lubes, and International.

Reportable segment business descriptions

The Core North America business segment sells Valvoline™ and other branded products in the United States and Canada to both consumers who perform their own automotive maintenance, referred to as "Do-It-Yourself" or "DIY" consumers, as well as to installer customers who use Valvoline products to service vehicles owned by "Do-It-For Me" or "DIFM" consumers. Valvoline sells to its DIY consumers through national retail auto parts stores, leading mass merchandisers and independent auto part stores. Valvoline sells to its DIFM consumers through installers in the United States and Canada. Installer customers include car dealers, general repair shops, and third-party quick lube chains. Valvoline directly serves these customers as well as through a network of distributors. Valvoline's installer channel also sells branded products and solutions to heavy duty customers such as on-highway fleets and construction companies.

Through its Quick Lubes business segment, Valvoline operates Valvoline Instant Oil Change (VIOC), a quick-lube service chain involving both Company-owned and franchised stores. Valvoline also sells its products and provides Valvoline branded signage to independent quick lube operators through its Express Care program.

The International business segment sells Valvoline™ and Valvoline's other branded products in approximately 140 countries outside of the United States and Canada. Valvoline's key international markets include China, India, EMEA, Latin America and Australia Pacific. The International business segment sells products for both consumer and commercial vehicles and equipment, and is served by company-owned plants in the United States, Australia and the Netherlands, a joint venture-owned plant in India and third-party warehouses and toll manufacturers in other regions. In most of the countries where Valvoline's products are sold, Valvoline goes to market via independent distributors.

The Unallocated and other segment generally includes items such as components of pension and other postretirement benefit plan expenses (excluding service costs, which are allocated to the reportable segments), certain significant company-wide restructuring activities and legacy costs or adjustments that relate to divested businesses, including the $26 million loss from the sale of car care products during 2015.

Valvoline did not have a single customer that represented 10% of consolidated net sales in 2014, 2015, or 2016.

International data

Information about Valvoline's domestic and international operations follows. Valvoline's foreign operations are primarily captured within the International reportable segment and Valvoline has no material operations in any individual international country.

	Sales from external customers			Net (liabilities) assets		Property, plant and equipment - net	
(In millions)	2016	2015	2014	2016	2015	2016	2015
United States	$ 1,397	$ 1,413	$ 1,440	$ (515)	$ 492	$ 286	$ 219
International	532	554	601	190	125	38	35
	$ 1,929	$ 1,967	$ 2,041	$ (325)	$ 617	$ 324	$ 254

Reportable segment results

The following tables present various financial information for each reportable segment for the years ended September 30, 2016, 2015 and 2014 and as of September 30, 2016, 2015 and 2014. Results of Valvoline's reportable segments are presented based on how operations are managed internally for the products and services sold to customers, including how the results are reviewed by the chief operating decision maker, which includes determining resource allocation methodologies used for reportable segments. The structure and practices are specific to Valvoline; therefore, the financial results of Valvoline's reportable segments are not necessarily comparable with similar information for other comparable companies. Valvoline allocates all costs to its reportable segments except for certain significant company-wide restructuring activities and/or other costs or adjustments that relate to former businesses that Valvoline no longer operates. The service cost component of pension and other postretirement benefits costs is allocated to each reportable segment on a ratable basis; while the remaining components of pension and other postretirement benefits costs are recorded to Unallocated and other. Valvoline refines its expense allocation methodologies to the reportable segments from time to time as internal accounting practices are improved, more refined information becomes available and the industry or market changes. Revisions to Valvoline's methodologies that are deemed insignificant are applied on a prospective basis.

Valvoline determined that disclosing sales by specific product was impracticable. As such, the following table provides a summary of 2016 sales by product category for each reportable segment:

Sales by Product Category for 2016					
Core North America		Quick Lubes		International	
Lubricants	87%	Lubricants	94%	Lubricants	89%
Chemicals	4%	Chemicals	1%	Chemicals	7%
Antifreeze	7%	Filters	5%	Antifreeze	3%
Filters	2%		100%	Filters	1%
	100%				100%

The following table presents various financial information for each reportable segment. The operating results of divested assets during 2015 that did not qualify for discontinued operations accounting treatment are included in the financial information until the date of sale.

Reportable Segment Information

	Years ended September 30		
(In millions)	2016	2015	2014
Sales			
Core North America	$ 979	$ 1,061	$ 1,114
Quick Lubes	457	394	370
International	493	512	557
	$ 1,929	$ 1,967	$ 2,041
Equity income (loss)			
Core North America	$ —	$ —	$ —
Quick Lubes	—	—	—
International	12	(2)	10
	12	(2)	10
Other income			
Core North America	1	1	2
Quick Lubes	2	2	2
International	4	7	16
	7	10	20
	$ 19	$ 8	$ 30
Operating income (loss)			
Core North America	$ 212	$ 200	$ 165
Quick Lubes	117	95	79
International	74	65	78
Unallocated and other (a)	28	(37)	(58)
	$ 431	$ 323	$ 264
Assets			
Core North America	$ 517	$ 476	$ 553
Quick Lubes	370	237	224
International	271	263	296
Unallocated and other	659	2	10
	$ 1,817	$ 978	$ 1,083

(a) During 2016, 2015, and 2014, Unallocated and other also includes a gain of $18 million, a loss of $46 million, and a loss of $61 million, respectively, related to the actuarial remeasurements of pension and other postretirement benefit plans.

(In millions)	Years ended September 30 2016	2015	2014
Equity method investments			
Core North America	$ —	$ —	$ —
Quick Lubes	—	—	—
International	26	29	44
Unallocated and other	—	—	—
	$ 26	$ 29	$ 44
Depreciation and amortization			
Core North America	$ 16	$ 17	$ 16
Quick Lubes	17	16	15
International	5	5	6
	$ 38	$ 38	$ 37
Property, plant and equipment – net			
Core North America	$ 123	$ 87	$ 103
Quick Lubes	149	127	124
International	46	40	45
Unallocated and other	6	—	—
	$ 324	$ 254	$ 272
Additions to property, plant and equipment			
Core North America	$ 41	$ 20	$ 15
Quick Lubes	20	19	16
International	5	6	6
	$ 66	$ 45	$ 37

NOTE 16 – SUBSEQUENT EVENTS

On November 15, 2016, the Company's Board of Directors approved a quarterly cash dividend of $0.049 per share of common stock. The dividend is payable December 20, 2016 to shareholders on record on December 5, 2016.

Effective November 29, 2016, Valvoline entered into a $125 million trade receivable securitization facility to provide an additional source of liquidity. The Company borrowed $75 million under this facility on December 1, 2016 and the related proceeds were used to reduce borrowings under the Term Loans.

QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table presents quarterly financial information and per share data relative to Valvoline's Common Stock.

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
(In millions except per share amounts)	2016	2015	2016	2015	2016	2015	2016	2015
Sales	$ 456	$ 492	$ 479	$ 481	$ 500	$ 510	$ 494	$ 484
Cost of sales	280	328	288	307	300	321	300	326
Gross profit as a percentage of sales	38.6%	33.3%	39.9%	36.2%	40.0%	37.1%	39.3%	32.6%
Operating income	96	86	104	83	113	109	118	45
Net income	65	57	68	34	75	72	65	33
Basic and diluted earnings per share (b)								
Net income	$ 0.32	$ 0.28	$ 0.33	$ 0.17	$ 0.36	$ 0.35	$ 0.32	$ 0.16
Market price per common share (a)								
High	$ —	$ —	$ —	$ —	$ —	$ —	$ 23.98	$ —
Low	—	—	—	—	—	—	23.10	—

(a) Valvoline common stock began trading on The New York Stock Exchange under the symbol "VVV" on September 23, 2016. Prior to this date, there was no public market for Valvoline common stock.
(b) Per share amounts for periods prior to September 30, 2016 have been presented for comparability only. There were no outstanding shares of Valvoline prior to the IPO in September 2016. The share count utilized for all prior period calculations was the share count as of September 30, 2016.

EXHIBIT E

GUARANTEE OF PERFORMANCE

For value received, Valvoline Inc. located at ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509, absolutely and unconditionally guarantees the performance by its subsidiary, Valvoline Instant Oil Change Franchising, Inc. located at ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, Kentucky 40509, of all of the obligations of Valvoline Instant Oil Change Franchising, Inc. in accordance with the terms and conditions of its franchise registration in each state where the franchise is registered and under its License Agreements identified in its 2017 Franchise Disclosure Document, as the same have been or may hereafter be amended, modified, renewed or extended from time to time. This guarantee shall continue in force until all obligations of Valvoline Instant Oil Change Franchising, Inc. under said franchise registration and any License Agreements shall have been satisfied or until Valvoline Instant Oil Change Franchising, Inc.'s liability to any franchisee under the franchise registration and any License Agreements have been completely discharged, whichever first occurs. Valvoline Inc. shall not be discharged from liability hereunder as long as any claim by any franchisee against Valvoline Instant Oil Change Franchising, Inc. remains outstanding. Notice of acceptance is waived. Notice of default on the part of Valvoline Instant Oil Change Franchising, Inc. is not waived. This guarantee shall be binding on Valvoline Inc. and on its successors and assigns.

In witness whereof, Valvoline Inc. has by a duly authorized officer, executed this guarantee at Lexington, Kentucky on this ______ day of ~~January~~April, 2017.

VALVOLINE INC.

By: ____________________________
Anthony R. Puckett
Attorney-In-Fact and President,
Valvoline Instant Oil Change Franchising, Inc.

EXHIBIT F

LIST OF VALVOLINE INSTANT OIL CHANGE FRANCHISEES (AS OF December 14, 2016)

Following is a list of Valvoline Instant Oil Change franchisees who were in operation at any time during Ashland Inc.'s most recent fiscal year (October 1, 2015 through September 30, 2016) and who were still in operation as of December 14, 2016.

Franchisees that signed a Development Agreement are identified with an asterisk (*).

EXHIBIT F

Franchise Name	Store Number	Store Address	City	State	Zip	Phone
Hog Country Oil Company	ER0001	3501 W. Walnut St	Rogers	AR	72756	(479) 936-7500
Hartley Enterprises, LLC	HK0037	900 Cove Parkway	Cottonwood	AZ	86326	(928) 639-3453
MOO Too, Inc.	GP0001	4505 N. US Highway 89	Flagstaff	AZ	86004	(928) 526-5057
MOO Too, Inc.	GP0002	1061 W. Route 66	Flagstaff	AZ	86001	(928) 556-0400
Hartley Enterprises, LLC	HK0025	3883 Stockton Hill Rd	Kingman	AZ	86409	(928) 757-1711
Performance Plus Automotive, L.L.C.	CM8701	21037 N. Cave Creek Road	Phoenix	AZ	85024	(602) 652-8281
Hartley Enterprises, LLC	HK0014	439 Miller Valley Rd	Prescott	AZ	86301	(928) 776-9677
Hartley Enterprises, Inc.	HK0032	8201 E. State Route 69	Prescott Valley	AZ	86314	(928) 775-2336
Hartley Enterprises, LLC	HK0006	1017 E. Fry Blvd	Sierra Vista	AZ	85635	(520) 459-5171
CPS Holding, Inc	CN0002	790 E. 24th Street	Yuma	AZ	85365-2832	(928) 344-0314
CPS Holding, Inc	CN7701	2549 W. 16th Street	Yuma	AZ	85364	(928) 783-0414
Henley Pacific LA, LLC	GN0043	985 N. Weir Canyon Boulevard	Anaheim	CA	92807	714-453-2470
Henley Pacific LA, LLC	GN0107	10115 Rosedale Highway	Bakersfield	CA	93312	661-589-5823
Henley Pacific LA, LLC	GN0108	3901 Wible Road, Suite 8	Bakersfield	CA	93309	661-833-1995
Henley Pacific LA, LLC	GN0109	6501 White Lane	Bakersfield	CA	93309	661-837-0245
Henley Pacific LA, LLC	GN0163	3321 Coffee Road	Bakersfield	CA	93308	(661) 589-9000
Henley Pacific LA, LLC	GN0136	230 North Brea Boulevard	Brea	CA	92821	(714) 990-1900
Henley Pacific LA, LLC	GN0052	2420 W. Olive Avenue	Burbank	CA	91506	818-841-8866
Henley Pacific LA, LLC	GN0162	100 S. Las Posas Road, Suite C	Camarillo	CA	93010	(805) 920-7149
Henley Pacific LA, LLC	GN0048	20860 Sherman Way	Canoga Park	CA	91306	818-264-7766
Henley Pacific LA, LLC	GN0133	903 Broadway	Chula Vista	CA	91911	(619) 371-3944
Henley Pacific LA, LLC	GN0111	1270 E. Grand Boulevard	Corona	CA	92879	951-278-0591
Henley Pacific LA, LLC	GN0015	3599 Harbor Boulevard	Costa Mesa	CA	92626	714-966-1647
Henley Pacific LA, LLC	GN0044	2248 Harbor Boulevard	Costa Mesa	CA	92627	949-945-1440
Henley Pacific LA, LLC	GN0046	400 E. 17th Street	Costa Mesa	CA	92627	949-945-1700
Henley Pacific LA, LLC	GN0037	5380 Sepulveda Boulevard	Culver City	CA	90230	310-397-0288
Henley Pacific LA, LLC	GN0022	34242 Doheny Park Road	Dana Point	CA	92624	949-661-1023
Henley Pacific LA, LLC	GN0106	1998 E. Valley Parkway	Escondido	CA	92027	760-466-1624
Henley Pacific LA, LLC	GN0134	9525 Warner Avenue	Fountain Valley	CA	92708	(714) 968-9023
MOO, Inc.	AP0005	6231 N. Blackstone Avenue	Fresno	CA	93710	(559) 438-3023
Henley Pacific LA, LLC	GN0017	4002 N. Harbor Boulevard	Fullerton	CA	92835	714-871-9980
Henley Pacific LA, LLC	GN0047	1140 E. Colorado Street	Glendale	CA	91205	818-500-9698
Henley Pacific LA, LLC	GN0112	532 W. Florida Avenue	Hemet	CA	92543	951-766-1996
Henley Pacific LA, LLC	GN0123	14949 Bear Valley Road, #A	Hesperia	CA	92345	760-244-1234
Henley Pacific LA, LLC	GN0164	16817 Main Street	Hesperia	CA	92345	(442) 267-7800
Henley Pacific LA, LLC	GN0061	4359 W. Sunset Boulevard	Hollywood	CA	90029	323-345-0312
Henley Pacific LA, LLC	GN0064	5317 W. Sunset Boulevard	Hollywood	CA	90027	323-790-0580
Henley Pacific LA, LLC	GN0016	7361 Edinger Avenue	Huntington Beach	CA	92647	714-899-3600
Henley Pacific LA, LLC	GN0126	7981 El Cajon Boulevard	La Mesa	CA	91941	(619) 668-5602
Henley Pacific LA, LLC	GN0045	26921 Moulton Parkway	Laguna Hills	CA	92656	949-751-3460

EXHIBIT F

Henley Pacific LA, LLC	GN0014	24281 Moulton Parkway	Laguna Woods	CA	92637	949-830-9840
Henley Pacific LA, LLC	GN0096	29295 Central Avenue	Lake Elsinore	CA	92532	951-253-5200
Henley Pacific LA, LLC	GN0049	26731 Rancho Parkway	Lake Forest	CA	92630	949-465-9912
Henley Pacific LA, LLC	GN0068	1701 Pacific Coast Highway	Lomita	CA	90717	310-626-6307
Henley Pacific LA, LLC	GN0062	7685 Carson Boulevard, Suite B	Long Beach	CA	90808	562-249-2322
Henley Pacific LA, LLC	GN0089	3402 Atlantic Avenue	Long Beach	CA	90807	562-283-0299
Henley Pacific LA, LLC	GN0127	3543 E. Anaheim Street	Long Beach	CA	90802	(562) 597-4111
Henley Pacific LA, LLC	GN0020	9014 National Boulevard	Los Angeles	CA	90034	310-202-0198
Henley Pacific LA, LLC	GN0028	6819 La Tijera Boulevard	Los Angeles	CA	90045	310-337-9980
Henley Pacific LA, LLC	GN0053	11827 Santa Monica Boulevard	Los Angeles	CA	90025	310-479-4704
Henley Pacific LA, LLC	GN0054	201 S. La Brea Avenue	Los Angeles	CA	90036	323-930-9389
Henley Pacific LA, LLC	GN0063	6536 Melrose Avenue	Los Angeles	CA	90038	323-790-0333
Henley Pacific LA, LLC	GN0104	2029 S. Sepulveda Boulevard	Los Angeles	CA	90025	310-696-0160
MOO, Inc.	AP2301	2225 W. Cleveland Avenue	Madera	CA	93637-8716	(559) 661-1483
Henley Pacific LA, LLC	GN0027	13421 Washington Boulevard	Marina Del Ray	CA	90292	310-821-2517
Henley Pacific LA, LLC	GN0105	25800 Jeronimo Road, Suite 300	Mission Viejo	CA	92691	949-859-9271
MOO, Inc.	AP0006	120 McHenry Avenue	Modesto	CA	95354	(209) 526-7038
Henley Pacific LA, LLC	GN0114	23165 Hemlock Avenue	Moreno Valley	CA	92557	951-247-1873
Henley Pacific LA, LLC	GN0115	40430 California Oaks Road	Murrieta	CA	92562	951-696-2882
Henley Pacific LA, LLC	GN0013	10800 Riverside Drive	North Hollywood	CA	91602	818-761-5696
Henley Pacific LA, LLC	GN0072	9457 Reseda Boulevard	Northridge	CA	91324	818-280-0584
Henley Pacific LA, LLC	GN0074	3232 E. Chapman Avenue	Orange	CA	92869	714-453-4350
Henley Pacific LA, LLC	GN0075	3800 E. Foothill Boulevard	Pasadena	CA	91107	626-765-0173
Henley Pacific LA, LLC	GN0060	8122 Masi Drive	Rancho Cucamonga	CA	91730	909-484-0610
Henley Pacific LA, LLC	GN0129	850 W. Redlands Blvd	Redlands	CA	92373	(909) 335-8464
Henley Pacific LA, LLC	GN0019	1700 Artesia Boulevard	Redondo Beach	CA	90278	310-318-8780
Henley Pacific LA, LLC	GN0059	6761 Reseda Boulevard	Reseda	CA	91335	818-264-7656
MOO, Inc.	AP0004	5200 Squire Wells Way	Riverbank	CA	95367	(209) 863-0981
Henley Pacific LA, LLC	GN0071	3504 Central Avenue	Riverside	CA	92506	951-367-0411
Henley Pacific LA, LLC	GN0097	7450 Mission Grove Parkway South	Riverside	CA	92508	951-780-2500
Henley Pacific LA, LLC	GN0116	7437 Arlington Avenue	Riverside	CA	92503	951-689-7805
Henley Pacific LA, LLC	GN0117	3417 Arlington Avenue	Riverside	CA	92506	951-788-7725
Henley Pacific LA, LLC	GN0118	18681 Van Buren Boulevard	Riverside	CA	92508	951-789-2882
Henley Pacific LA, LLC	GN0119	3335 Iowa Avenue	Riverside	CA	92507	951-367-0147
Allen Brothers Oil II, Inc.	HH0010	1042 N. Davis Road	Salinas	CA	93907	(831) 753-0242
Henley Pacific LA, LLC	GN0067	4059 N. University Parkway	San Bernardino	CA	92407	909-887-7347
Henley Pacific LA, LLC	GN0035	525 E. Avenida Pico	San Clemente	CA	92672	949-940-1850
Henley Pacific LA, LLC	GN0038	12055 Scripps Summit Drive	San Diego	CA	92131	858-564-0390
Henley Pacific LA, LLC	GN0091	12120 Carmel Mountain Road	San Diego	CA	92128	858-451-1110
Henley Pacific LA, LLC	GN0092	4365 Genesee Avenue	San Diego	CA	92117	858-268-0222
Henley Pacific LA, LLC	GN0093	3464 Midway Drive	San Diego	CA	92110	619-226-4111

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Henley Pacific LA, LLC	GN0124	2260 Callagan Highway Bldg 3456	San Diego	CA	92104	(619) 481-3633
Henley Pacific LA, LLC	GN0132	12472 Rancho Bernardo Road	San Diego	CA	92128	(858) 673-1473
Allen Brothers Oil III, Inc.	HH0070	300-7th Street	San Francisco	CA	94103	(415) 552-5400
Henley Pacific LA, LLC	GN0131	750 E. Dyer Road	Santa Ana	CA	92705	(714) 951-5777
Henley Pacific LA, LLC	GN0021	1757 Lincoln Boulevard	Santa Monica	CA	90404	310-392-2514
Allen Brothers Oil IV, Inc.	HH0052	2878 S. Rodeo Gulch Rd	Soquel	CA	95073	(831) 475-2102
Henley Pacific LA, LLC	GN0085	30625 Temecula Parkway	Temecula	CA	92592	951-553-7399
Henley Pacific LA, LLC	GN0026	5658 Rosemead Boulevard	Temple City	CA	91780	626-285-3826
Henley Pacific LA, LLC	GN0010	24043 Hawthorne Boulevard	Torrance	CA	90505	310-791-8480
Henley Pacific LA, LLC	GN0018	1645 Crenshaw Boulevard	Torrance	CA	90501	310-320-7585
MOO, Inc.	AP0003	1935 E Prosperity Ave	Tulare	CA	93274	(559) 685-1306
Henley Pacific LA, LLC	GN0042	12972 Newport Avenue	Tustin	CA	92780	714-505-8092
Henley Pacific LA, LLC	GN0004	1460 E. Foothill Boulevard	Upland	CA	91786	909-920-0476
Henley Pacific LA, LLC	GN0125	1875 E. Thompson Blvd	Ventura	CA	93001	(805) 643-0963
MOO, Inc.	AP0002	5424 W. Cypress Ave.	Visalia	CA	93277	(559) 738-1481
Henley Pacific LA, LLC	GN0088	786 E. Vista Way	Vista	CA	92084	760-941-4004
Allen Brothers Oil, Inc.	HH0048	1409 Main Street	Watsonville	CA	95076	(831) 763-9558
Henley Pacific LA, LLC	GN0065	305 N. Citrus Street	West Covina	CA	91791	626-653-0710
Henley Pacific LA, LLC	GN0034	13401 Whittier Boulevard	Whittier	CA	90605	562-945-6863
Henley Pacific LA, LLC	GN0135	15806 Whittier Boulevard	Whittier	CA	90603	(562) 902-6600
Henley Pacific LA, LLC	GN0128	32120 Clinton Keith Boulevard	Wildomar	CA	92595	(951) 609-8538
Henley Pacific LA, LLC	GN0051	21000 Ventura Boulevard	Woodland Hills	CA	91364	818-610-8866
Henley Pacific LA, LLC	GN0041	17511 Yorba Linda Boulevard	Yorba Linda	CA	92886	714-729-0336
Hammond Oil, Inc.	IB0016	35126 Yucaipa Blvd	Yucaipa	CA	92399	(909) 790-0015
Superior Lube, Inc. *	GT0004	40843 US Highway 6	Avon	CO	81620	(970) 949-3232
Premier Holdings Company, LLC	FL0001	7350 Rangewood Drive	Colorado Springs	CO	80920	(719) 599-4724
Superior Lube, Inc. *	GT0006	410 N. College Ave.	Fort Collins	CO	80524	(970) 482-9096
Superior Lube, Inc. *	GT0005	130 S. Plum St.	Fruita	CO	81521	(970) 858-2043
Superior Lube, Inc. *	GT0001	2444 Patterson Rd.	Grand Junction	CO	81505	(970) 241-7722
High Desert Oil, Inc	AA1009	1061 S. Hover Road	Longmont	CO	80501	(303) 774-0852
Pearl Street Lubricants, Inc.	HS0003	1646 Pace St	Longmont	CO	80504	(303) 772-4800
Pearl Street Lubricants, Inc.	HS0004	2310 17th Avenue	Longmont	CO	80501	(303) 772-4900
Superior Lube, Inc. *	GT0002	16450 S. Townsend Ave.	Montrose	CO	81401	(970) 249-5585
Superior Lube, Inc. *	GT0007	837 Desert Flower Blvd.	Pueblo	CO	81001	(719) 542-2349
Superior Lube, Inc. *	GT0014	2005 S. Pueblo Boulevard	Pueblo	CO	81005	(719) 561-3163
My Ventures, Inc.	GF0001	7425 W. 92nd Avenue	Westminster	CO	80021-5609	(303) 940-4777
Pearl Street Lubricants, Inc.	HS0005	1231 Main Street	Windsor	CO	80550	(970) 686-0588
Galena Associates, LLC	AE0034	4160 Main Street	Bridgeport	CT	06606-2303	(203) 373-9200
Galena Associates, LLC	AE1413	1082 Farmington Avenue	Bristol	CT	06010-4705	(860) 584-8169
High Line Lube, LLC	GE1603	225 White Street	Danbury	CT	06810-6827	(203) 744-2511
Galena Associates, LLC	AE1422	66 Main Street	Danielson	CT	06239-2820	(860) 779-1341

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Galena Associates, LLC	AE1417	8 Cranbrook Boulevard	Enfield	CT	06082-3841	(860) 741-2709
High Line Lube, LLC	GE1607	859 Tunxis Hill Road	Fairfield	CT	06825-4222	(203) 579-9272
Galena Associates, LLC	AE1415	2958 Main Street	Glastonbury	CT	06033-1027	(860) 657-2730
High Line Lube, LLC	GE1610	1091 Poquonnock Road	Groton	CT	06340-4220	(860)445-6666
Galena Associates, LLC	AE0016	522 Boston Post Road	Guilford	CT	06437-2753	(203) 458-8895
Galena Associates, LLC	AE1420	868 Maple Avenue	Hartford	CT	06114-2344	(860) 956-7428
Galena Associates, LLC	AE0036	728 Washington Street	Middletown	CT	06457-2904	(860) 346-7777
Galena Associates, LLC	AE1424	826 Bridgeport Avenue	Milford	CT	06460	(203) 877-5883
High Line Lube, LLC	GE1605	163 Main Street, Route 25	Monroe	CT	06468-1166	(203) 261-4055
High Line Lube, LLC	GE1604	648 Rubber Avenue	Naugatuck	CT	06770-3602	(203) 729-5108
Galena Associates, LLC	AE1423	265 E. Main Street	New Britain	CT	06051	(860) 224-6670
Galena Associates, LLC	AE0028	16 Amity Road	New Haven	CT	06515-1406	(203)387-4997
High Line Lube, LLC	GE1611	426 Colman Street	New London	CT	06320-3714	(860) 443-5800
High Line Lube, LLC	GE1602	235 Danbury Road	New Milford	CT	06776-4347	(860) 350-9397
Galena Associates, LLC	AE0017	449 Connecticut Avenue	Norwalk	CT	06854-1806	(203) 866-3039
High Line Lube, LLC	GE1608	218 Westport Avenue	Norwalk	CT	06851-4109	(203) 846-8179
High Line Lube, LLC	GE1609	300 Main Avenue	Norwalk	CT	06851-6104	(203) 846-2640
Meadowbrook Associates, LP	AN3113	150 New Britain Avenue	Plainville	CT	06062-2011	(860) 747-1766
Galena Associates, LLC	AE1425	86 Queen Street	Southington	CT	06489	(860) 426-0930
Galena Associates, LLC	AE1426	942 E. Main Street	Stamford	CT	06902	(203) 325-3171
Galena Associates, LLC	AE1416	1595 E. Main Street	Torrington	CT	06790-3518	(860) 626-8462
Galena Associates, LLC	AE1414	48 Park Road	W. Hartford	CT	06119-1821	(860) 232-5601
Galena Associates, LLC	AE0030	720-A N. Colony Road	Wallingford	CT	06492-2475	(203) 294-1345
Galena Associates, LLC	AE0031	1231 Main Street	Watertown	CT	06795-3107	(860) 945-3631
Galena Associates, LLC	AE1412	1249 Farmington Avenue	West Hartford	CT	06107-2682	(860) 521-5823
High Line Lube, LLC	GE1606	784 Campbell Avenue	West Haven	CT	06516-3714	(203) 937-5678
High Line Lube, LLC	GE1601	4A National Drive	Windsor Locks	CT	06096-1019	(860) 654-1575
Mid-Atlantic Lubes, LLC	BA0015	710 N. Dupont Highway	Dover	DE	19901-3939	(302) 730-1340
Mid-Atlantic Lubes, LLC	BA0026	731 Middletown-Warwick Road	Middletown	DE	19709	(302) 378-1939
Mid-Atlantic Lubes, LLC	BA0020	122 N. DuPont Highway	New Castle	DE	19720	(302) 324-1900
Mid-Atlantic Lubes, LLC	BA0012	915 Norman Eskridge Hwy	Seaford	DE	19973-1719	(302) 628-9866
Surfside Lubes, LLC	GQ0020	1255 Altamonte Drive	Altamonte Springs	FL	32701	(407) 834-0712
Surfside Lubes, LLC	GQ0035	102 E. Altamonte Drive	Altamonte Springs	FL	32701	(407) 767-8719
Surfside Lubes, LLC	GQ0006	2229 E. Semoran Boulevard	Apopka	FL	32712	(407) 884-8288
Surfside Lubes, LLC	GQ0011	328 W. Orange Blossom Trail	Apopka	FL	32703	(407) 464-0065
OC Partners, LLC	GC0001	5928 SE Abshier Blvd.	Belleview	FL	34420-4046	(352)307-2356
Surfside Lubes, LLC	GQ0041	4461 Manatee Ave, West	Bradenton	FL	34209	(941) 216-4068
Surfside Lubes, LLC	GQ0044	7105 SR 70 East	Bradenton	FL	34203-8001	(941) 752-1847
Sunshine Lubes LLC	GA0012	3010 Del Prado Boulevard	Cape Coral	FL	33904	(239) 542-3022
Surfside Lubes, LLC	GQ0034	12 N.E. Pine Island Avenue	Cape Coral	FL	33909	(239) 772-3780
Surfside Lubes, LLC	GQ0001	1315 E. Semoran Boulevard	Casselberry	FL	32707	(407) 678-0155

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Florida Fast Lubes, Inc.	GJ0007	1721 US Highway 27	Clermont	FL	34714	(352) 241-4403
Florida Fast Lubes, Inc.	GJ0008	1045 East Highway 50	Clermont	FL	34711	(352) 243-0900
Sunshine Lubes LLC	GA0008	2645 S. McCall Road	Englewood	FL	34224-8092	(941) 475-0711
Florida Fast Lubes, Inc.	GJ0011	1000 West Commercial Blvd	Ft. Lauderdale	FL	33309	(954) 489-7667
Sunshine Lubes LLC	GA0003	2667 Colonial Boulevard	Ft. Myers	FL	33907-1600	(239) 939-3776
Sunshine Lubes LLC	GA0004	13730 S. Tamiami Trail	Ft. Myers	FL	33912-1626	(239)489-4040
Sunshine Lubes LLC	GA0010	15621 San Carlos Boulevard	Ft. Myers	FL	33908	(239) 437-5111
Surfside Lubes, LLC	GQ0024	6482 Forest Hill Boulevard	Green Acres	FL	33415	(561) 966-3944
Surfside Lubes, LLC	GQ0040	2183 E. Irlo Bronson Memorial Highway	Kissimmee	FL	34744	(407) 343-7722
Surfside Lubes, LLC	GQ0023	9012 Highway Alt A1A	Lake Park	FL	33403	(561) 863-7208
Florida Fast Lubes, Inc.	GJ0010	3500 N. Federal Highway	Lighthouse Point	FL	33064	(954) 783-2120
Surfside Lubes, LLC	GQ0029	11680 SW 72nd Street	Miami	FL	33173	(305) 275-5510
Surfside Lubes, LLC	GQ0030	15203 SW 104th Street	Miami	FL	33196	(305) 388-1021
Surfside Lubes, LLC	GQ0033	14991 N. Cleveland Avenue	N. Fort Myers	FL	33903	(239) 995-4568
Sunshine Lubes LLC	GA0005	2332 E. Tamiami Trail	Naples	FL	34112-4708	(239) 774-6699
Sunshine Lubes LLC	GA0006	2257 Pine Ridge Road	Naples	FL	34109-2032	(239) 566-1002
OC Partners, LLC	GC0002	1801 SW 17th Street	Ocala	FL	34471-1203	(352) 690-2385
Florida Fast Lubes, Inc.	GJ0004	224 N. Clarke Street	Ocoee	FL	34761-2568	(407)291-9993
Surfside Lubes, LLC	GQ0042	2210 S. Parrott Avenue	Okeechobee	FL	34974	(863) 467-4742
Florida Fast Lubes, Inc.	GJ0005	12543 S. Orange Blossom Trail	Orlando	FL	32837	(407)251-8494
Florida Fast Lubes, Inc.	GJ0006	14007 Town Loop Boulevard	Orlando	FL	32837	(407)240-1737
Surfside Lubes, LLC	GQ0002	2699 Delaney Avenue	Orlando	FL	32806	(407) 426-7484
Surfside Lubes, LLC	GQ0003	1625 S. Conway Road	Orlando	FL	32812	(407) 380-8808
Surfside Lubes, LLC	GQ0009	11804 E. Colonial Drive	Orlando	FL	32828	(407) 482-5818
Surfside Lubes, LLC	GQ0012	8050 Lake Underhill Road	Orlando	FL	32825	(407) 273-8901
Surfside Lubes, LLC	GQ0014	1113 N. Semoran Boulevard	Orlando	FL	32807	(407) 306-0922
Surfside Lubes, LLC	GQ0017	197 S. Kirkman Road	Orlando	FL	32811	(407) 523-5115
Surfside Lubes, LLC	GQ0036	3001 W. Colonial Drive	Orlando	FL	32808	(407) 299-1246
Surfside Lubes, LLC	GQ0037	6020 S. Orange Blossom Trail	Orlando	FL	32809	(407) 859-5284
Surfside Lubes, LLC	GQ0039	4115 Town Center Boulevard	Orlando	FL	32837	(407) 251-0955
Florida Fast Lubes, Inc.	GJ0003	1505 Mitchell Hammock Road	Oviedo	FL	32765	(407)971-0087
Surfside Lubes, LLC	GQ0008	1891 West SR 426	Oviedo	FL	32765	(407) 359-3734
Surfside Lubes, LLC	GQ0010	4302 Alafaya Trail	Oviedo	FL	32765	(407) 365-7343
Surfside Lubes, LLC	GQ0019	1697 Georgia Street	Palm Bay	FL	32907	(321) 728-1919
Surfside Lubes, LLC	GQ0028	18330 Pines Boulevard	Pembroke Pines	FL	33029	(954) 441-3497
Surfside Lubes, LLC	GQ0007	101 Oregon Avenue	Sanford	FL	32771	(407) 328-0778
Surfside Lubes, LLC	GQ0038	2493 French Avenue	Sanford	FL	32771	(407) 324-0954
Surfside Lubes, LLC	GQ0031	3902 S. Tamiami Trail	Sarasota	FL	34231	(941) 362-4996
Surfside Lubes, LLC	GQ0043	3447 US Highway 27 South	Sebring	FL	33870	(863) 471-0700
Florida Fast Lubes, Inc.	GJ0001	2361 S.E. Ocean Boulevard	Stuart	FL	34996	(772)781-2230
Surfside Lubes, LLC	GQ0027	15990 State Road 84	Sunrise	FL	33326	(954) 384-0205

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Surfside Lubes, LLC	GQ0013	10001 E. Colonial Drive	Union Park	FL	32817	(407) 384-0221
Surfside Lubes, LLC	GQ0032	1698 Tamiami Trail	Venice	FL	34293	(941) 492-5210
Surfside Lubes, LLC	GQ0022	1763 S. Congress Avenue	W. Palm Beach	FL	33406	(561) 642-1400
Florida Fast Lubes, Inc.	GJ0002	3102 W. 45th Street	West Palm Beach	FL	33407	(561)684-1998
Surfside Lubes, LLC	GQ0018	12890 W. Colonial Drive	Winter Garden	FL	34787	(407) 654-2107
Surfside Lubes, LLC	GQ0004	1058 W. Fairbanks Avenue	Winter Park	FL	32789	(407) 644-5744
DDEC, LLC	GK0001	334 Bullsboro Drive	Newnan	GA	30263	(770)304-0039
DDEC, LLC	GK0002	949 Crosstown Road	Peachtree City	GA	30269-2926	(770) 487-6420
DDEC, LLC	GK0003	1001 Georgian Park	Peachtree City	GA	30269-6967	(770) 632-5866
Ivy Lane Corporation	GR0003	102 S. Ankeny Boulevard	Ankeny	IA	50023-3527	(515) 964-2744
Ivy Lane Corporation	GR0001	2871 Devils Glen Road	Bettendorf	IA	52722-3365	(563) 332-6095
Ivy Lane Corporation	GR0002	2150 NW 100th Street	Clive	IA	50325-5347	(515) 309-5363
Ivy Lane Corporation	GR0005	3900 N. Pine St.	Davenport	IA	52806	(563) 388-5233
Ivy Lane Corporation	GR0004	1917 Grand Avenue	West Des Moines	IA	50265	(515) 221-9177
Oilswell Auto Care Corporation	FC0001	2076 West Main Street	Batavia	IL	60510-7608	(630) 406-7956
A.D. Kenwood Company	HB0001	24361 W. Eames Street	Channahon	IL	60410	(815) 521-2185
Taylor Pumps, Inc.	EV0001	11328 South Halsted Street	Chicago	IL	60628-4713	(773) 928-1600
A.D. Kenwood Company	HB0002	311 West Lincoln Highway	Chicago Heights	IL	60411	(708) 755-7222
Ivy Lane Corporation	GR0017	2615 Sycamore Road	DeKalb	IL	60115	(815) 758-0303
Oilswell Auto Care Corporation	FC0002	175 S. Randall Road	Elgin	IL	60123-5551	(847) 697-1485
Ivy Lane Corporation	GR0015	1618 - 38th Street	Rock Island	IL	61201	(309)786-9725
Oilswell Auto Care Corporation	FC0003	71 S. Mclean Boulevard	South Elgin	IL	60177	(847) 841-7030
EXE Operations, LLC	GU0017	12925 US 41 North	Evansville	IN	47725	
Lakeshore Oil, Inc.	BF6901	110 Meijer Drive	Michigan City	IN	46360	(219)872-5823
Westco Lube, Inc	AX7110	1856 E. Santa Fe Drive	Olathe	KS	66062	(913) 764-9184
Westco Lube, Inc	AX7116	18613 W. 151st Street	Olathe	KS	66062	(913)829-5952
Westco Lube, Inc	AX7101	9531 West 87th Street	Overland Park	KS	66215	(913) 385-1266
Westco Lube, Inc	AX7108	7690 W. 151st Street	Overland Park	KS	66223	(913) 851-0680
Westco Lube, Inc	AX7109	11002 Quivera Road	Overland Park	KS	66210	(913) 498-8038
Westco Lube, Inc	AX7105	11300 W. Shawnee Mission Pkwy	Shawnee	KS	66203	(913) 248-8185
Loweco Lube, INC.	BQ6001	6513 U.S. Route 60	Ashland	KY	41102-9604	(606) 928-4899
EXE Operations, LLC	GU0011	144 Plaza Drive	Berea	KY	40403	(859) 986-3539
EXE Operations, LLC	GU0015	120 Casey Street	Campbellsville	KY	42718	(270) 789-0559
EXE Operations, LLC	GU0010	14652 US Highway 25	Corbin	KY	40701	(606) 258-0611
Phoenix 27, LLC	EP0002	794 S. Fourth Street	Danville	KY	40422-2127	(859) 936-9410
Quality Auto Lube, Inc	DK0001	1619 N. Dixie Highway	Elizabethtown	KY	42701	(270) 766-1212
Convenient Car Care, Inc.	FG0006	1100 S. Main Street	Franklin	KY	42134	(270) 253-3291
EXE Operations, LLC	GU0006	189 N. Garden Mile Road	Henderson	KY	42420	(270) 830-7040
EXE Operations, LLC	GU0012	1408 North Green Street	Henderson	KY	42420	(270) 826-8999
Convenient Car Care, Inc.	FG0003	2307 Ft. Campbell Blvd	Hopkinsville	KY	42240	(270) 881-4776
Phoenix 27, LLC	EP0003	2000 Declaration Drive	Independence	KY	41051	(859) 356-4500

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EXE Operations, LLC	GU0018	101 Scenic Hill Ave	Lebanon	KY	40033	(270) 692-6111
EXE Operations, LLC	GU0009	101 Wendon Way	London	KY	40741	(606) 877-2624
Convenient Car Care, Inc.	FG0007	14855 Ft. Campbell Boulevard	Oak Grove	KY	42262-8304	(270) 697-1147
Convenient Car Care, Inc.	FG0015	1504 Bosley Road	Owensboro	KY	42301	(270) 926-8736
Convenient Car Care, Inc.	FG0016	3330 Fairview Drive	Owensboro	KY	42303	(270) 691-1117
Convenient Car Care, Inc.	FG0018	3425 Frederica Street	Owensboro	KY	42301	(270) 684-2270
Phoenix 27, LLC	EP0001	3243 S. Highway 27	Somerset	KY	42501	(606) 678-7658
EXE Operations, LLC	GU0014	13005 Frogtown Connector Rd	Walton	KY	41094	(859) 485-6001
Henley Enterprises, Inc.	AB1110	222 Brighton Avenue	Allston	MA	02134	(617) 782-6515
Henley Enterprises, Inc.	AB0014	82 Mystic Street	Arlington	MA	02474	(781) 648-5157
Henley Enterprises, Inc.	AB0006	740 Amer Legion Hwy	Boston	MA	02131	(617) 325-1662
Henley Enterprises, Inc.	AB1137	640 Oak Street	Brockton	MA	02301-1105	(508) 583-0770
Henley Enterprises, Inc.	AB0038	275 Boylston Street	Brookline	MA	02445-7639	(617) 739-2490
Henley Enterprises, Inc.	AB1111	2485 Massachusetts Avenue	Cambridge	MA	02140-1122	(617) 491-0776
Henley Enterprises, Inc.	AB1119	1754 Revere Beach Parkway	Everett	MA	02149-5906	(617) 389-2328
Henley Enterprises, Inc.	AB1142	749 Worcester Road	Framingham	MA	01701-5205	(508)879-0883
Henley Enterprises, Inc.	AB1126	1988 Washington Street	Hanover	MA	02339	(781) 982-0687
Henley Enterprises, Inc.	AB1113	775 River Street	Haverhill	MA	01832-3612	(978)373-7890
Metrolube Enterprise, Inc.	ED0001	144 Washington Street	Hudson	MA	01749-2730	(978) 567-1900
Metrolube Enterprise, Inc.	ED0009	158 Main Street	Leominster	MA	01453	(978) 466-9757
Henley Enterprises, Inc.	AB1131	1294 Gorham Street	Lowell	MA	01852-5210	(978) 441-2999
Henley Enterprises, Inc.	AB1118	800 Western Avenue	Lynn	MA	01905-2323	(781) 593-5900
Henley Enterprises, Inc.	AB1144	100 Broadway	Malden	MA	02148-6003	(781) 324-1694
Metrolube Enterprise, Inc.	ED0002	214 E. Boston Post Road	Marlborough	MA	01752	(508) 485-2885
Henley Enterprises, Inc.	AB1109	212 Salem Street	Medford	MA	02155-3319	(781) 391-0404
Henley Enterprises, Inc.	AB1138	488 Broadway	Methuen	MA	01844	(978) 686-6275
Henley Enterprises, Inc.	AB1143	11 Medway Street	Milford	MA	01757-2902	(508)-966-0910
Henley Enterprises, Inc.	AB1128	891 Worcester Road	Natick	MA	01760-2056	(508) 653-2947
Henley Enterprises, Inc.	AB0065	90 Winchester Street	Newton	MA	02458	(617) 244-0929
Henley Enterprises, Inc.	AB1112	216 Main Street	North Reading	MA	01864	(978) 664-3100
Henley Enterprises, Inc.	AB1149	175 Everett Street	Norwood	MA	02062	(781) 255-9797
Henley Enterprises, Inc.	AB1147	148 Samoset St.	Plymouth	MA	02360	(508) 732-0022
Henley Enterprises, Inc.	AB1135	366 Centre Street	Quincy	MA	02169-7538	(617) 786-9449
Henley Enterprises, Inc.	AB1117	87 North Street	Salem	MA	01970	(978) 741-3138
Henley Enterprises, Inc.	AB1123	193 Elm Street	Salisbury	MA	01952	(978) 463-3200
Henley Enterprises, Inc.	AB1140	1195 Fall River Avenue	Seekonk	MA	02771	(508) 336-6336
Metrolube Enterprise, Inc.	ED0003	507 Boston Turnpike	Shrewsbury	MA	01545	(508) 842-9500
Henley Enterprises, Inc.	AB0001	182 Washington Street	Somerville	MA	02143-3129	(617) 666-9501
Henley Enterprises, Inc.	AB1116	15 Spring Street	W. Roxbury	MA	02132	(617) 327-6275
Henley Enterprises, Inc.	AB1145	425 High Plain Street	Walpole	MA	02081	(508)668-0498
Henley Enterprises, Inc.	AB0002	557 Main Street	Waltham	MA	02452-5527	(781) 894-5223

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Henley Enterprises, Inc.	AB0054	78-80 Galen Street	Watertown	MA	02472	(617)923-4045
Henley Enterprises, Inc.	AB1136	320 Montvale Ave	Woburn	MA	01801-4648	(781) 933-2981
Metrolube Enterprise, Inc.	ED0005	39 West Boylston Street	Worcester	MA	01605	(508) 852-5904
Metrolube Enterprise, Inc.	ED0006	861 Grafton Street	Worcester	MA	01604	(508)363-1840
Metrolube Enterprise, Inc.	ED0007	445 Lincoln Street	Worcester	MA	01605	(508) 852-1133
Metrolube Enterprise, Inc.	ED0008	646 Chandler Street	Worcester	MA	01602	(508) 791-5200
Mid-Atlantic Lubes, LLC	BA0005	1922 West Street	Annapolis	MD	21401-3931	(410)224-8507
Mid-Atlantic Lubes, LLC	BA0004	5515 Ritchie Highway	Baltimore	MD	21225-3444	(410)789-5970
Mid-Atlantic Lubes, LLC	BA0017	16505 Ball Park Road	Bowie	MD	20716	(410) 590-3993
Blackstone Oil, LLC	GX0001	15616 McMullen Highway, SW	Cumberland	MD	21502	(301) 729-1435
Mid-Atlantic Lubes, LLC	BA0021	10416 Southern Maryland Blvd.	Dunkirk	MD	20754	(301) 327-5037
Mid-Atlantic Lubes, LLC	BA0011	57 Mayo Road	Edgewater	MD	21037-1805	(410) 956-5880
Mid-Atlantic Lubes, LLC	BA0009	4215 Montgomery Road	Ellicott City	MD	21043-6003	(410) 313-8824
Mid-Atlantic Lubes, LLC	BA0002	7391 Baltimore-Annapolis Blvd.	Glen Burnie	MD	21061-3266	(410)760-5344
Mid-Atlantic Lubes, LLC	BA0022	6660 Crain Highway	La Plata	MD	20646	(240) 776-4234
Mid-Atlantic Lubes, LLC	BA0008	8301 Spruce Hill Road	Laurel	MD	20707	(301) 362-1400
Mid-Atlantic Lubes, LLC	BA0025	11755 Rousby Hall Road	Lusby	MD	20657	(410) 449-6154
Mid-Atlantic Lubes, LLC	BA0016	1324 Martin Boulevard	Middle River	MD	21220	(410) 780-7717
Mid-Atlantic Lubes, LLC	BA0014	820 N. Solomon's Island Rd.	Prince Frederick	MD	20678-3919	(410) 414-7006
Mid-Atlantic Lubes, LLC	BA0013	1001 N. Salisbury Boulevard	Salisbury	MD	21801-3641	(410) 548-2004
Mid-Atlantic Lubes, LLC	BA0010	143 St. Patricks Drive	Waldorf	MD	20603-4574	(301) 893-2800
Henley Bluewater LLC	GI3887	3040 Lohr Road	Ann Arbor	MI	48108	(734) 214-9655
Henley Bluewater LLC	GI3865	907 North Euclid Avenue	Bay City	MI	48706	(989) 684-4747
Henley Bluewater LLC	GI3833	31005 Greenfield	Beverly Hills	MI	48025	(248) 540-8910
Henley Bluewater LLC	GI3862	2368 South Center Road #G	Burton	MI	48519	(810) 743-5066
Henley Bluewater LLC	GI3839	44075 Ford Road	Canton	MI	48187-3176	(734) 981-4415
Cro-Tech Services, LLC	FR0001	33700 23 Mile Road	Chesterfield Township	MI	48047	(586) 716-2422
Bert Oil, LLC	DH0002	9466 Dixie Highway	Clarkston	MI	48348-4139	(248) 620-2062
Henley Bluewater LLC	GI3857	484 68th Street SW	Cutlerville	MI	49548	(616) 281-4909
Henley Bluewater LLC	GI3834	2905 S. Telegraph Road	Dearborn	MI	48124	(313) 565-7887
Henley Bluewater LLC	GI3876	16335 Mack Avenue	Detroit	MI	48224	(313) 881-4990
Henley Bluewater LLC	GI3801	1054 E. Grand River Ave.	East Lansing	MI	48823-4542	(517) 332-3350
Henley Bluewater LLC	GI3838	2661 E. Grand River Ave.	East Lansing	MI	48823	(517) 351-0933
Henley Bluewater LLC	GI3835	2725 Center Avenue	Essexville	MI	48732	(989) 893-2104
Henley Bluewater LLC	GI3879	32686 Grand River Ave.	Farmington	MI	48336-3110	(248) 474-5990
Henley Bluewater LLC	GI3864	4435 W. Pierson Road #G	Flint	MI	48504-1359	(810) 230-0650
Henley Bluewater LLC	GI3842	3026 E. Hill Road	Grand Blanc	MI	48439	(810) 694-1870
Henley Bluewater LLC	GI3802	930 E. Saginaw Highway	Grand Ledge	MI	48837-9419	(517) 925-8403
Henley Bluewater LLC	GI3847	2620 E. Beltline Ave. SE	Grand Rapids	MI	49546-5912	(616) 942-8501
Henley Bluewater LLC	GI3848	1200 Plainfield - NE	Grand Rapids	MI	49505	(616) 774-9300
Henley Bluewater LLC	GI3851	1951 Burton SE	Grand Rapids	MI	49506	(616) 241-6297

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Henley Bluewater LLC	GI3858	3234 Plainfield NE	Grand Rapids	MI	49525	(616) 361-2846
Henley Bluewater LLC	GI3807	2959 44th Street, SW	Grandville	MI	49418	(616) 534-5823
Bert Oil, LLC	DH0001	2399 E. Highland Road	Highland	MI	48356	(248) 889-1337
Henley Bluewater LLC	GI3853	1027 S. Washington	Holland	MI	49423	(616) 392-7199
Henley Bluewater LLC	GI3854	1001 Butternut Drive	Holland	MI	49424	(616) 399-9422
Henley Bluewater LLC	GI3841	1315 N. Wisner Avenue	Jackson	MI	49202	(517) 782-5047
Henley Bluewater LLC	GI3894	3231 E. Michigan Avenue	Jackson	MI	49202	(517) 783-3511
Henley Bluewater LLC	GI3849	7501 E. Main Street	Jenison	MI	49428	(616) 457-4460
Henley Bluewater LLC	GI3845	4403 Eastern Ave. SE	Kentwood	MI	49508	(616) 531-7640
Henley Bluewater LLC	GI3806	7326 Secor Road	Lambertville	MI	48144	(734)854-5541
Henley Bluewater LLC	GI3875	2517 North East Street	Lansing	MI	48906	(517) 484-0280
Henley Bluewater LLC	GI3883	622 S.Waverly Road	Lansing	MI	48917-3628	(517) 321-4424
Henley Bluewater LLC	GI3891	601 E. Kalamazoo Street	Lansing	MI	48912	(517) 485-5741
Henley Bluewater LLC	GI3893	5725 S. Cedar Street	Lansing	MI	48911	(517) 393-4415
Henley Bluewater LLC	GI3896	5030 West Saginaw	Lansing	MI	48917	(517) 321-2822
Henley Bluewater LLC	GI3872	31151 5 Mile Road	Livonia	MI	48154-3627	(734) 427-5810
Henley Bluewater LLC	GI3861	1920 W. Wackerly St.	Midland	MI	48640-6742	(989) 835-7788
Henley Bluewater LLC	GI3878	1115 S. Saginaw Road	Midland	MI	48640-6809	(989) 832-8785
Henley Bluewater LLC	GI3884	24400 Novi Road, Suite 101	Novi	MI	48375-2458	(248) 348-3451
Henley Bluewater LLC	GI3868	13300 West 9 Mile Road	Oak Park	MI	48237	(248) 542-1667
Henley Bluewater LLC	GI3882	1755 W. Grand River Ave.	Okemos	MI	48864	(517) 347-1277
Henley Bluewater LLC	GI3874	8827 Telegraph Road	Redford Township	MI	48239	(313) 535-5629
Henley Bluewater LLC	GI3863	4006 Bay Road	Saginaw	MI	48603-1196	(989) 792-2080
Henley Bluewater LLC	GI3892	27601 Harper Avenue	St. Clair Shores	MI	48081-1925	(586) 771-5040
Henley Bluewater LLC	GI3873	42955 Hayes Rd.	Sterling Heights	MI	48313-2917	(586) 247-7370
Henley Bluewater LLC	GI3870	3901 West Road (Longmeadow)	Trenton	MI	48183	(734)692-0980
Henley Bluewater LLC	GI3860	2660 Alpine Avenue	Walker	MI	49544	(616) 361-2210
Henley Bluewater LLC	GI3840	4117 E 13 Mile Road	Warren	MI	48092	(586) 795-5460
Henley Bluewater LLC	GI3856	2121 28th Street SW	Wyoming	MI	49509	(616)530-0771
Henley Bluewater LLC	GI3804	8509 Heritage Court	Zeeland	MI	49464	(616) 748-0134
MinnTex Investment Company, Inc.	AV2503	14871 Edgewood Drive	Baxter	MN	56425	(218) 829-0837
MinnTex Investment Company, Inc.	AV2507	8341 State Highway 210 West	Baxter	MN	56425	(218) 829-9733
MinnTex Investment Company, Inc.	AV0008	500 Paul Bunyan Drive S	Bemidji	MN	56601-3213	(218) 444-9338
MinnTex Investment Company, Inc.	AV0068	1700 Paul Bunyan Dr., NW	Bemidji	MN	56601	(218) 444-9921
MinnTex Investment Company, Inc.	AV2508	802 First Street NE	Buffalo	MN	55313	(763) 684-1660
MinnTex Investment Company, Inc.	AV2505	88 S.E. 13th Street	Grand Rapids	MN	55744	(218) 326-0284
MinnTex Investment Company, Inc.	AV2502	3040 E. Beltline Drive	Hibbing	MN	55746	(218) 262-5533
NStar Enterprises, LLC	GG0001	2698 Rice Street	Little Canada	MN	55113	(651) 482-0606
NStar Enterprises, LLC	GG0002	600 East Lake Street	Minneapolis	MN	55407	(612) 353-5364
Thorco, Inc.	BH4602	3007 Highway 10 East	Moorhead	MN	56560	(218) 236-0576
NStar Enterprises, LLC	GG0003	117 Red Wing Avenue South	Red Wing	MN	55066	(651) 388-7505

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MinnTex Investment Company, Inc.	AV2506	5473 Mountain Iron Drive	Virginia	MN	55792	(218) 749-2339
Thorco, Inc.	BH4601	1423 S. 1st Street, Outlot A	Willmar	MN	56201	(320) 214-1250
Westco Lube, Inc	AX7111	8401 Clint Drive	Belton	MO	64012	(816) 331-7043
Westco Lube, Inc	AX7112	1405 NW State Route 7	Blue Springs	MO	64014	(816) 220-1050
Westco Lube, Inc	AX7118	1698 Bryan Rd.	Dardenne Prairie	MO	63368-4897	(636) 978-4447
Westco Lube, Inc	AX6501	16012 Manchester Road	Ellisville	MO	63011	(636) 207-6900
Westco Lube, Inc	AX7115	1531 East 23rd Street	Independence	MO	64055	(816) 836-1222
Westco Lube, Inc	AX7103	8132 N. Oak Trafficway	Kansas City	MO	64118-1201	(816) 468-7898
Westco Lube, Inc	AX7106	14450 E. Highway 40	Kansas City	MO	64136	(816)373-9595
Westco Lube, Inc	AX7107	13401 Stateline Road	Kansas City	MO	64145	(816) 941-2000
Westco Lube, Inc	AX7114	10150 Wornall Road	Kansas City	MO	64114	(816) 943-6688
Westco Lube, Inc	AX7102	402 SE M291	Lee's Summit	MO	64063	(816) 246-9885
Westco Lube, Inc	AX7119	110 Highway 291 South	Liberty	MO	64068	(816) 407-1679
Westco Lube, Inc	AX6502	2101 Highway K	O'Fallon	MO	63366-7868	(636) 978-9972
Westco Lube, Inc	AX7113	9500 E. 350 Highway	Raytown	MO	64133	(816) 313-2911
SERV, Inc.	BX0006	300 Highway 51 South	Brookhaven	MS	39601	(601) 833-2065
SERV, Inc.	BX0003	1100 East Peace Street	Canton	MS	39046	(601) 859-8433
SERV, Inc.	BX6701	147 Albertson Drive	Flowood	MS	39232	(601)992-1822
SERV, Inc.	BX0004	4950 I-55 North	Jackson	MS	39211-5401	(601) 366-3896
SERV, Inc.	BX6702	5813 Ridgewood Drive	Jackson	MS	39211	(601) 991-0411
SERV, Inc.	BX0005	314 Highway 51 North	Ridgeland	MS	39157-4430	(601) 856-3896
Superior Lube, Inc. *	GT0008	1500 3rd St, N.W.	Great Falls	MT	59404	(406) 452-8336
Superior Lube, Inc. *	GT0009	2929 10th Avenue South	Great Falls	MT	59405	(406) 761-0660
Superior Lube, Inc. *	GT0010	400 10th Avenue South	Great Falls	MT	59405	(406) 453-1400
Superior Lube, Inc. *	GT0012	915 N. Last Chance Gulch	Helena	MT	59601	(406) 502-2050
Superior Lube, Inc. *	GT0013	1301 W. Broadway Street	Missoula	MT	59802-2239	(406) 728-1448
QAS III, Inc. *	GO0001	1254 Hendersonville Road	Asheville	NC	28803	(828) 277-7976
QAS III, Inc. *	GO0002	663 Merrimon Avenue	Asheville	NC	28804	(828) 251-2666
QAS III, Inc. *	GO0004	243 Sardis Road	Asheville	NC	28806	(828) 670-1645
QAS II, Inc.	GM0005	9110 Monroe Road	Charlotte	NC	28270-1437	(704) 846-3994
QAS III, Inc. *	GO0005	2401 South Boulevard	Charlotte	NC	28203	(980) 237-2965
QAS III, Inc. *	GO0013	1821 Montford Drive	Charlotte	NC	28209	(336) 838-4999
Quality Automotive Services, Inc.	BD2901	4511 Randolph Road	Charlotte	NC	28211	(704) 364-5350
QAS III, Inc. *	GO0006	8505 Pit Stop Court	Concord	NC	28027	(704) 910-1303
QAS II, Inc.	GM0002	19000 Statesville Road	Cornelius	NC	28031-6758	(704)892-9834
QAS II, Inc.	GM0004	7575 Highway 73	Denver	NC	28037	(704) 822-2446
Quality Automotive Services, Inc.	BD0014	2650 E. Franklin Boulevard	Gastonia	NC	28056-7212	(704) 853-3888
Carolube, Inc	AT7403	604 Spence Road	Goldsboro	NC	27534	(919) 778-6958
QAS II, Inc.	GM0009	700 Merritt Drive	Greensboro	NC	27407	(336) 299-7999
QAS III, Inc. *	GO0010	1120 Lenoir Rhyne Blvd	Hickory	NC	28602	(828) 855-1455
QAS II, Inc.	GM0008	3920 Sedgebrook Street	High Point	NC	27265	(336) 841-0662

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Southeast Quality Auto, Inc. *	GZ0005	475 Village Walk Drive	Holly Springs	NC	27540	(919) 729-2963
QAS II, Inc.	GM0003	14114 Statesville Road	Huntersville	NC	28078-8933	(704) 948-9144
Quality Automotive Services, Inc.	BD0003	7856 Idlewild Road	Indian Trail	NC	28079	(704) 882-3371
Quality Automotive Services, Inc.	BD0013	13904 W. Highway 74	Indian Trail	NC	28079-7603	(704) 821-0415
Quality Automotive Services, Inc.	BD0007	2205 Roxie Street	Kannapolis	NC	28083	(704) 788-4645
QAS II, Inc.	GM0007	6699 Old US Highway 52	Lexington	NC	27295	(336) 619-0136
QAS III, Inc. *	GO0007	1800 Rutherford Rd	Marion	NC	28752	(828) 652-9795
Quality Automotive Services, Inc.	BD2902	9020 Lawyers Road	Mint Hill	NC	28227	(704)573-9155
Whitehall Oil Specialist, Inc.	DS0001	691 Bluefield Road	Mooresville	NC	28117	(704) 662-3737
Quality Automotive Services, Inc.	BD0017	3305 Martin Luther King Jr. Blvd.	New Bern	NC	28562	(252) 637-5304
Southeast Quality Auto, Inc. *	GZ0001	4512 Pleasant Valley Road	Raleigh	NC	27612	(919) 571-8833
Southeast Quality Auto, Inc. *	GZ0002	300 E. Six Forks Road	Raleigh	NC	27609	(919) 755-0053
Southeast Quality Auto, Inc. *	GZ0003	7421 Knightdale Blvd	Raleigh	NC	27545	(919) 217-0009
Carolube, Inc	AT7402	1208 East 10th Street	Roanoke Rapids	NC	27870	(252) 535-5823
Carolube, Inc	AT7401	1051 Outlet Center Drive	Smithfield	NC	27577	(919) 934-1474
Whitehall Oil Specialist, Inc.	DS0002	201 Turnersburg Highway	Statesville	NC	28625-2797	(704) 872-6588
Southeast Quality Auto, Inc. *	GZ0004	2005 S. Main Street	Wake Forest	NC	27587	(919) 335-5719
QAS III, Inc. *	GO0011	1210 Central St	Wilkesboro	NC	28697	(336) 838-4999
Quality Automotive Services, Inc.	BD0004	8203 Market Street	Wilmington	NC	28411-9389	(910) 681-0244
Quality Automotive Services, Inc.	BD0005	4417 S. 17th Street	Wilmington	NC	28412-6621	(910) 392-7279
Carolube, Inc.	AT7404	2811 Raleigh Road Pkwy. W.	Wilson	NC	27896	(252) 237-7551
QAS II, Inc.	GM0001	3400 Robinhood Road	Winston-Salem	NC	27106	(336)602-1851
Thorco, Inc.	BH4901	4707 13th Avenue, S.W.	Fargo	ND	58103	(701) 281-3822
Triple G Lube, Inc.	DT0001	3325 S. 38th Street	Grand Forks	ND	58201	(701) 780-8462
JL Lube Enterprises, LLC	HF0001	1301 - 20th Ave, SW	Minot	ND	58701	(701) 837-1301
NEVIOC, LLC	HD0002	1201 N. 6th Street	Beatrice	NE	68310	(402) 223-4926
NEVIOC, LLC	HD0001	3500 Village Drive	Lincoln	NE	68516	(402) 421-8089
NEVIOC, LLC	HD0003	8500 Amber Hill Court	Lincoln	NE	68526	(402) 904-3626
Auto Lube, Inc.	AR0052	4870 S. 137th Street	Omaha	NE	68137	(402) 895-5884
Auto Lube, Inc.	AR2202	3845 N. 132nd Street	Omaha	NE	68164	(402) 445-0070
Auto Lube, Inc.	AR2203	5321 S. 108th Street	Omaha	NE	68127	(402)592-6550
Henley Enterprises, Inc.	AB0020	232 Loudon Road	Concord	NH	03301-6029	(603) 228-3757
Henley Enterprises, Inc.	AB1115	50 Crystal Avenue	Derry	NH	03038	(603) 434-3706
Henley Enterprises, Inc.	AB1151	3 Beehive Drive	Epping	NH	03042	(603) 734-2144
Henley Enterprises, Inc.	AB1134	1246 Hooksett Road	Hooksett	NH	03106-1008	(603) 626-4210
Henley Enterprises, Inc.	AB1133	420 West Street	Keene	NH	03431-2453	(603) 352-7242
Henley Enterprises, Inc.	AB0021	1147 Union Avenue	Laconia	NH	03246	(603) 524-5427
Henley Enterprises, Inc.	AB1129	1800 S. Willow Street	Manchester	NH	03103-3211	(603) 626-5127
Henley Enterprises, Inc.	AB1148	665 Mast Rd	Manchester	NH	03102-1211	(603) 669-4821
Henley Enterprises, Inc.	AB1146	540 Nashua Street	Milford	NH	03055-4916	(603) 673-3211
Henley Enterprises, Inc.	AB1132	504 Amherst Street	Nashua	NH	03063-1001	(603) 886-9591

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Henley Enterprises, Inc.	AB1122	2470 Lafayette Road	Portsmouth	NH	03802	(603) 436-0195
Henley Enterprises, Inc.	AB1152	15 Sonja Drive	Rindge	NH	03461	(603) 479-0201
Henley Enterprises, Inc.	AB1130	4 Manville Road	Tilton	NH	03276-5219	(603) 286-1211
Meadowbrook Associates, LP	AN3116	20 New Bridge Road	Bergenfield	NJ	07621-4304	(201) 501-0868
Meadowbrook Associates, LP	AN3131	419 W. Union Avenue	Bound Brook	NJ	08805	(732) 667-7200
Meadowbrook Associates, LP	AN3140	1837 East Marlton Pike	Cherry Hill	NJ	08003	(856) 751-8100
Meadowbrook Associates, LP	AN3117	1503 Main Avenue	Clifton	NJ	07011-2139	(973) 772-4347
Meadowbrook Associates, LP	AN3143	2659 US Highway 130	Cranbury	NJ	08512	(609) 655-9912
Mid-Atlantic Lubes, LLC	BA0019	110 Carriage Lane	Delran	NJ	08075-1235	(856) 461-7375
Meadowbrook Associates, LP	AN3136	1040 State Route 18	East Brunswick	NJ	08816	(732) 387-2441
Meadowbrook Associates, LP	AN3118	84 Route 10	East Hanover	NJ	07936-1104	(973) 599-9201
Meadowbrook Associates, LP	AN3119	458 Paterson Avenue	East Rutherford	NJ	07073-1315	(201) 372-1700
Meadowbrook Associates, LP	AN3120	24 Parsonage Road	Edison	NJ	08837	(732) 548-4422
Meadowbrook Associates, LP	AN3144	725 Park Avenue	Freehold	NJ	07728	(732) 414-1812
Meadowbrook Associates, LP	AN3121	300 US Highway 22	Green Brook	NJ	08812-1808	(732) 424-9292
Meadowbrook Associates, LP	AN3122	106 Goffle Road	Hawthorne	NJ	07506-3600	(973) 304-0449
Meadowbrook Associates, LP	AN3123	1167 State Route 23 South	Kinnelon	NJ	07405	(973) 492-8308
Mid-Atlantic Lubes, LLC	BA0024	237 S. Black Horse Pike	Mt. Ephraim	NJ	08059	(856) 933-1122
Meadowbrook Associates, LP	AN3142	2527 Route 516	Old Bridge	NJ	08857	(732) 607-6440
Meadowbrook Associates, LP	AN3124	457 9th Avenue	Paterson	NJ	07514-1728	(973) 345-5003
Meadowbrook Associates, LP	AN3125	588 Memorial Parkway	Phillipsburg	NJ	08864-1563	(908) 454-5800
Meadowbrook Associates, LP	AN3141	440 Stelton Road	Piscataway	NJ	08854	(732) 752-6099
Meadowbrook Associates, LP	AN3126	378 W. Passaic Street	Rochelle Park	NJ	07662-3008	(201) 845-3893
Meadowbrook Associates, LP	AN3127	5255 Stelton Road	South Plainfield	NJ	07080	(732) 777-0944
Meadowbrook Associates, LP	AN3128	30-37 US Highway 22	Springfield	NJ	07081	(973) 912-8974
Meadowbrook Associates, LP	AN3139	630 Berlin-Haddonfield Road	Voorhees	NJ	08043	(856) 429-9101
High Desert Oil, Inc	AA0007	5223 San Mateo, NE	Albuquerque	NM	87109	(505) 883-9090
High Desert Oil, Inc	AA0010	6417 Menaul Blvd NE	Albuquerque	NM	87110	(505) 888-0000
High Desert Oil, Inc	AA0011	1101 Juan Tabo Blvd., NE	Albuquerque	NM	87112	(505) 275-2020
High Desert Oil, Inc	AA1004	9801 Montgomery Blvd., NE	Albuquerque	NM	87111	(505) 298-0002
High Desert Oil, Inc	AA1005	9501 Golf Course Blvd NW	Albuquerque	NM	87114	(505) 899-4171
High Desert Oil, Inc	AA1006	5801 Coors Blvd	Albuquerque	NM	87120	(505) 898-4000
High Desert Oil, Inc	AA1007	13440 Wenonah Ave., SE	Albuquerque	NM	87123	(505) 332-4275
High Desert Oil, Inc	AA1013	7849 Tramway Blvd, NE	Albuquerque	NM	87122	(505) 856-0048
High Desert Oil, Inc	AA1012	7780 Enchanted Hills Blvd, NE	Rio Rancho	NM	87144	(505) 867-8855
High Desert Oil NV, Inc.	HC0002	7155 Grand Montecito Parkway	Las Vegas	NV	89149	(702) 395-3251
High Desert Oil NV, Inc.	HC0003	9631 Trailwood Drive	Las Vegas	NV	89134	(702) 228-0308
High Desert Oil NV, Inc.	HC0001	4305 W. Craig Road	North Las Vegas	NV	89032	(702) 395-3219
Galena Associates, LLC	AE6210	924 Central Avenue	Albany	NY	12206-1303	(518) 446-1957
Galena Associates, LLC	AE6216	2446 Western Ave.	Altamont	NY	12009	(518) 452-8457
Buffalo Lube Associates, LP	AQ5010	3550 Sheridan Drive	Amherst	NY	14226	(716) 836-9124

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Galena Associates, LLC	AE6411	3090 Boston Road	Bronx	NY	10469-4038	(718) 655-2200
Buffalo Lube Associates, LP	AQ5004	2181 Delaware Avenue	Buffalo	NY	14216	(716) 874-5523
Buffalo Lube Associates, LP	AQ5009	3939 Broadway St.	Cheektowaga	NY	14227	(716) 684-9825
Buffalo Lube Associates, LP	AQ5012	3251 Harlem Road	Cheektowaga	NY	14225	(716) 896-9038
Buffalo Lube Associates, LP	AQ5015	4937 Transit Road	Clarence	NY	14221	(716) 632-9904
Galena Associates, LLC	AE6208	1682 Route 9	Clifton Park	NY	12065-4368	(518)383-4818
Galena Associates, LLC	AE6217	1704 Route 9	Clifton Park	NY	12065-3104	(518) 371-2013
Galena Associates, LLC	AE6213	1614 Central Avenue	Colonie	NY	12205-2404	(518) 869-2318
High Line Lube, LLC	GE6601	2039 East Main Street (Route 6)	Cortlandt Manor	NY	10567-2501	(914) 734-4080
Galena Associates, LLC	AE6204	220 Delaware Avenue	Delmar	NY	12054-1222	(518)475-1918
Buffalo Lube Associates, LP	AQ5017	3979 Vineyard Drive	Dunkirk	NY	14048	(716) 366-0967
Galena Associates, LLC	AE6218	618 Columbia Turnpike	East Greenbush	NY	12061-1610	(518)477-4805
High Line Lube, LLC	GE6603	49 N. Central Avenue (Route 9A)	Elmsford	NY	10523-2510	(914) 347-4440
Galena Associates, LLC	AE6207	5 Glenridge Road	Glenville	NY	12302-4501	(518) 384-1971
Galena Associates II, LLC	BV6301	780 Northern Boulevard	Great Neck	NY	11021-5205	(516) 466-4254
Galena Associates II, LLC	BV6302	56 E. Old Country Road	Hicksville	NY	11801-4216	(516) 931-7887
Galena Associates, LLC	AE6407	802 Ulster Avenue	Kingston	NY	12401-1748	(845) 339-1474
Buffalo Lube Associates, LP	AQ5003	1318 Ridge Road	Lackawanna	NY	14218	(716) 822-8227
Galena Associates, LLC	AE6203	749 Loudon Road	Latham	NY	12110-4017	(518) 786-6330
Buffalo Lube Associates, LP	AQ5008	5895 S. Transit Road	Lockport	NY	14094	(716) 433-3613
Galena Associates, LLC	AE6401	975 Route 6	Mahopac	NY	10541-1716	(845) 628-4239
Galena Associates, LLC	AE6410	102 Route 6	Mahopac	NY	10541-2210	(845) 628-1238
High Line Lube, LLC	GE6606	1001 Mamaroneck Avenue	Mamaroneck	NY	10543-1651	(914) 777-0612
Galena Associates, LLC	AE6402	289 Dolson Avenue	Middletown	NY	10940-6995	(845) 342-0400
Galena Associates, LLC	AE6412	372 Route 211 East	Middletown	NY	10940	(845) 341-1186
Galena Associates, LLC	AE6403	242 E. Main Street	Mt. Kisco	NY	10549-3015	(914) 666-9147
High Line Lube, LLC	GE6609	10 Old Nyack Turnpike	Nanuet	NY	10954-2515	(845) 623-7087
Galena Associates, LLC	AE6404	1415 Route 300	Newburgh	NY	12550	(845) 566-1616
Buffalo Lube Associates, LP	AQ5014	2114 Fashion Outlet Blvd.	Niagara Falls	NY	14304	(716) 297-9881
Buffalo Lube Associates, LP	AQ5006	3280 Orchard Park Road	Orchard Park	NY	14127	(716) 674-9683
High Line Lube, LLC	GE6602	72 Croton Avenue	Ossining	NY	10562-4902	(914) 941-6166
Galena Associates, LLC	AE6409	412 Manville Road	Pleasantville	NY	10570-2121	(914) 747-9537
High Line Lube, LLC	GE6605	113 South Main Street	Port Chester	NY	10573-4640	(914) 937-2142
Galena Associates, LLC	AE6405	657 Dutchess Turnpike	Poughkeepsie	NY	12603-1901	(845) 471-5696
Galena Associates, LLC	AE6206	750 Upper Glen Street	Queensbury	NY	12804-2019	(518) 745-1731
Galena Associates, LLC	AE6209	1779 Crane St.	Rotterdam	NY	12303-2216	(518) 357-9370
Galena Associates, LLC	AE6205	3716 State Street	Schenectady	NY	12304-4273	(518) 372-8890
Galena Associates, LLC	AE6211	1066 Altamont Avenue	Schenectady	NY	12303-1831	(518) 372-2289
High Line Lube, LLC	GE6610	57 Route 59	Suffern	NY	10901-4906	(845) 357-8843
Buffalo Lube Associates, LP	AQ5002	2130 Niagara Falls Blvd.	Tonawanda	NY	14150	(716) 833-1917
Buffalo Lube Associates, LP	AQ5013	3480 Delaware Avenue	Tonawanda	NY	14217	(716) 877-9449

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Galena Associates, LLC	AE6214	230 Hoosick Street	Troy	NY	12180-2427	(518) 272-1162
Galena Associates, LLC	AE6413	110 Route 300	Vails Gate	NY	12553	(845)561-3254
Galena Associates, LLC	AE6406	1788 Route 9	Wappingers Falls	NY	12590-1308	(845) 297-8787
Galena Associates, LLC	AE6408	1158 US Highway 9	Wappingers Falls	NY	12590-2828	(845) 297-7399
Galena Associates II, LLC	BV6303	907 Old Country Road	Westbury	NY	11590-5511	(516) 334-1442
High Line Lube, LLC	GE6604	374 Central Avenue	White Plains	NY	10606-1210	(914) 684-0170
High Line Lube, LLC	GE6608	1229 Yonkers Avenue	Yonkers	NY	10704-3211	(914) 776-0639
Henley Bluewater LLC	GI3837	936 S. Main Street	Bowling Green	OH	43402	(419) 353-2955
Henley Bluewater LLC	GI3803	1919 Tiffin Avenue	Findlay	OH	45840-6752	(419)425-2196
Henley Bluewater LLC	GI3805	3230 Elida Road	Lima	OH	45805	(419) 331-9491
EXE Operations, LLC	GU0020	307 Pike Street	Marietta	OH	45750	(740) 336-7869
Miami Oil Company	DE0002	643 Reading Road	Mason	OH	45040	(513) 398-3037
Henley Bluewater LLC	GI3898	1019 Conant St.	Maumee	OH	43537	(419) 893-1304
Miami Oil Company	DE0003	1321 Breiel Boulevard	Middletown	OH	45044	(513)422-4980
LNJM, Inc.	CH2401	5654 Youngstown-Warren Rd	Niles	OH	44446	(330) 652-3776
Henley Bluewater LLC	GI3881	3314 Navarre Ave.	Oregon	OH	43616	(419) 691-9280
Henley Bluewater LLC	GI3836	6303 Monroe St.	Sylvania	OH	43560	(419) 882-5630
Henley Bluewater LLC	GI3844	5757 Telegraph	Toledo	OH	43612-3634	(419) 478-9016
Henley Bluewater LLC	GI3888	6529 W. Central Avenue	Toledo	OH	43617	(419) 842-8472
Henley Bluewater LLC	GI3895	3620 Secor Road	Toledo	OH	43606	(419) 535-8604
Henley Bluewater LLC	GI3899	5165 Airport Highway	Toledo	OH	43615	(419) 389-1797
Miami Oil Company	DE0001	435 West Second Street	Xenia	OH	45385	(937)376-4142
LNJM, Inc.	CH0002	3159 Belmont Ave	Youngstown	OH	44505	(330) 759-8462
Oklahoma Lube Associates, L.P.	AQ5107	4219 S.E. 29th St.	Del City	OK	73115	(405) 677-8727
Oklahoma Lube Associates, L.P.	AQ5103	1295 S. Air Depot Blvd.	Midwest City	OK	73110	(405) 733-0202
Oklahoma Lube Associates, L.P.	AQ5111	1615 S. Douglas Boulevard	Midwest City	OK	73130	(405) 737-4171
Oklahoma Lube Associates, L.P.	AQ5108	2000 W. Main	Norman	OK	73069	(405) 329-2531
Oklahoma Lube Associates, L.P.	AQ5102	6704 S. Western	Oklahoma City	OK	73139	(405) 634-8755
Oklahoma Lube Associates, L.P.	AQ5104	1308 N.W. 23rd St.	Oklahoma City	OK	73106	(405) 524-9590
Oklahoma Lube Associates, L.P.	AQ5105	3924 N. Meridian	Oklahoma City	OK	73112	(405) 946-6602
Oklahoma Lube Associates, L.P.	AQ5106	2909 1/2 N.W. 63rd St.	Oklahoma City	OK	73116	(405) 848-6990
Oklahoma Lube Associates, L.P.	AQ5112	11728 S. Western Boulevard	Oklahoma City	OK	73170	(405) 692-4447
Oklahoma Lube Associates, L.P.	AQ5117	301 S. Cemetery Rd.	Yukon	OK	73099-6441	(405) 324-5609
Vision Oil, Inc.	HY0009	1757 Pacific Blvd, S.E.	Albany	OR	97321	(541) 791-3000
Four N, LLC	HJ0060	336-5th Street	Brookings	OR	97415	(541) 469-3560
JAC, LLC	HM0022	1502 NE F Street	Grants Pass	OR	97526	(541) 295-8291
Beacon Lubrication, Inc.	HI0051	750 N.W. Eastman Parkway	Gresham	OR	97030	(503) 665-0925
Vision Oil, Inc.	HY0008	4225 River Road N Unit 100	Keizer	OR	97303	(503) 393-7071
JAC, LLC	HM0046	5805 S. 6th Street	Klamath Falls	OR	97603	(541) 273-3744
Vision Oil, Inc.	HY0004	260 Lancaster Dr, N.E.	Salem	OR	97301	(503) 588-3858
Vision Oil, Inc.	HY0006	3750 Commercial St, SE	Salem	OR	97302	(503) 391-5823

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Vision Oil, Inc.	HY0029	4957 Commercial St, SE	Salem	OR	97302	(503) 364-8233
Old West Oil, LLC	HR0042	1011 West 8th Place	The Dalles	OR	97058	(541) 296-8505
J.T.B. Incorporated	IC0026	1845 Main Avenue North	Tillamook	OR	97143	(503) 842-7555
Vision Oil, Inc.	HY0036	1780 Mount Hood Avenue	Woodburn	OR	97071	(503) 982-9621
Meadowbrook Associates, LP	AN3129	1245 Airport Road	Allentown	PA	18109-3311	(610) 821-4330
Meadowbrook Associates, LP	AN3102	1409 Market Street	Camp Hill	PA	17011-4814	(717) 737-3335
Snowdon, LLC	GH3202	105 South Abington Road	Clarks Summit	PA	18411-2600	(570) 586-0242
Meadowbrook Associates, LP	AN3135	819 N. Easton Road	Doylestown	PA	18902	(215) 340-5511
Meadowbrook Associates, LP	AN3114	1025 N. Church Street	Hazleton	PA	18202-1447	(570) 454-4897
Meadowbrook Associates, LP	AN3103	1215 E. Chocolate Avenue	Hershey	PA	17033-1222	(717) 533-6002
Snowdon, LLC	GH3201	157 South Wyoming Ave	Kingston	PA	18704	(570) 763-0070
Meadowbrook Associates, LP	AN3106	1690 New Holland Pike	Lancaster	PA	17601-5665	(717) 392-7399
Meadowbrook Associates, LP	AN3107	1665 Columbia Avenue	Lancaster	PA	17603-4528	(717) 299-5539
Mid-Atlantic Lubes, LLC	BA0023	4101 Veterans Highway	Levittown	PA	19056	(267) 202-6870
Meadowbrook Associates, LP	AN3137	1259 Pocono Boulevard	Mount Pocono	PA	18344	(570) 839-6347
Meadowbrook Associates, LP	AN3101	263 Benner Pike	State College	PA	16801-7302	(814)234-0100
Meadowbrook Associates, LP	AN3110	100 Village Drive	State College	PA	16803-2922	(814) 237-8802
Meadowbrook Associates, LP	AN3112	2091 Whitehall Road	State College	PA	16801-2612	(814) 238-2410
Meadowbrook Associates, LP	AN3138	12 N. 2nd Street	Stroudsburg	PA	18360	(570) 420-1270
Meadowbrook Associates, LP	AN3130	7110 Hamilton Boulevard	Trexlertown	PA	18087	(610) 366-8290
Meadowbrook Associates, LP	AN3115	18 Virginia Drive	Tunkhannock	PA	18657-1701	(570) 836-1599
Meadowbrook Associates, LP	AN3132	1215 MacArthur Road	Whitehall	PA	18052	(484) 223-2929
Snowdon, LLC	GH3203	159 Spring Street	Wilkes-Barre	PA	18702-5566	(570) 829-5823
Meadowbrook Associates, LP	AN3133	1 Park Avenue	Willow Grove	PA	19090	(215) 657-3114
Meadowbrook Associates, LP	AN3111	75 Memory Lane	York	PA	17402-2375	(717) 840-0374
Henley Enterprises, Inc.	AB1127	520 Reservoir Ave.	Cranston	RI	02910	(401) 781-2392
Henley Enterprises, Inc.	AB1125	159 Putnam Pike	Johnston	RI	02919-1446	(401) 232-5900
High Line Lube, LLC	GE1612	600 Metacom Avenue	Warren	RI	02885-2806	(401) 247-0466
Henley Enterprises, Inc.	AB1124	1130 Warwick Avenue	Warwick	RI	02888	(401) 467-6889
Henley Enterprises, Inc.	AF0009	1600 Post Road	Warwick	RI	02888	(401) 738-9935
High Line Lube, LLC	GE1613	89 Franklin Street	Westerly	RI	02891-3135	(401) 596-3620
QAS III, Inc. *	GO0009	1419 Pearman Dairy Road	Anderson	SC	29625	(864) 716-0022
QAS III, Inc. *	GO0012	1000 Pearman Dairy Road	Anderson	SC	29625	(864) 224-9933
T.S. Jenkins Oil, Inc.	CF1501	312 Robert Smalls Parkway	Beaufort	SC	29902	(843) 986-0019
P & S Lubrications, Inc.	BK5701	550 Old Greenville Highway	Clemson	SC	29631	(864) 654-1775
QAS III, Inc. *	GO0003	2405 Wade Hampton Blvd.	Greenville	SC	29615-1145	(864) 292-6303
Quality Automotive Services, Inc.	BD0012	5123 Pelham Road	Greenville	SC	29615	(864) 288-0515
QAS III, Inc. *	GO0008	1020 Halter Drive	Piedmont	SC	29673	(864) 220-2885
Quality Automotive Services, Inc.	BD0010	1935 Boiling Springs Drive	Spartanburg	SC	29316	(864) 814-5823
Quality Automotive Services, Inc.	BD0011	2001 Reidville Road	Spartanburg	SC	29301	(864) 574-5823
Quality Automotive Services, Inc.	BD0015	180 S. Pine Street	Spartanburg	SC	29302	(864) 699-9510

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Quality Automotive Services, Inc.	BD0016	2645 Reidville Road	Spartanburg	SC	29301	(864) 595-8173
Quality Automotive Services, Inc.	BD0008	661 W. Liberty Street	Sumter	SC	29150	(803) 775-6708
Quality Automotive Services, Inc.	BD0009	1270 Alice Drive	Sumter	SC	29150	(803) 905-7773
Thorco, Inc.	BH4502	3105 6th Avenue, S.E.	Aberdeen	SD	57401	(605) 226-2253
Fidelity Petroleum Resources, Inc	CC3901	1700 W. 41st Street	Sioux Falls	SD	57105-	(605) 339-2724
Fidelity Petroleum Resources, Inc	CC3902	3700 E. 10th Street	Sioux Falls	SD	57103-2134	(605) 331-2002
Thorco, Inc.	BH4501	904 9th Avenue, S.E.	Watertown	SD	57201	(605) 882-3400
Convenient Car Care, Inc.	FG0009	2223 Madison Street	Clarksville	TN	37043	(931) 906-7660
Convenient Car Care, Inc.	FG0010	2516 Wilma Rudolph Blvd.	Clarksville	TN	37040	(931) 647-2200
Convenient Car Care, Inc.	FG0011	1869 Madison Street	Clarksville	TN	37043	(931) 645-2242
Convenient Car Care, Inc.	FG0012	2725 Madison Street	Clarksville	TN	37043	(931) 358-0404
Convenient Car Care, Inc.	FG0013	307 Dover Road	Clarksville	TN	37042	(931) 645-8400
Convenient Car Care, Inc.	FG0014	3867 Trenton Road	Clarksville	TN	37040	(931) 906-9480
Convenient Car Care, Inc.	FG0008	522 Highway 46 South	Dickson	TN	37055-2526	(615) 446-9005
Convenient Car Care, Inc.	FG0001	2537 Lebanon Road	Donelson	TN	37214	(615) 889-3809
Convenient Car Care, Inc.	FG0019	1052 Mineral Wells Avenue	Paris	TN	38242	(731) 642-4222
Convenient Car Care, Inc.	FG0005	2720 Memorial Boulevard	Springfield	TN	37172	(615) 384-6515
Hill Country Oil, Inc	AK0022	5401 Broadway	Alamo Heights	TX	78209-5715	(210) 822-9522
Rowlett Oil Services Company	CD0004	760 S. Greenville Ave.	Allen	TX	75002-3319	(972) 727-6914
AWC Premium Automotive Services Ltd.	DQ0014	800 US Highway	Argyle	TX	76266	(940) 464-7484
AWC Premium Automotive Service Ltd	DQ0009	4801 W. Sublett Road	Arlington	TX	76017	(817) 563-1956
Can-Tex Petroleum Resources, LP	ET0001	8125 Matlock Road	Arlington	TX	76002-4102	(817) 466-1622
Gomotion Petroleum, LLC	GV0001	9706 Bilbrook Place	Austin	TX	78748	(512) 292-6140
McGoldrick Enterprises, Inc.	CJ0002	311 East 6th Ave.	Belton	TX	76513	(254) 933-0022
Rowlett Oil Services Company	CD6803	4109 Josey Lane	Carrollton	TX	75007-1522	(972) 939-9141
AWC Premium Automotive Service Ltd	DQ0011	423 W. Henderson Street	Cleburne	TX	76033	(817) 556-2460
Lube Group Inc., The	DR0001	1112 League Line Road	Conroe	TX	77303	(936) 890-5900
AWC Premium Automotive Service Ltd	DQ0004	254 S. Denton Tap Road	Coppell	TX	75019	(972) 745-3426
McGoldrick Enterprises, Inc.	CJ0003	710 E. Avenue D	Copperas Cove	TX	76522	(254) 518-7300
AWC Premium Automotive Service Ltd	DQ0013	1004 S. Hampton Road	Dallas	TX	75208	(214) 946-8448
Rowlett Oil Services Company	CD6802	17885 Preston Road	Dallas	TX	75252-5737	(972) 447-0733
TL2 Services	FB0005	2001 Abrams Rd.	Dallas	TX	75214-3917	(214) 823-8300
AWC Premium Automotive Service Ltd	DQ0002	1801 Justin Road	Flower Mound	TX	75028-4311	(972) 355-5236
AWC Premium Automotive Service Ltd	DQ0003	8851 Main Street	Frisco	TX	75034-3082	(214) 387-8989
AWC Premium Automotive Service Ltd	DQ0007	6723 Bridge Street	Ft. Worth	TX	76112	(817) 446-5192
TL2 Services	FB0004	5800 Bryant Irvin Rd.	Ft. Worth	TX	76132-4208	(817)263-7793
AWC Premium Automotive Service Ltd	DQ0005	5330 N. Beach Street	Haltom City	TX	76137-2730	(817)849-8178
McGoldrick Enterprises, Inc.	CJ0009	520 E. FM 2410	Harker Heights	TX	76548	(254) 833-5886
Hill Country Oil, Inc	AK1709	16325 US Highway 281 North	Hollywood Park	TX	78232-2211	(210) 402-2820
AWC Premium Automotive Service Ltd	DQ0001	7970 N. MacArthur Boulevard	Irving	TX	75063	(972) 432-8462
AWC Premium Automotive Service Ltd	DQ0006	1175 S. Main Street	Keller	TX	76248-5105	(817) 379-1963

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McGoldrick Enterprises, Inc.	CJ0006	914 N. Twin Creek Drive	Killeen	TX	76543	(254) 699-8701
McGoldrick Enterprises, Inc.	CJ0007	1201 Willow Springs Rd.	Killeen	TX	76549	(254) 554-5000
McGoldrick Enterprises, Inc.	CJ0008	2604 E. Veterans Memorial Boulevard	Killeen	TX	76543	(254) 768-0477
TL2 Services	FB0003	286 E Round Grove Rd.	Lewisville	TX	75067-8303	(972) 315-8161
TL2 Services	FB0001	605 Jupiter Road	Plano	TX	75074	(972) 423-1213
AWC Premium Automotive Service Ltd	DQ0008	5266 US Highway 380	Princeton	TX	75407	(972) 984-1500
AWC Premium Automotive Service Ltd	DQ0010	650 E. Interstate 30	Rockwall	TX	75087	(972) 772-5959
Rowlett Oil Services Company	CD6801	6200 Dalrock Road	Rowlett	TX	75088-4487	(972) 463-4172
TL2 Services	FB0002	1137 N. Saginaw Blvd	Saginaw	TX	76179-1149	(817) 439-4000
Hill Country Oil, Inc	AK0026	292 W. Bitters Road	San Antonio	TX	78216-1665	(210) 496-1110
Hill Country Oil, Inc	AK0035	10902 Wurzbach Road	San Antonio	TX	78230-2502	(210) 696-7710
Hill Country Oil, Inc	AK1704	8258 Bandera Road	San Antonio	TX	78250-5134	(210) 680-2767
Hill Country Oil, Inc	AK1705	9377 Culebra Road	San Antonio	TX	78251-2808	(210) 684-2020
Hill Country Oil, Inc	AK1706	5840 Babcock Road	San Antonio	TX	78240-2134	(210) 641-7070
Hill Country Oil, Inc	AK1707	14345 N.W. Military Highway	San Antonio	TX	78231-1625	(210) 479-2299
Hill Country Oil, Inc	AK1708	19150 Stone Oak Parkway	San Antonio	TX	78258-3221	(210) 495-9822
ESM Inc.	GW0001	4304 W. Adams Avenue	Temple	TX	76504	(254) 774-1868
McGoldrick Enterprises, Inc.	CJ0004	401 S. 31st Street	Temple	TX	76504	(254) 771-0117
McGoldrick Enterprises, Inc.	CJ0005	8638 W. Adams Ave.	Temple	TX	76502	(254) 228-5180
AWC Premium Automotive Service Ltd	DQ0012	2905 Richmond Road	Texarkana	TX	75503	(903) 832-1966
Mid-Atlantic Lubes, LLC	BA0027	4510 Duke Street	Alexandria	VA	22304	(703) 751-7388
PM Lube, LLC	DV0004	13612 Lee Highway	Centreville	VA	20120-2407	(703) 266-0095
PM Lube, LLC	DV0002	9883 Fairfax Boulevard	Fairfax	VA	22030	(703) 273-7333
Mid-Atlantic Lubes, LLC	BA4201	8538 Sudley Road	Manassas	VA	20110-3837	(703) 367-0049
PM Lube, LLC	DV0006	45995 Denizen Plaza	Potomac Falls	VA	20165	(703) 421-0311
PM Lube, LLC	DV0005	1624 W. Main Street	Salem	VA	24153-3116	(540) 389-1979
PM Lube, LLC	DV0001	21680 Thomas Jefferson Drive	Sterling	VA	20164-1810	(703) 430-8301
PM Lube, LLC	DV0003	14103 Jefferson Davis Highway	Woodbridge	VA	22191	(703) 494-3044
Snowdon, LLC	GH3204	279 South Main Street	Rutland	VT	05701-4709	(802) 773-0677
Riverside Quick Lube, LLC	HU0061	3905 171st Street, N.E.	Arlington	WA	98223	(360) 653-3693
Twofer, Inc.	HW0069	325 N.E. Myra Road	College Place	WA	99324	(509) 529-9300
Riverside Quick Lube, LLC	HU0003	5632 Evergreen Way	Everett	WA	98203	(425) 355-5029
Ridge Automotive Care, LLC	HT0062	197 Marvin Road S.E.	Lacey	WA	98503	(360) 456-8899
Ridge Automotive Care, LLC	HT0064	4659 Whitman Lane, S.E.	Lacey	WA	98513	(360) 923-4100
Pearl Street Lubricants, Inc.	HS0050	3051 Ocean Beach Highway	Longview	WA	98632	(360) 353-3218
Riverside Quick Lube, LLC	HU0086	9702 State Avenue	Marysville	WA	98270	(360) 658-2433
Hillcrest Enterprises, Inc.	HL0078	12108 N. Division St	Spokane	WA	99218	(509) 467-0266
Pearl Street Lubricants, Inc.	HS0049	1489 Pacific Avenue	Woodland	WA	98674	(360) 225-6669
Ivy Lane Corporation	GR0057	5912 Packard Avenue South	Cudahy	WI	53110-3026	(414) 769-8547
Ivy Lane Corporation	GR0061	2325 Sun Valley Drive	Delafield	WI	53018-2321	(262) 646-5640
Ivy Lane Corporation	GR0040	591 West Johnson Street	Fond du Lac	WI	54935	(920) 921-9776

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Ivy Lane Corporation	GR0054	N96, W18594 County Line Rd.	Germantown	WI	53022	(262) 502-0903
Ivy Lane Corporation	GR0052	6100 N. Port Washington Rd.	Glendale	WI	53217-4308	(414) 964-8370
Ivy Lane Corporation	GR0055	8008 West Layton Avenue	Greenfield	WI	53220	(414) 281-7868
Ivy Lane Corporation	GR0063	4839 S. 27th Street	Greenfield	WI	53221-2603	(414) 282-5544
Ivy Lane Corporation	GR0059	3015 - 52nd Street	Kenosha	WI	53144	(262) 654-2226
Ivy Lane Corporation	GR0030	3594 E. Washington Avenue	Madison	WI	53704-4133	(608) 244-3646
Ivy Lane Corporation	GR0031	2512 S. Stoughton Road	Madison	WI	53716-3318	(608) 222-8858
Ivy Lane Corporation	GR0032	5522 University Avenue	Madison	WI	53705-1257	(608) 233-9099
Ivy Lane Corporation	GR0033	732 S. Gammon Road	Madison	WI	53719-1302	(608)277-0520
Ivy Lane Corporation	GR0050	7028 W. Capitol Drive	Milwaukee	WI	53216-2028	(414) 464-0277
Ivy Lane Corporation	GR0051	10014 W. Silver Spring Drive	Milwaukee	WI	53225-3200	(414) 464-2288
Ivy Lane Corporation	GR0056	1700 E. North Avenue	Milwaukee	WI	53202	(414) 273-2500
Ivy Lane Corporation	GR0060	112 South 68th Street	Milwaukee	WI	53214-1652	(414) 258-0777
Ivy Lane Corporation	GR0064	3360 S. 27th Street	Milwaukee	WI	53215-4304	(414) 645-1946
Klees & Sulok Oil Company, Inc.	CS0002	W187 S7825 Lions Park Drive	Muskego	WI	53150	(262) 679-9287
Klees & Sulok Oil Company, Inc.	CS8001	1111 Summit Avenue	Oconomowoc	WI	53066-4451	(262) 567-2900
Ivy Lane Corporation	GR0041	1870 South Koeller Street	Oshkosh	WI	54902	(920)232-8530
Ivy Lane Corporation	GR0042	205 West Murdock Avenue	Oshkosh	WI	54901	(920) 232-8768
Ivy Lane Corporation	GR0066	1812 Silvernail Road	Pewaukee	WI	53072-5520	(262) 549-5823
Ivy Lane Corporation	GR0043	1950 Eastern Avenue	Plymouth	WI	53073-4263	(920) 893-6101
Ivy Lane Corporation	GR0058	5920 21st Street	Racine	WI	53406	(262) 553-1344
Ivy Lane Corporation	GR0034	1108 West Main St.	Stoughton	WI	53589-2335	(608) 877-5823
Ivy Lane Corporation	GR0067	N65W24922 Main Street	Sussex	WI	53089	(262)820-3060
Ivy Lane Corporation	GR0065	1951 E. Main Street	Waukesha	WI	53186-3905	(414) 524-8484
Sulok Oil Company, Inc.	CR0002	2795 East Washington Street	West Bend	WI	53095	(262) 334-0162
Sulok Oil Company, Inc.	CR7901	829 South Main Street	West Bend	WI	53095	(262) 338-2228
West Virginia Oil & Lube, LLC	CA7301	399 RHL Boulevard	Charleston	WV	25309	(304) 744-4501
West Virginia Oil & Lube, LLC	CA7302	3721 MacCorkle Avenue, S.E.	Charleston	WV	25304	(304) 926-7700
EXE Operations, LLC	GU0019	905 Grand Central Ave	Vienna	WV	26105	(304) 295-8226
Superior Lube, Inc. *	GT0011	1580 Dewar Drive	Rock Springs	WY	82901	(307) 382-1030

EXHIBIT G

This Exhibit lists the name, city and state, and the current business telephone number (or if unknown the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the License Agreement during Valvoline's most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Ivy Lane Corporation 8718 West Brown Deer Road Milwaukee, WI 53224 (515) 225-9029 Thomas A. Bernau Voluntary Termination	Ivy Lane Corporation 832 East Moreland Boulevard Waukesha, WI 53186 (515) 225-9029 Thomas A. Bernau Voluntary Termination	K & R Lube, Inc. 15410 SW Pacific Highway Tigard, OR 97224 (503) 655-6739 Michael T. Hughes Voluntary Termination
EXE Operations LLC 7458 East 116th Street Fishers, Indiana 46038 (260) 608-1243 Lance McKinzie Reacquired by Franchisor		

Following is a list of the names, cities and states and current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the License Agreement from the date of Ashland Inc.'s most recently completed fiscal year, until the date of this disclosure document:

NONE

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT H

Operations Manual

Much time and effort has gone into the making of our Operations Manual, however, it certainly has limitations. Any manual, and ours is no exception, cannot be expected to cover every eventuality in the operation. Each user is ultimately responsible for applying this information to the laws and customs in their locality.

As used herein, any gender includes all other gender, and the singular includes the plural and the plural includes the singular.

Valvoline® Instant Oil Change, a division of Ashland, Inc., will continue to be an equal employment opportunity company and will adhere to its established policy of seeking competent employees in compliance with various federal, state and local laws and regulations dealing with Equal Employment Opportunity, and regardless of their race, color, religion, sex, age, national origin, physical or mental handicaps, or status as a disabled veteran or veteran of the Vietnam era.

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EXHIBIT I

PROMISSORY NOTE

__________ __, 20__ $_____________

Atlanta, Georgia

FOR VALUE RECEIVED, the undersigned, _________________________, a _______________ ("Borrower"), promises to pay to the order of **SUNTRUST BANK**, a Georgia banking corporation ("Bank"), at its principal office at Mail Code GA-ATL-1802, 303 Peachtree Street, N.E., 2nd Floor, Atlanta, Georgia 30308, or at such other place as the holder hereof may designate, the principal sum of ____________________ AND NO/100 DOLLARS ($_________), plus all accrued and unpaid interest thereon as set forth in that certain Loan Agreement dated as of even date herewith between Borrower and Bank (as the same may be amended, restated, extended, supplemented or otherwise modified from time to time, the "Agreement"; capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Agreement). Interest shall accrue from the date hereof up to and through the date on which all principal and interest hereunder is paid in full, shall be computed on the basis of actual days elapsed in a 360-day year, and shall be calculated on the outstanding principal balance hereunder from time to time at the rate of interest per annum as provided for in the Agreement.

Principal and accrued interest under this Promissory Note (the "Note") shall be payable in accordance with the Agreement. Any payment of principal and, to the extent permitted by law, fees and interest due under this Note that is not paid on the due date therefor (giving effect to any applicable grace period therefor), whether a regularly scheduled Payment Date, the Maturity Date, or resulting from the acceleration of maturity upon the occurrence of an Event of Default, shall bear interest at the Default Rate from the due date of such payment to payment in full as provided in the Agreement.

This Note evidences a term loan made pursuant to the terms and conditions of the Agreement, to which Agreement reference is hereby made for a full and complete description of such terms and conditions, including, without limitation, provisions for the acceleration of the Maturity Date hereof upon the existence or occurrence of certain conditions or events.

This Note is secured by the Security Agreement of even date herewith executed by Borrower for the benefit of Bank and encumbering certain property and assets of Borrower**[, and by the Mortgage of even date herewith executed by Borrower for the benefit of Bank and encumbering certain real property located in __________ County, __________]**, in addition to the Agreement and the other Loan Documents identified therein.

Upon the existence or occurrence of any Event of Default, the principal and all accrued interest hereof shall automatically become, or may be declared, due and payable in the manner and with the effect provided in the Agreement.

Prepayment of the Note in whole is permitted without penalty subject to the conditions set forth in Section 2.3 of the Agreement.

By its execution of this Note, Borrower warrants and represents to Bank that the Loan proceeds will be used exclusively for commercial, investment, or business purposes and no Loan proceeds will be used for personal, family or household purposes.

Bank shall at all times have a right of set-off against any deposit balances of Borrower in the possession of Bank, and Bank may apply the same against payment of this Note or any other indebtedness of Borrower to Bank arising under the Loan Documents. The payment of any indebtedness evidenced by this Note shall not affect the enforceability of this Note as to any future, different or other indebtedness evidenced hereby. In the event the indebtedness evidenced by this Note is collected by legal action or through an attorney-at-law, or in bankruptcy or other judicial proceedings, Bank shall be entitled to recover from Borrower all costs of collection, including, without limitation, reasonable attorneys' fees incurred by Bank in connection therewith.

Failure or forbearance of Bank to exercise any right hereunder, or otherwise granted by the Agreement or by law, shall not affect or release the liability of Borrower hereunder, and shall not constitute a waiver of such right unless so stated by Bank in writing.

This Note and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the internal laws of the State of Georgia (without regard to the laws of conflicts thereof) and is intended to take effect as a sealed instrument.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVE THE RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND ANY OTHER DOCUMENT OR INSTRUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANK TO EXTEND, OR TO CONTINUE TO EXTEND, CREDIT OR OTHER FINANCIAL ACCOMMODATIONS TO BORROWER. FURTHER, BORROWER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BANK WOULD NOT, IN THE EVENT OF SUCH LITIGATION, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION. NO REPRESENTATIVE OR AGENT OF BANK NOR BANK'S COUNSEL HAS THE AUTHORITY TO WAIVE, CONDITION, OR MODIFY THIS PROVISION.

PRESENTMENT FOR PAYMENT, NOTICE OF DISHONOR AND PROTEST ARE HEREBY WAIVED.

TIME IS OF THE ESSENCE HEREUNDER.

(signature page follows)

EXECUTED AND DELIVERED under hand and seal of Borrower as of the day and year first above written.

BORROWER:

____,
a ____

By: _________________________________(SEAL)
Name: __________________________________
Title __________________________________

Attest: _____________________________________
Name: __________________________________
Title __________________________________

DEED OF TRUST,

SECURITY AGREEMENT AND FIXTURE FILING

Dated as of __________ ___, 20__

in the amount of: $__________

__________________________________, a(n)
[limited liability company/limited partnership/corporation] having
its principal office at ________________
____

("Grantor");

____
____

("Trustee"); and

SUNTRUST BANK, having an office at
Mail Code GA-ATL-1802, 303 Peachtree Street, N.E., 2nd Floor, Atlanta, Georgia 30308

("Beneficiary").

LOCATION OF PREMISES

Town of ____________, ______________ County
____

Record and Return to:

Frederick C. C. Boyd, III, Esq.
Morris, Manning & Martin, LLP
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326

STATE OF ___________________________
COUNTY OF _________________________

DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING

KNOW ALL MEN BY THESE PRESENTS:

THIS DEED OF TRUST (hereinafter referred to as this "Deed") is made and entered into as of the ___ day of ___________, 20__, by ___________________________, a(n) [limited liability company/limited partnership/corporation], having as a mailing address _____________________ (hereinafter referred to as "Grantor"), in favor of ___________________________, having as a mailing address _____________________ (hereinafter referred to as "Trustee"), for the benefit of **SUNTRUST BANK**, a Georgia banking corporation, having a mailing address of Mail Code GA-ATL-1802, 303 Peachtree Street, N.E., 2nd Floor, Atlanta, Georgia 30308 (hereinafter referred to as "Beneficiary").

In order to secure the payment, performance and observance of the indebtedness and other obligations of Grantor hereinafter set forth, Grantor has granted and conveyed, and does by these presents mortgage, grant, warrant, assign, convey, pledge and set over unto Trustee, **IN TRUST, WITH POWER OF SALE**, all of the following described land and interests in land, estates, easements, rights, improvements, property, fixtures, equipment, furniture, furnishings, appliances and appurtenances, but excluding in each case any Sponsor Assets, as defined in the Loan Agreement (hereinafter collectively referred to as the "Premises"):

(a) All those certain tracts, or parcels of land more particularly described in Exhibit A attached hereto and by this reference made a part hereof (hereinafter referred to as the "Land").

(b) All buildings, and improvements of every nature whatsoever now or hereafter situated on the Land.

(c) All construction materials, vaults, gas, electric and other utility fixtures, radiators, heaters, engines, machinery, boilers, ranges, elevators, plumbing and heating fixtures, draperies, carpeting and other floor coverings, fire extinguishers and any other safety equipment, washers, dryers, water heaters, water fountains, mirrors, mantels, air conditioning apparatus, refrigerating plants, refrigerators, cooking apparatus and appurtenances, window screens, awnings and storm sashes, which are or shall be attached to said buildings, structures or improvements and all other furnishings, furniture, goods which are or are to become fixtures, machinery, equipment, inventory, supplies, appliances, shop equipment and supplies, vehicle lifts, vehicle repair equipment and tools, compressors, pumps, and tangible personal property of every kind and nature whatsoever now or hereafter owned by

Grantor and located in, on or about, or used or intended to be used with or in connection with the use, operation or enjoyment of the Premises, and all attachments, additions, improvements, after-acquired property, renewals, proceeds and replacements of any of the foregoing and all the right, title and interest of Grantor in any of the foregoing property which is subject to or covered by any conditional sales contract, chattel mortgage or similar lien or claim, together with the benefit of any deposits or payments now or hereafter made by Grantor or on behalf of Grantor, all of which are hereby declared and shall be deemed to be fixtures and accessions to the freehold and a part of the Premises as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the indebtedness herein described and to be secured by this Deed.

(d) All now owned or hereafter acquired Easements, rights-of-way, strips, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way belonging, relating or appertaining to the Premises or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, and the reversions, remainders, rents, issues, profits, revenues, accounts, contract rights and general intangibles of or arising from the Premises (including without limitation all payments under room occupancy agreements, all leases or tenancies, proceeds of insurance, prepaid insurance premiums, condemnation payments, tenant security deposits and escrow funds), and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of Grantor of, in and to the same.

(e) Any and all leases, subleases, rental agreements, occupancy agreements, licenses, concessions, entry fees, other agreements which grant a possessory interest in all or any part of the Premises, together with all rents, issues, profits, revenues, proceeds, awards, accounts, security deposits and other benefits now or hereafter arising from the use and enjoyment of the Premises or any part thereof.

TO HAVE AND TO HOLD the Premises, with all privileges and appurtenances thereunto belonging, unto Trustee, forever. Grantor covenants that Grantor is lawfully seized and possessed of the Premises as aforesaid, and has all requisite right and authority to convey the same, that the same is unencumbered except for those matters expressly set forth in Exhibit B attached hereto and by this reference made a part hereof, and that Grantor does warrant and will forever defend the title thereto to Trustee and Beneficiary against the claims of all persons whomsoever, except as to those matters set forth in said Exhibit B.

This Deed is given to secure the following described indebtedness (collectively the "Indebtedness"):

(a) All sums evidenced by that certain Promissory Note (hereinafter referred to as the "Note") dated of even date herewith, made by Grantor, payable to the order of

Beneficiary in the principal face amount of ____________________ AND NO/100 DOLLARS ($__________), together with interest thereon, with the final payment being due on __________ __ , 20__ (the "Maturity Date"), unless extended as provided in the Note; together with any and all modifications, renewals and/or extensions of the Note.

(b) Any and all additional advances made by Beneficiary to protect or preserve the Premises or the lien hereof on the Premises, or for taxes, assessments or insurance premiums as hereinafter provided (whether or not the original Grantor remains the owner of the Premises at the time of such advances).

(c) Any and all other sums owed by Grantor to Beneficiary hereunder, under the Note, or any and all other indebtedness, liabilities, or obligations of Grantor to Beneficiary, of any nature whatsoever, whether now existing or hereafter created, whether direct, indirect or secondary, and any and all modifications, extensions or renewals thereof, including without limitation sums owed under any other instrument evidencing, securing or in any way concerning the debt evidenced by the Note.

The Note, this Deed and the following instruments (if applicable) which evidence, secure and/or relate to the loan evidenced by the Note are hereinafter referred to as the "Security Documents":

(a) Loan Agreement dated of even date herewith between Grantor and Beneficiary (the "Loan Agreement")

(b) Assignment of Leases and Rents dated of even date herewith by Grantor as assignor in favor of Beneficiary as assignee (the "Assignment of Rents");

(c) Security Agreement dated of even date herewith by Grantor as debtor in favor of Beneficiary as secured party (the "Security Agreement");

(d) Guaranty Agreement dated of even date herewith by ________________ as [guarantor/guarantors] (the "[Guarantor/Guarantors]") in favor of Beneficiary (the "Guaranty"); and

(e) All other documents, instruments or agreements now or hereafter securing, evidencing and/or relating to the debt secured by the Note.

Should the Indebtedness be paid according to the tenor and effect thereof when the same shall become due and payable, and should Grantor perform all covenants, terms and conditions herein contained in a timely manner, then this conveyance shall be null and void and may be canceled of record at the request and the expense of Grantor.

Grantor hereby further covenants and agrees as follows:

ARTICLE I

1.1. Payment of Indebtedness. Grantor will pay the Note according to the tenor thereof and all other sums now or hereafter secured hereby promptly as the same shall become due.

1.2. Taxes, Liens and Other Charges.

(a) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of the Indebtedness or this Deed or the manner of collecting taxes so as to adversely affect Beneficiary (exclusive of any tax on Beneficiary's net income), Grantor will promptly pay any such tax. If Grantor fails to make such prompt payment or if, in the opinion of Beneficiary, any such state, federal, municipal, or other governmental law, order, rule or regulation prohibits Grantor from making such payment or would penalize Beneficiary if Grantor makes such payment or if, in the opinion of Beneficiary, the making of such payment might result in the imposition of interest beyond the maximum amount permitted by applicable law, then the entire balance of the principal sum secured by this Deed and all interest accrued thereon shall, at the option of Beneficiary, become immediately due and payable.

(b) Grantor will pay (to the extent same are not paid from the escrowed funds provided for in Paragraph 1.4), before the same become delinquent, all taxes, liens, assessments and charges of every character including all utility charges, now or hereafter be levied or assessed upon the Premises; and upon demand will furnish Beneficiary receipted bills evidencing such payment.

(c) Grantor will not suffer or permit any mechanic's, materialmen's, laborer's, statutory or other lien to remain outstanding upon all or any part of the Premises.

(d) Grantor, at its expense, may contest, after prior written notice to Beneficiary, by appropriate legal proceedings conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of any taxes, liens, assessments or charges levied or assessed upon the Premises or any mechanic's, materialmen's, laborer's, statutory or other lien filed against the Premises, so long as such proceedings operate to prevent the collection or other realization thereon, the sale or forfeiture of the Premises or any part thereof to satisfy the same or the impairment of Beneficiary's lien; provided that (i) during such contest Grantor shall, at the option of Beneficiary, provide Beneficiary with security satisfactory to Beneficiary, assuring the payment of the Indebtedness and of any additional interest charge, penalty or expense arising from or incurred as a result of such contest, and (ii) if at any time payment of any obligation imposed upon Grantor under this Paragraph 1.2 shall become necessary to prevent the sale or forfeiture of the Premises or any part thereof to satisfy the same, then Grantor shall pay the same in sufficient time to prevent sale or forfeiture.

1.3. Insurance. Grantor agrees to keep the Premises insured against loss or damage by fire and other casualty with extended coverage and against any other risks or hazards which in the opinion of Beneficiary should be insured against, and in any case against all risks which persons engaged in the same business as is carried on at the Premises customarily insure against, with the minimum amount of said insurance to be no less than the amount of the Note. Grantor shall also carry insurance against the risk of rental or business interruption at the Premises, in an amount deemed satisfactory by Beneficiary. All of such insurance shall be placed with a company or companies and in such form and with such endorsements as may be approved or required by Beneficiary. Loss under all such insurance shall be payable to Beneficiary in accordance with this paragraph, and all such insurance policies shall be endorsed with a standard, non-contributory Beneficiary's clause in favor of Beneficiary. Grantor shall also carry public liability insurance, in such form, amount and with such companies as Beneficiary may from time to time require, naming Beneficiary as an additional insured. The policy or policies evidencing all insurance referred to in this paragraph and receipts for the payments of premiums thereon shall be delivered to and held by Beneficiary. All such insurance policies shall contain a provision requiring at least thirty (30) days' notice to Beneficiary prior to any cancellation or modification. Grantor shall give Beneficiary satisfactory evidence of renewal of all such policies with premiums paid at least thirty (30) days before expiration. Grantor agrees to pay all premiums on such insurance as they become due, and will not permit any condition to exist on or with respect to the Premises which would wholly or partially invalidate any insurance thereon. Beneficiary shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any such insurance, incur any liability for the form or legal sufficiency or absence of insurance contracts, solvency of insurers, or payment of losses, and Grantor hereby expressly assumes full responsibility therefor and all liability, if any, thereunder. Effective upon any Event of Default (as hereinafter defined) hereunder, all of Grantor's right, title and interest in and to all such policies and any unearned premiums paid thereon are hereby assigned to Beneficiary, which shall have the right, but not the obligation, to assign the same to any purchaser of the Premises at any foreclosure sale or other disposition thereof. The requirements of Beneficiary for insurance under the provisions of this paragraph may be modified or amended in whole or in part by Beneficiary, in its reasonable discretion, and Grantor agrees, upon any expiration of any existing policy or policies of insurance, to provide a replacement policy or policies which shall meet such amended or modified insurance standards. In the event of a loss, Grantor shall give immediate written notice to the insurance carrier and Beneficiary. Grantor hereby appoints Beneficiary its attorney-in-fact for the purposes hereinafter set out, and authorizes and empowers Beneficiary, at Beneficiary's option and in Beneficiary's sole discretion as attorney-in-fact for Grantor, to make proof of loss, to adjust and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Beneficiary's expenses incurred in the collection of such proceeds. Grantor understands and agrees that the power of attorney hereby granted to Beneficiary is a power coupled with an interest and is irrevocable until Beneficiary's interest hereunder is terminated by the payment and performance of all of Grantor's obligations and the Indebtedness secured hereby. In the event of any insured damage to or destruction of the Premises or any part thereof (herein called an "Insured Casualty"), if (A) in the reasonable judgment of Beneficiary, the Premises can be restored within four (4) months after insurance proceeds are made available to an economic unit not less valuable and not less useful than the same was prior to the Insured Casualty, and after such restoration will adequately secure the outstanding balance of the Indebtedness, and (B) no Event of Default shall have occurred and be then continuing, then the proceeds of insurance shall be applied to reimburse Grantor for the cost of restoring, repairing, replacing or rebuilding the Premises or part thereof subject to Insured Casualty, as provided below; and Grantor hereby covenants and agrees forthwith to commence and diligently to prosecute such restoring, repairing, replacing or rebuilding; provided, however, in any event Grantor shall pay all costs (and if required by Beneficiary, Grantor shall deposit the total thereof with Beneficiary in advance) of such restoring, repairing, replacing or rebuilding in excess of the net proceeds of insurance made available pursuant to the terms hereof. Except as provided above, the proceeds of insurance collected upon any Insured Casualty shall, at the option of Beneficiary in its sole discretion, be applied to the payment of the Indebtedness or applied to reimburse Grantor for the cost of restoring, repairing, replacing or rebuilding the Premises or part thereof subject to the Insured Casualty, in the manner set forth below. Any such application to the Indebtedness shall not be considered a voluntary prepayment requiring payment of the prepayment consideration provided in the Note, if any, and shall not reduce or postpone any payments otherwise required pursuant to the Note, other than the final payment on the Note. If proceeds of insurance, if any, are made available to Grantor for the restoring, repairing, replacing or rebuilding of the Premises, Grantor hereby covenants to restore, repair, replace or rebuild the same to be of at least equal value and of substantially the same character as prior to such damage or destruction, all to be effected in accordance with applicable law and plans and specifications approved in advance by Beneficiary. If Grantor is entitled to reimbursement out of insurance proceeds held by Beneficiary, such proceeds shall be disbursed from time to time upon Beneficiary being furnished with (1) evidence satisfactory to it (which evidence may include inspection[s] of the work performed) that the restoration, repair, replacement and rebuilding covered by the disbursement has been completed in accordance with plans and specifications approved by Beneficiary, (2) evidence satisfactory to it of the estimated cost of completion of the restoration, repair, replacement and rebuilding, (3) funds, or, at Beneficiary's option, assurances satisfactory to Beneficiary that such funds are available, sufficient in addition to the proceeds of insurance to complete the proposed restoration, repair, replacement and rebuilding, and (4) such architect's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, bonds, plats of survey and such other evidences of cost, payment and performance as Beneficiary may reasonably require and approve; and Beneficiary may, in any event, require that all plans and specifications for such restoration, repair, replacement and rebuilding be submitted to and approved by Beneficiary prior to commencement of work. With respect to disbursements to be made by Beneficiary: (A) no payment made prior to the final completion of the restoration, repair, replacement and rebuilding shall exceed ninety percent (90%) of the value of the work performed from time to time; (B) funds other than proceeds of insurance shall be disbursed prior to disbursement of such proceeds; and (C) at all times, the undisbursed balance of such proceeds remaining in the hands of Beneficiary, together with funds deposited for that purpose or irrevocably committed to the satisfaction of Beneficiary by or on behalf of Grantor for that purpose, shall be at least sufficient in the reasonable judgment of Beneficiary to pay for the cost of completion of the restoration, repair, replacement or rebuilding, free and clear of all liens or claims for lien and the costs. Any surplus which may remain out of insurance proceeds held by Beneficiary after payment of such costs of restoration, repair, replacement or rebuilding shall be paid to any party entitled thereto. In no event shall Beneficiary assume any duty or obligation for the adequacy, form or content of any such plans and specifications, nor for the performance, quality or workmanship of any restoration, repair, replacement and rebuilding. Notwithstanding anything to the contrary contained herein, the proceeds of insurance reimbursed to Grantor in accordance with the terms and provisions of this Deed shall be reduced by the reasonable costs (if any) incurred by Beneficiary in the adjustment and collection thereof and in the reasonable costs incurred by Beneficiary of paying out such proceeds (including, without limitation, reasonable attorneys' fees and costs paid to third parties for inspecting the restoration, repair, replacement and rebuilding and reviewing the plans and specifications therefor). If the insurance proceeds are applied to the payment of the sums secured by this Deed, any such application of proceeds to principal shall be in such order as Beneficiary may determine and, if after so applying such insurance proceeds Beneficiary reasonably determines the remaining security to be inadequate to secure the remaining Indebtedness, Grantor shall upon written demand from Beneficiary prepay on principal such an amount as will reduce the remaining Indebtedness to a balance for which adequate security is present.

1.4. **Impounds**. Grantor shall, if requested by Beneficiary, deposit with Beneficiary or Beneficiary's designee on each monthly payment date as set forth in the Note one-twelfth (1/12) of the reasonably estimated amount of real estate taxes assessed or to be assessed against the Premises for the then current year, together with one-twelfth (1/12) of the reasonably estimated total of all insurance premiums required to be paid for the then current year, as estimated by Beneficiary, together with any extra amount necessary so that the next installments of real property taxes and insurance premiums may be paid from the deposit. Such moneys shall at proper times be progressively returned to Grantor for use in the actual payment of said taxes and said insurance premiums or, at the sole election of Beneficiary, Beneficiary may use said moneys in actual payment of such taxes and premiums, but nothing in this paragraph shall release Grantor from its obligations to pay said taxes as the same become due and payable under the provisions hereof and to maintain in force all insurance policies as required hereby. All impounds required under this paragraph shall be deposited in a non-interest bearing account of Beneficiary, to be withdrawn by Beneficiary at such times and in such amounts as shall be deemed appropriate by Beneficiary. All amounts deposited under this paragraph are hereby assigned to Beneficiary as additional security for all indebtedness secured by this Deed, and so long as any Event of Default as set forth herein including a default in the payment of any money or the performance of any covenant or obligation herein contained or secured hereby exists, then any deposits made by Grantor under this paragraph may, at the option of Beneficiary, be applied to the payment of principal and interest or other indebtedness secured hereby, in lieu of being applied to any of the purposes of this Paragraph 1.4 previously stated.

1.5. **Condemnation and Other Awards**. If the Premises or any part thereof is taken or diminished in value, or if a consent settlement is entered, by or under threat of such proceeding, the award or settlement payable to Grantor by virtue of its interest in the Premises shall be, and by these presents is, assigned, transferred and set over unto, and to be held by Beneficiary subject to the lien and security interest of this Deed, and disbursed at Beneficiary's option, (a) to hold all or any portion of such proceeds to be used to reimburse Grantor for the costs of reconstruction or repair of the Premises, or (b) to apply all or any portion of such proceeds to the payment of the sums secured by this Deed, whether or not then due. In the event of a taking of the Premises or any part thereof (herein called a "Condemnation"), if (A) in the reasonable judgment of

Beneficiary, the Premises can be restored within four (4) months after the proceeds of the Condemnation are made available to an economic unit not less valuable (including an assessment by Beneficiary of the impact of the termination of any Leases due to such Condemnation) and not less useful than the same was prior to the Condemnation, and after such restoration will adequately secure the outstanding balance of the Indebtedness, and (B) no Event of Default shall have occurred and be then continuing, then the proceeds of the Condemnation shall be applied to reimburse Grantor for the cost of restoring, repairing, replacing or rebuilding the Premises or part thereof subject to the Condemnation, as provided below; and Grantor hereby covenants and agrees forthwith to commence and diligently to prosecute such restoring, repairing, replacing or rebuilding; provided, however, in any event Grantor shall pay all costs (and if required by Beneficiary, Grantor shall deposit the total thereof with Beneficiary in advance) of such restoring, repairing, replacing or rebuilding in excess of the net proceeds of the Condemnation made available pursuant to the terms hereof. Except as provided above, the proceeds collected upon any Condemnation shall, at the option of Beneficiary in its sole discretion, be applied to the payment of the Indebtedness or applied to reimburse Grantor for the cost of restoring, repairing, replacing or rebuilding the Premises or part thereof subject to the Condemnation, in the manner set forth below. Any such application to the Indebtedness shall not be considered a voluntary prepayment requiring payment of the prepayment consideration provided in the Note, and shall not reduce or postpone any payments otherwise required pursuant to the Note, other than the final payment on the Note. If proceeds of the Condemnation, if any, are made available to Grantor for the restoring, repairing, replacing or rebuilding of the Premises, Grantor hereby covenants to restore, repair, replace or rebuild the same to be of at least equal value and of substantially the same character as prior to such Condemnation, all to be effected in accordance with applicable law and plans and specifications approved in advance by Beneficiary. If Grantor is entitled to reimbursement out of the proceeds of the Condemnation held by Beneficiary, such proceeds shall be disbursed from time to time upon Beneficiary being furnished with (1) evidence satisfactory to it (which evidence may include inspection[s] of the work performed) that the restoration, repair, replacement and rebuilding covered by the disbursement has been completed in accordance with plans and specifications approved by Beneficiary, (2) evidence satisfactory to it of the estimated cost of completion of the restoration, repair, replacement and rebuilding, (3) funds, or, at Beneficiary's option, assurances satisfactory to Beneficiary that such funds are available, sufficient in addition to the proceeds of the Condemnation to complete the proposed restoration, repair, replacement and rebuilding, and (4) such architect's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, bonds, plats of survey and such other evidences of cost, payment and performance as Beneficiary may reasonably require and approve; and Beneficiary may, in any event, require that all plans and specifications for such restoration, repair, replacement and rebuilding be submitted to and approved by Beneficiary prior to commencement of work. With respect to disbursements to be made by Beneficiary: (A) no payment made prior to the final completion of the restoration, repair, replacement and rebuilding shall exceed ninety percent (90%) of the value of the work performed from time to time; (B) funds other than proceeds of the Condemnation shall be disbursed prior to disbursement of such proceeds; and (C) at all times, the undisbursed balance of such proceeds remaining in the hands of Beneficiary, together with funds deposited for that purpose or irrevocably committed to the satisfaction of Beneficiary by or on behalf of Grantor for that purpose, shall be at least sufficient in the reasonable judgment of Beneficiary to pay for the cost of completion of the restoration, repair, replacement or rebuilding, free and clear of all liens or claims for lien and the costs. Any surplus which may remain out of the Condemnation proceeds held by Beneficiary after payment of such costs of restoration, repair, replacement or rebuilding shall be paid to any party entitled thereto. In no event shall Beneficiary assume any duty or obligation for the adequacy, form or content of any such plans and specifications, nor for the performance, quality or workmanship of any restoration, repair, replacement and rebuilding. Notwithstanding anything to the contrary contained herein, the proceeds of the Condemnation reimbursed to Grantor in accordance with the terms and provisions of this Deed shall be reduced by the reasonable costs (if any) incurred by Beneficiary in the adjustment and collection thereof and in the reasonable costs incurred by Beneficiary of paying out such proceeds (including, without limitation, reasonable attorneys' fees and costs paid to third parties for inspecting the restoration, repair, replacement and rebuilding and reviewing the plans and specifications therefor). If the Condemnation proceeds are applied to the payment of the sums secured by this Deed, any such application of proceeds to principal shall be in such order as Beneficiary may determine and, if after so applying such proceeds Beneficiary reasonably determines the remaining security to be inadequate to secure the remaining Indebtedness, Grantor shall upon written demand from Beneficiary prepay on principal such an amount as will reduce the remaining Indebtedness to a balance for which adequate security is present.

1.6. Care of Premises.

(a) Grantor will keep the buildings, parking areas, roads and walkways, recreational facilities, landscaping and all other improvements of any kind now or hereafter erected on the Land or any part thereof, and the fixtures, furnishings and equipment therein and thereon, in good condition and repair, will not commit or suffer any waste and will not do or suffer to be done anything which will increase the risk of fire or other hazard to the Premises or any part thereof.

(b) Grantor will not remove or demolish or alter the structural character of any improvement located on the Land without the written consent of Beneficiary.

(c) If the Premises or any part thereof is damaged by fire or any other cause, Grantor will give immediate written notice thereof to Beneficiary.

(d) Beneficiary, Trustee or their respective representatives are hereby authorized to enter upon and inspect the Premises at any time during normal business hours or, upon an occurrence of an Event of Default, at any time.

(e) Grantor will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Premises or any part thereof. Grantor will deliver to Beneficiary within ten (10) days after Grantor's receipt thereof copies of any additional governmental permits or approvals or disapprovals or notices issued with regard to the Premises or any portion thereof.

1.7. Leases and Other Agreements Affecting Property. Grantor will duly and punctually perform all terms, covenants, conditions and agreements binding upon it under any lease, sublease, rental agreement, occupancy agreement or any other agreement of any nature whatsoever which involves or affects the Premises or any part thereof. Grantor will furnish Beneficiary with executed copies of all leases, subleases, rental agreements or occupancy agreements now or hereafter created upon the Premises or any part thereof. Grantor will not without the express written consent of Beneficiary, enter into any lease, sublease or occupancy agreements with respect to the Premises or any portion thereof. Grantor will not, without the express written consent of Beneficiary, terminate or modify either orally or in writing, any lease, sublease, rental agreement or occupancy agreement now existing or hereafter created upon the Premises or any part thereof, nor will Grantor permit any assignment or a subletting by any Tenant without the prior express written consent of Beneficiary. In order to further secure payment of the Note and the observance, performance and discharge of Grantor's obligations, Grantor hereby assigns, transfers and sets over unto Beneficiary, and grants Beneficiary a security interest in, all of Grantor's right, title and interest in, to and under all leases, subleases, rental agreements, occupancy agreements, licenses, concessions, entry fees, other agreements which grant a possessory interest and other contracts now or hereafter affecting the Premises or any part thereof and in and to all of the rents, issues, profits, revenues, proceeds, awards and other benefits now or hereafter arising from the use and enjoyment of the Premises or any part thereof; provided, however, that Beneficiary hereby licenses back to Grantor the right to collect the same for so long as Grantor is not in default hereunder.

1.8. Security Agreement and Fixture Filing. Insofar as (i) any of the property listed in Paragraphs (b) through (e), inclusive, on pages 1 and 2 hereof and, (ii) all other personal property either referred to or described in this Deed, or in any way connected with the use or enjoyment of the Premises (hereinafter all collateral defined in clauses (i) and (ii) hereof shall be collectively referred to as "Collateral") this Deed, in compliance with the provisions of the Uniform Commercial Code as enacted in the State of __________ as it may be amended from time to time (the "UCC"), is hereby made and declared to be: (x) a security agreement, encumbering the Collateral and (y) a fixture filing. Grantor does hereby grant to Beneficiary a continuing lien and security interest in and to all of said Collateral and all replacements, substitutions, additions and proceeds thereof and all after-acquired property relating thereto. A financing statement or statements reciting this Deed to be a security agreement, affecting all of said Collateral aforementioned, shall be appropriately filed. Grantor covenants and agrees that, prior to changing its name, identity or structure, it will so notify Beneficiary and will promptly execute any financing statements or other instruments deemed necessary by Beneficiary to prevent any filed financing statement from becoming seriously misleading or losing its perfected status. The remedies for any violation of the covenants, terms and conditions of the security agreement herein contained shall be (i) as prescribed herein, or (ii) as prescribed by general law, or (iii) as prescribed by the specific statutory consequences now or hereafter enacted and specified in the UCC, all at Beneficiary's sole election. Grantor and Beneficiary agree that the filing of such financing statement(s) in the records normally having to do with personal property shall never be construed in anywise derogating from or impairing this declaration and hereby stated intention of Grantor and Beneficiary that everything used in connection with the production of income from the Premises, adapted for use therein, and/or which is described in this Deed, is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether (a) any such item is physically attached to the improvements,

(b) serial numbers are used for the better identification of certain items capable of being thus identified in a recital contained herein, or (c) any such item is referred to or reflected in any such financing statement(s) so filed at any time. Similarly, the mention in any such financing statement(s) of the rights in and to (aa) the proceeds of any insurance policy relating to the Premises, or (bb) any award in eminent domain proceedings for a taking or for loss of value, or (cc) Grantor's interest as lessor in any present or future lease, sublease, or rights to income growing out of the use and/or occupancy of the Premises, whether pursuant to lease, sublease, or otherwise, shall never be construed as in anywise altering any of the rights of Beneficiary as determined by this instrument or impugning the priority of Beneficiary's lien granted hereby or by any other recorded document, but such mention in such financing statement(s) is declared to be for the protection of Beneficiary in the event any court shall at any time hold with respect to the foregoing (aa), (bb) or (cc), that notice of Beneficiary's priority of interest to be effective against a particular class of persons, must be filed in the UCC records. The information contained herein is provided in order that this Deed shall comply with the requirements of the UCC for instruments to be filed as financing statements. The "Debtor" is Grantor hereunder; the "Secured Party" is Beneficiary herein, the principal place of business of the "Debtor" is as set forth on the cover page of this Deed, the mailing addresses of the "Debtor" and "Secured Party" are as set forth on the cover page of this Deed, and the types or items of collateral are as described hereinabove.

1.9. Further Assurances; After Acquired Property. At any time, and from time to time, upon request by Beneficiary, Grantor will make, execute and deliver or cause to be made, executed and delivered, to Beneficiary and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or refiled at such time and in such offices and places as shall be deemed desirable by Beneficiary, any and all such other and further deeds to secure debt, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the opinion of Beneficiary, be necessary or desirable in order to effectuate, complete, or perfect, or to continue and preserve (a) the obligation of Grantor under the Note and under this Deed, and (b) the lien of this Deed as a lien upon and security title in and to all of the Premises, whether now owned or hereafter acquired by Grantor. Upon any failure by Grantor so to do, Beneficiary may make, execute, record, file, re-record and/or refile any and all such deeds to secure debt, deeds of trust, security agreements, financing statements, continuation statements, instruments, certificates, and documents for and in the name of Grantor and Grantor hereby irrevocably appoints Beneficiary the agent and attorney-in-fact of Grantor with full power and authority so to do, which power shall be deemed to be coupled with an interest and may not be revoked by Grantor until the Indebtedness has been paid in full, including all expenses payable by Grantor. The lien hereof will automatically attach, without further act, to all after acquired property attached to and/or used in the operation of the Premises or any part thereof.

1.10. Expenses.

(a) If any action or proceeding is commenced to which action or proceeding Beneficiary or Trustee is made a party or in which it becomes necessary to defend or uphold the lien of this Deed, Grantor shall, on demand, reimburse Beneficiary and Trustee for all expenses (including, without limitation, reasonable attorneys' fees and appellate attorneys' fees) incurred by Beneficiary and/or Trustee in any such action or proceeding. In any action or proceeding to foreclose this Deed or to recover or collect all or any portion of the Indebtedness, the provisions of law relating to the recovering of costs, disbursements and allowances shall remain unaffected by this covenant.

(b) Grantor shall pay when due all payments and charges on all liens, encumbrances, ground and other leases, and security interests which may be or become superior or inferior to the lien of this Deed, and, if Grantor shall not make such payments, Beneficiary shall have the right, but shall not be obligated, to pay such payments and charges and Grantor shall, on demand, reimburse Beneficiary for amounts so paid. In addition, upon default of Grantor in the performance of any other terms, covenants, conditions or obligations by it to be performed under any such prior or subordinate lien, encumbrance, lease or security interest, Beneficiary shall have the right, but shall not be obligated, to cure such default in the name and on behalf of Grantor. All sums advanced and reasonable expenses incurred at any time by Beneficiary pursuant to this Paragraph 1.10 or as otherwise provided under the terms and provisions of this Deed or under applicable law shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at an interest rate equal to the lesser of the Default Rate under the Loan Agreement, or the highest lawful contract rate.

(c) Grantor agrees to bear and pay all expenses (including reasonable attorneys' fees and appellate attorneys' fees actually incurred) of or incidental to the enforcement of any provision hereof, or the enforcement, compromise or settlement of this Deed or the Indebtedness, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary in respect thereof, by litigation or otherwise. All rights and remedies of Beneficiary shall be cumulative and may be exercised singly or concurrently. Notwithstanding anything herein contained to the contrary, Grantor, being an experienced developer and/or owner and operator and participant in sophisticated real estate ventures, and having consulted with counsel of its choosing: (a) hereby waives trial by jury in any action brought by Beneficiary to enforce any provisions of this Deed; (b) will not (i) at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Premises or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Deed, nor (ii) claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Premises, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction, nor (iii) after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof; (c) hereby expressly waives all benefit or advantage of any such law or laws referred to in subparagraph (b) above; and (d) covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Beneficiary, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Grantor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Premises marshaled upon any foreclosure hereof.

1.11. Estoppel Affidavits. Grantor, upon fifteen (15) days' prior written notice, shall furnish to Beneficiary a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on, the Indebtedness and whether or not any offsets or defenses are claimed to exist against such principal and interest, and such other information as may be requested by Beneficiary.

1.12. Subrogation. Beneficiary shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of the Indebtedness.

1.13. Limit of Validity. All agreements between Grantor and Beneficiary are expressly limited so that in no contingency or event whatsoever, whether by reason of advancement of the proceeds of the Note, acceleration of maturity of the unpaid principal balance of the Note or otherwise, shall the amount paid or agreed to be paid to Beneficiary for the use, forbearance or detention of the money to be advanced hereunder exceed the highest lawful rate permissible under applicable usury laws. If, from any circumstances, whatsoever fulfillment of any provision hereof or of the Security Documents shall involve transcending the limit of validity prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and, if from any circumstance Beneficiary shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due under the Note and not to the payment of interest. This provision shall control every other provision of all agreements between Grantor and Beneficiary.

1.14. No Other Encumbrances. Grantor shall not, directly or indirectly (including, without limitation, by equipment leasing or similar arrangements, or by pledging or hypothecation of partnership interests in Grantor), further encumber the Premises, or any part thereof, it being understood by Grantor that the Premises, and all parts thereof, shall remain free and clear of any and all debt instruments or other obligations for repayment of money except those given in connection with the loan evidenced by the Note.

1.15. Restrictions on Transfers. Except as expressly set forth in the Loan Agreement:

(a) Grantor shall not, without first obtaining the prior written consent of Beneficiary (which consent may be given or withheld by Beneficiary in Beneficiary's sole discretion), whether voluntarily or involuntarily by operation of law or otherwise (i) transfer, sell, convey or assign all or any portion of the Premises, or contract to do any of the foregoing, including, without limitation, options to purchase and installment sales contracts, land contracts, real estate contracts or contracts for deed, (ii) (except as permitted by Paragraph 1.7 of this Deed) lease all or any portion of the Premises or change the legal possession or use thereof, (iii) except as provided in this Paragraph, permit the dilution, transfer, pledge, hypothecation or encumbrance of any partnership interest of Grantor, any membership interest of Grantor, any shareholder interest of Grantor, or of any shareholder, partnership, membership or beneficial interests in any partner of Grantor which is a corporation, partnership, limited liability company or a trust (exclusive of Grantor limited partner transfers), or (iv) permit the assignment, transfer, delegation, change, modification or any diminution of the duties or responsibilities of Grantor as manager of the Premises (except to a professional management company or companies acceptable to Beneficiary, in Beneficiary's sole discretion). Without limiting the generality of the preceding sentence, the prior written consent of Beneficiary shall be required for (i) any transfer made to a subsidiary or affiliate entity of Grantor, (ii) any transfer made to a reconstituted general or limited partnership, (iii) transfers by any partnership to its individual partners or vice versa, (iv) any transfer by any corporation to its stockholders or vice versa, (v) any transfer by any limited liability company to its members or vice versa, or (vi) any merger or consolidation. In the event that Beneficiary, in Beneficiary's sole discretion, is willing to consent to a transfer which would otherwise be prohibited by this Paragraph 1.15(a), Beneficiary may condition its consent on such terms as it desires, including, without limitation, an increase in the interest rate of the Note (and recalculation of the amortization provisions thereof), and the requirement that Grantor pay a transfer fee, together with any expenses incurred by Beneficiary in connection with the granting of such consent (including, without limitation, attorneys' fees).

(b) If Grantor violates the terms of Paragraph 1.15(a) hereof, in addition to any other rights or remedies which Grantor may have herein, in any other Security Document, or at law or in equity, Beneficiary may increase the interest rate charged on the Indebtedness up to the Default Rate, such interest being due on demand and being secured by this Deed.

1.16. Representations and Warranties. As a special inducement to Beneficiary to make the loan evidenced by the Note, and with knowledge that Beneficiary will rely thereon, Grantor represents and warrants to Beneficiary as follows:

(a) There exist no leases or subleases, occupancy agreements or similar arrangements affecting all or any portion of the **[Premises other than those identified on Exhibit C attached hereto and by this reference made a part hereof] [Premises]**.

(b) There are no license, franchise, commission, management, service, maintenance, or other contracts or agreements in existence affecting in any way the operation, maintenance or conduct of business at the **[Premises other than those identified on Exhibit C] [Premises]**.

(c) There are no equipment leases, rental agreements or similar arrangements affecting in any way the operating, maintenance or conduct of business at the **[Premises other than those identified on <u>Exhibit C</u>] [Premises]**.

(d) All licenses, permits and other approvals necessary or appropriate for conduct of the business carried out at the Premises have been obtained by Grantor and same are current and in full force and effect.

(e) All sales and payroll tax obligations of Grantor which are due and payable have been satisfied.

(f) There are no UCC Financing Statements which affect or encumber any portion of the Premises or any other security for the Indebtedness other than those in favor of Beneficiary.

1.17. <u>Environmental Representations and Warranties</u>. Grantor represents and warrants to Beneficiary that: (a) during the period of Grantor's ownership of the Premises, there has not been, nor will there be in the future, any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance by any person or entity on, or about the Premises, except for the use of materials customarily used in the operation of the Premises in customary quantities in the ordinary course of business and in compliance with all applicable federal, state, and local laws, regulations and ordinances; (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Beneficiary in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance by any prior owners or occupants of the Premises in violation of any applicable federal, state, and local laws, regulations and ordinances or (ii) any actual or threatened litigation or claims of any kind by any person or entity relating to such matters; and (c) except as previously disclosed to and acknowledged by Grantor in writing, (i) neither Grantor nor any tenant, contractor, agent, or other authorized user of the Premises shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, or about the Premises, except for the use of materials customarily used in the operation of the Premises in customary quantities in the ordinary course of business, and (ii) all such activity shall be conducted in full compliance with all applicable federal, state, and local laws, regulations and ordinances. Grantor, at any time during usual business hours, authorizes Beneficiary and its agents to enter upon the Premises to make such inspections and tests, including, without limitation, intrusive tests, at Grantor's expense, as Beneficiary may deem appropriate to determine compliance with this section of the Deed and the absence of any hazardous waste or hazardous substance on or near the Premises. Any inspections or tests made by Beneficiary shall be for Beneficiary's purposes only and shall not be construed to create any responsibility or liability on the part of Beneficiary. Grantor hereby (a) releases and waives any future claims against Beneficiary for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs associated therewith, and (b) agrees to indemnify and hold harmless Beneficiary against any and all claims, losses, liabilities, damages, penalties, and expenses (including, without limitation, reasonable attorneys' fees and appellate attorneys' fees actually incurred), which Beneficiary may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed or as a consequence of any use, generation, manufacture, storage, disposal, release, or threatened release occurring prior to Grantor's ownership or interest in the Premises, whether or not the same was or should have been known to Grantor. The provisions of this paragraph of the Deed, including the obligation to indemnify, shall survive the payment of the indebtedness secured herein and the satisfaction and reconveyance of the lien of this Deed and shall not be affected by Beneficiary's acquisition of any interest in the Premises, whether by foreclosure or otherwise. The terms "hazardous waste," "disposal," "release," and "threatened release," as used in this Deed shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA") the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation Act, 49 U.S.C. Section 6901 et seq., as amended, or other applicable state or federal laws, rules or regulations adopted pursuant to any of the foregoing. The term "hazardous waste" and "hazardous substance" shall also include, without limitation, petroleum and petroleum by-products and asbestos.

1.18. Management of the Premises. Grantor agrees that so long as this Deed is in effect, the Premises may not be managed by any entity except by Grantor, unless Beneficiary has given its prior written approval to the respective professional management company (the "Managing Agent") and the management contract (the "Management Contract"). In such event, Grantor shall collaterally assign its rights under the Management Contract to Beneficiary. Additionally, the Managing Agent shall enter into Beneficiary's then-current "Consent to Collateral Assignment of Management Agreement" which shall provide, inter alia, that (i) the Management Contract may not be modified or terminated so long as this Deed is in effect without the prior written consent of Beneficiary; (ii) in the event of an Event of Default hereunder, all amounts due and payable to the Managing Agent under the Management Contract shall be subordinate to the Indebtedness and (iii) in the event of a default by Grantor under the Management Contract, the Managing Agent shall provide Beneficiary with prompt written notice of such default, and Beneficiary shall have the right, but not the obligation, to cure such default within a reasonable period of time.

1.19. Use of Premises. Grantor represents and warrants that as of the date of this Deed, the Premises are used only for an express automobile oil change facility. Grantor covenants that Grantor will not allow any other uses on the Premises unless Beneficiary has given its prior written consent thereto.

ARTICLE II

2.1. Events of Default. The terms "Event of Default" or "Events of Default", wherever used in this Deed, shall mean any one or more of the following events:

(a) The occurrence of any "Default" or "Event of Default" under any of the Security Documents; or

(b) The failure by Grantor duly and fully to comply with any covenant, condition or agreement of this Deed; or

(c) The breach of any warranty by Deed contained in this Assignment.

2.2. Acceleration of Maturity. If any Event of Default shall have occurred, then the entire Indebtedness shall, at the option of Beneficiary, immediately become due and payable without notice or demand, time being of the essence of this Deed; and no omission on the part of Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

2.3. Beneficiary's Right to Enter and Take Possession, Operate and Apply Revenues.

(a) If any Event of Default shall have occurred, Grantor, upon demand of Beneficiary, shall forthwith surrender to Beneficiary the actual possession of the Premises, and if, and to the extent, permitted by law, Beneficiary itself, or by such officers or agents as it may appoint, may enter and take possession of all the Premises without the appointment of a receiver, or an application therefor, and may exclude Grantor and its agents and employees wholly therefrom, and may have joint access with Grantor to the books, papers and accounts of Grantor.

(b) If Grantor shall for any reason fail to surrender or deliver the Premises or any part thereof after such demand by Beneficiary, Beneficiary may obtain a judgment or decree conferring upon Beneficiary the right to immediate possession or requiring Grantor to deliver immediate possession of the Premises to Beneficiary, to the entry of which judgment or decree Grantor hereby specifically consents. Grantor will pay to Beneficiary, upon demand, all expenses of obtaining such judgment or decree, including reasonable compensation to Beneficiary, its attorneys and agents; and all such expenses and compensation shall, until paid, be secured by the lien of this Deed.

(c) Upon every such entering upon or taking of possession, Beneficiary may hold, store, use, operate, manage and control the Premises and conduct the business thereof, and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property; (ii) insure or keep the Premises insured; (iii) manage and operate the Premises and exercise all the rights and powers of Grantor to the same extent as Grantor could in its own name or otherwise with respect to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted Beneficiary, all as Beneficiary from time to time may determine to be in its best interest. Beneficiary may collect and receive all the rents, issues, profits and revenues from the Premises, including those past due as well as those accruing thereafter, and shall have the benefit of all operating expenses and deposits prepaid by Grantor, and, after deducting (aa) all out-of-pocket and administrative expenses of taking, holding, managing and operating the Premises (including compensation for the services of all persons employed for such purposes); (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, improvements, purchases and acquisitions;

(cc) the cost of such insurance; (dd) such taxes, assessments and other similar charges as Beneficiary may at its option pay; (ee) other proper charges upon the Premises or any part thereof; and (ff) the reasonable compensation, expenses and disbursements of the attorneys and agents of Beneficiary, and (gg) the payment of deposits required in Paragraph 1.4, Beneficiary shall apply the remainder of the moneys so received by Beneficiary as set forth in the Note.

(d) If an Event of Default shall have occurred, Beneficiary shall have the right, in its sole discretion, on Grantor's behalf, to terminate any management agreements, contracts or agents/managers responsible for property management of the Premises, and any such contracts, agreements, managers or agents shall expressly so agree.

(e) Whenever all Events of Default have been cured if Beneficiary in Beneficiary's sole discretion shall have accepted such cure, Beneficiary shall surrender possession of the Premises to Grantor, its successors or assigns. The same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

2.4. Performance by Beneficiary of Defaults by Grantor. If Grantor shall default in the payment, performance or observance of any term, covenant or condition of this Deed, Beneficiary may, at its option, without waiving the right to accelerate the maturity of the Indebtedness, pay, perform or observe the same. Beneficiary shall be the sole judge of the necessity for any such actions and of the amounts to be paid. Beneficiary is hereby empowered to enter and to authorize others to enter upon the Premises or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to Grantor or any person in possession holding under Grantor.

2.5. Receiver. If an Event of Default shall have occurred, Beneficiary, upon application to a court of competent jurisdiction, shall be entitled without notice and without regard to the occupancy or value of any security for the Indebtedness or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Premises and to collect, apply and use the rents, issues, profits and revenues thereof, including those past due as well as those accruing thereafter, and said receiver shall have the benefit of all operating expenses and deposits prepaid by Grantor it being acknowledged by Grantor that if an Event of Default shall have occurred, that Beneficiary shall have the right to the Premises and that the Premises and the rents and profits therefrom in such event will be in danger of being lost, or materially injured or impaired. The receiver shall have all of the rights and powers permitted under the laws of the state wherein the Land is situated. Grantor will pay to Beneficiary upon demand all expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the provisions of this Paragraph 2.5; and all such expenses shall be secured by this Deed.

2.6. **Enforcement**.

(a) Upon the occurrence of an Event of Default, Beneficiary may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Grantor and to the Premises, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Beneficiary may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Beneficiary: (1) exercise the rights granted in Paragraphs 2.2 through 2.5 hereof, (2) exercise the power of sale and/or institute proceedings for the complete foreclosure of this Deed; (3) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Deed for the portion of the Indebtedness then due and payable, subject to the continuing lien of this Deed for the balance of the Indebtedness not then due; (4) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein or in the Note; (5) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Deed, or (6) pursue such other remedies as Beneficiary may have under applicable law.

(b) Upon the occurrence of an Event of Default and the election of Beneficiary to effect a trustee's sale of the Premises in lieu of judicial foreclosure, then Beneficiary may instruct Trustee to commence such sale and consummate such sale in the following manner:

(i) Trustee shall sell the Premises at public auction for cash, after having first given such notice of hearing as to the commencement of foreclosure proceedings and obtaining such findings or leave of court as may be then required by law in giving such notice and advertising the time and place of such sale in such manner as may be provided by law, and upon such and any resales and upon compliance with the law then relating to foreclosure proceedings, to convey title to purchaser as hereinafter set forth.

(ii) Trustee shall deliver to the purchaser at any such Trustee's sale its deed, without warranty, which shall convey to the purchaser the interest in the Premises which Grantor has or has the power to convey at the time of the execution of this Deed, and such as it may have acquired hereafter. The Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrances.

(c) The proceeds of any sale made under this ARTICLE II, together with any other sums which then may be held by Beneficiary under this Deed, whether under the provisions of this ARTICLE II or other otherwise, shall be applied as follows:

(i) **First**: To the payment of the cost and expenses of any such sale, including reasonable compensation to Beneficiary, its agents and counsel, of the cost and expenses of any judicial proceedings wherein the same may be made, of any reasonable trustee's commission, and a reasonable auctioneer's fee if such expense has been incurred.

(ii) **Second**: To payment of taxes due and unpaid on the property sold, unless the notice of sale provided that the property be sold subject to special assessments thereon and the property was so sold.

(iii) **Third**: To payment of special assessments, or any installments thereof, against the property sold, which are due and unpaid, unless the notice of sale provided that the property be sold subject to special assessment thereon and the property was so sold.

(iv) **Fourth**: To payment of all expenses, liabilities and advances made or incurred by Beneficiary under this Deed, together with interest as provided herein on all advances made by Beneficiary and all taxes or assessments, except any taxes, assessments or other charges subject to which the Premises shall have been sold.

(v) **Fifth**: To the payment of the whole amount then due, owing or unpaid under the Indebtedness.

(vi) **Sixth**: To the payment of any other sums required to be paid by Grantor pursuant to any provisions of this Deed or of the Note.

(vii) **Seventh**: To the payment of the surplus, if any, to whomever may be lawfully entitled to receive the same.

Beneficiary and any receiver of the Premises, or any part thereof, shall be liable to account for only those rents, issues, profits and proceeds actually received by it.

(d) In case of a sale under this Deed, the Premises, real, personal and mixed, may be sold in one parcel or more than one parcel.

(e) The purchaser of the Premises sold pursuant to this Deed may, during any redemption period allowed to Grantor or any other party, make such repairs or alterations on said property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditure at the rate of the lesser of the Default Rate under the Loan Agreement or the highest lawful contract rate shall be added to and become a part of the amount required to be paid for redemption from such sale.

(f) Upon any sale made under this Deed, Beneficiary may bid for and acquire the Premises or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Indebtedness the net sale price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which Beneficiary is authorized to deduct under this Deed.

(g) No recovery of any judgment by Beneficiary and no levy of an execution under any judgment upon the Premises or upon any other property of Grantor shall affect in any manner or to any extent, the lien of this Deed upon the Premises or any part thereof, or any liens, rights, powers or remedies of Beneficiary hereunder, but such liens, rights, powers, and remedies of Beneficiary shall continue unimpaired as before.

(h) In the event of any sale made under or by virtue of this Deed the entire Indebtedness secured hereby, if not previously due and payable, immediately thereupon shall, anything in the Note or in this Deed to the contrary notwithstanding, become due and payable.

2.7. Interest After Default. If any payment due hereunder is not paid when due, then and in such event, Grantor shall pay interest thereon from and after the date on which such payment first becomes due at the Default Rate provided in the Loan Agreement and such interest shall be due and payable, on demand, whether or not any action shall have been taken or proceeding commenced to recover the same or to foreclose this Deed. Nothing in this Paragraph 2.7 or in any other provision of this Deed shall constitute an extension of the time of payment of the Indebtedness.

2.8. Grantor's Actions After Default. After the happening of any Event of Default and immediately upon the commencement of any action, suit or other legal proceeding by Beneficiary to obtain judgment for the Indebtedness, or any portion thereof, or of any other nature in and of the enforcement of the Note or of this Deed, Grantor will, if required by Beneficiary, consent to the appointment of a receiver or receivers of the Premises and of all the earnings, revenues, rents, issues, profits and income thereof.

2.9. Control By Beneficiary After Default. Notwithstanding the appointment of any receiver, liquidator or trustee of Grantor, or of any of its property, or of the Premises or any part thereof, Beneficiary shall be entitled to retain possession and control of all property now and hereafter covered by this Deed.

2.10. Waiver of Appraisement, Valuation, Stay, Execution and Redemption Laws. Grantor agrees to the full extent permitted by law, that in the case of an Event of Default on the part of Grantor hereunder, neither Grantor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Deed, or the absolute sale of the Premises, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereof, and Grantor, for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprised in the security intended to be created hereby marshaled upon any foreclosure of the lien hereof.

2.11. Remedies Cumulative. No right, power or remedy conferred upon or reserved to Beneficiary by this Deed is intended to be exclusive of any other right, power or remedy, but each and every right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder now or hereafter existing at law or in equity or by statute.

2.12. Waiver.

(a) No delay or omission of Beneficiary or of any holder of the Note to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default, or acquiescence therein; any every right, power and remedy given by this Deed to Beneficiary may be exercised from time to time and as often as may be deemed expedient by Beneficiary. No consent or waiver, express or implied, by Beneficiary to or of any breach or Event of Default by Grantor in the performance of the obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or Event of Default in the performance of the same or any other obligations of Grantor hereunder. Failure on the part of Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Beneficiary of its rights hereunder or impair any rights, powers or remedies arising by virtue of any breach or default by Grantor.

(b) If Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby; (ii) takes other or additional security for the payment of any sums secured hereby; (iii) waives or does not exercise any right granted herein or in the Note; (iv) releases any part of the Premises from the lien of this Deed or otherwise changes any of the terms, covenants, conditions or agreements of the Note or this Deed; (v) consents to the filing of any map, plat or replat affecting the Premises; (vi) consents to the granting of any easement or other right affecting the Premises; or (vii) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under the Note, this Deed or any other obligation of Grantor or any subsequent purchaser of the Premises or any part thereof, or any maker, co-signer, endorser, surety or guarantor; nor shall any such act or omission preclude Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in the event of any default then made or of any subsequent default; nor, except as otherwise expressly provided in an instrument or instruments executed by Beneficiary, shall the lien of this Deed be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Premises, Beneficiary, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Premises or the Indebtedness, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any liabilities or obligations.

2.13. Suits to Protect the Premises. Beneficiary shall have the power:

(a) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Premises by any acts which may be unlawful or any violation of this Deed,

(b) to preserve or protect its interest in the Premises and in the rents, issues, profits and revenues arising therefrom, and

(c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interest of Beneficiary.

2.14. Beneficiary May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Grantor, [Guarantor/Guarantors], or any of them or any of their creditors or property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings for the entire amount due and payable by Grantor under this Deed at the date of the institution of such proceedings and for any additional amount which may become due and payable by Grantor hereunder after such date.

ARTICLE III

3.1. Credits Waived. Grantor will not claim nor demand nor be entitled to any credit or credits against the Indebtedness for the taxes assessed against the Premises or any part thereof, and no deductions shall otherwise be made or claimed from the taxable value of the Premises or any part thereof by reason of this Deed or the Indebtedness.

3.2. No Release. Grantor agrees that in the event the Premises are sold and Beneficiary enters into any agreement with the then owner of the Premises extending the time of payment of the Indebtedness, or otherwise modifying the terms hereof, Grantor shall continue to be liable to pay the Indebtedness according to the tenor of any such agreement unless expressly released and discharged in writing by Beneficiary. Nothing in this Paragraph 3.2 shall be deemed to be a waiver of Paragraph 1.15 hereof.

3.3. Successors and Assigns. The provisions and covenants of this Deed shall run with the land, shall be binding on Grantor, and shall inure to the benefit of and be binding upon Grantor and Beneficiary and their respective heirs, executors, legal representatives, successors and permitted assigns. Whenever a reference is made in this Deed to Trustee, Grantor, [Guarantor/Guarantors] or Beneficiary such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors and permitted assigns thereof.

3.4. Terminology. All personal pronouns used in this Deed whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles and headings are for convenience only and neither limit nor amplify the provisions of this Deed itself.

3.5. Severability. If any provision of this Deed or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Deed and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

3.6. Applicable Law. Grantor agrees that this Deed shall be construed, interpreted and enforced in accordance with the laws of the State of _______; provided, however, that if any applicable conflict or choice of law rules would choose the law of another state, Grantor waives such rules and agrees that _______ substantive, procedural and constitutional law shall nonetheless govern. Notwithstanding any provision of this Deed, Note or any other agreement between Grantor or Beneficiary, nothing in this Deed shall require Grantor to pay, or Beneficiary to accept, interest in an amount which would subject Beneficiary to any penalty under applicable law. In the event that the payment of any interest due hereunder would subject Beneficiary to any penalty under applicable law, then ipso facto the obligations of Grantor to make payment shall be reduced to the highest rate authorized under applicable law.

3.7. Notices, Demands and Requests. All notices and demands to or upon a party hereto shall be in writing and shall be sent by certified mail, return receipt requested, personal delivery against receipt or by telecopier or other facsimile transmission and shall be deemed to have been validly served, given or delivered when delivered against receipt or one (1) business day after deposit in the mail, postage prepaid, or, in the case of facsimile transmission, when indicated by verification receipt printed by the sending machine as having been received at the office of the noticed party, and addressed to the addresses set forth on the cover page hereof, or to such other address as each party may designate for itself by like notice given in accordance with this Paragraph.

3.8. Time of the Essence. Time is of the essence with respect to each and every covenant, agreement and obligation of Grantor under this Deed.

3.9. Title Acts by Trustee. At any time upon written request of Beneficiary, payment of its fees and presentation of this Deed and the Note for endorsement (in case of full reconveyance, for cancellation and retention) without affecting the liability of any person for the payment of the Indebtedness secured by this Deed, Trustee may (a) consent to the making of any map or plat of the Premises, (b) join in granting any easement or creating any restriction thereon, (c) join in any subordination or other agreement affecting this Deed or the lien or charge thereof, (d) reconvey, without warranty, all or any part of the Premises. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto", and the recitals therein of any matters of facts shall be conclusive proof of the truthfulness thereof. Grantor agrees to pay a reasonable Trustee's fee for full or partial reconveyance, together with a recording fee if Trustee, at its option, elects to record said reconveyance.

3.10. Successor Trustee. At the option of Beneficiary, with or without any reason, a successor or substitute trustee may be appointed by Beneficiary without any formality other than a designation in writing of a successor or substitute trustee, who shall thereupon become vested with and succeed to all the powers and duties given to Trustee herein named, the same as if the successor or substitute trustee had been named original Trustee herein; and such right to appoint a successor or substitute trustee shall exist as often and whenever Beneficiary desires.

3.11. Acknowledgments by Grantor. Grantor acknowledges that the information set forth on the cover hereof is incorporated herein by reference and that Grantor has received a true copy of this Deed.

3.12. Acknowledgment of Notice. **THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.**

3.13. Jury Trial Waiver. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR AND BENEFICIARY HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVE THE RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS DEED AND ANY OTHER DOCUMENT OR INSTRUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BENEFICIARY TO EXTEND, OR TO CONTINUE TO EXTEND, CREDIT OR OTHER FINANCIAL ACCOMMODATIONS TO GRANTOR. FURTHER, GRANTOR HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF BENEFICIARY, NOR BENEFICIARY'S COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BENEFICIARY WOULD NOT, IN THE EVENT OF SUCH LITIGATION, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION. NO REPRESENTATIVE OR AGENT OF BENEFICIARY NOR BENEFICIARY'S COUNSEL HAS THE AUTHORITY TO WAIVE, CONDITION, OR MODIFY THIS PROVISION.**

(signature page follows)

IN WITNESS WHEREOF, Grantor has executed this Deed under seal, as of the day and year first above written.

GRANTOR:

____,
a ____

By: _______________________________(SEAL)
Name: _______________________________
Title _______________________________

Attest: _______________________________
Name: _______________________________
Title _______________________________

STATE OF _______________)
) ss.
COUNTY OF _____________)

On this ___ day of ____________, 20__, before me personally appeared _________________ to me known to be the ______________________ of ___________________________, a ________________, the company that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that (s)he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Signature ______________________________________
Name: ________________________________

My Commission Expires: _____________________________

(NOTARIAL SEAL)

<u>EXHIBIT A</u>

LEGAL DESCRIPTION

<u>EXHIBIT B</u>

PERMITTED ENCUMBRANCES

[**<u>EXHIBIT C</u>**

LEASES, SUBLEASES, CONTRACTS AND AGREEMENTS]

PERSONAL GUARANTY

SUNTRUST **Unlimited Continuing Guaranty Agreement**

The "Lender" referred to in this Guaranty is: **SunTrust Bank**

Lender's address is: **SunTrust Bank, Mail Code GA-ATL-1802, 303 Peachtree Street, N.E., 2nd Floor, Atlanta, Georgia 30308**

Guarantor(s):	**Borrower:**
___________________________________	___________________________________

1. CONSIDERATION. To induce Lender to extend credit or other financial accommodations to Borrower, or to continue to extend credit or other financial accommodations to Borrower, and in consideration therefor, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor (which term shall mean each Guarantor named herein individually and all Guarantors named herein collectively) does hereby agree as follows:

2. DEFINITIONS.

2.1 "Lender" shall include the bank set forth above and any Person acting as its nominee or agent, and any member of its affiliated group as such term is defined in Section 1504(a) of the Internal Revenue Code of 1986, as amended.

2.2 "Liability" and "Liabilities" shall include all obligations, liabilities and undertakings of Borrower to Lender, whether now existing or hereafter arising, irrespective of their nature, whether direct, indirect, absolute or contingent as maker, drawer, guarantor, surety, endorser or otherwise, either individually or jointly or severally with any other Person or Persons, with interest thereon at the rate or rates provided in the obligation, liability or undertaking guaranteed hereby or at the maximum rate allowed from time to time by law, whichever is less, and all renewals or extensions in whole or in part of any of said obligations, liabilities or undertakings, including any and all damages, losses, costs, fees and expenses of every kind and description suffered or incurred by Lender arising in any manner out of or in any way connected with, or growing out of said obligations, liabilities and undertakings, including without limitation, all attorneys' fees, costs and expenses of collection whether suit be brought or not, including costs, expenses and attorneys' fees on appeal if appeal is taken.

2.3 "Borrower" shall mean, individually and collectively, any individual or individuals, association, partnership, corporation, limited liability company or other entity named herein as Borrower and (i) all successors, assigns, heirs, executors, administrators and personal representatives of the Borrower, (ii) any individual or individuals, association, partnership, corporation, limited liability company or other entity to which all or substantially all of the business or assets of said Borrower shall have been transferred, (iii) in the case of a partnership Borrower, any new partnership which shall have been created by reason of the admission of any new partner or partners therein and/or the dissolution of the existing partnership by the death, resignation or other withdrawal of any partner, (iv) in the case of a corporate Borrower, any other corporation into or with which said Borrower shall have been merged, consolidated, reorganized, purchased or absorbed, and (v) in the case of a limited liability company Borrower, any new limited liability company which shall have been created by reason of the admission of any new member or members therein and/or the dissolution of the existing limited liability company by the death, resignation or other withdrawal of any member.

2.4 "Person" and "Persons" shall include natural persons, partnerships, and incorporated and unincorporated entities and associations of every kind.

3. OBLIGATIONS OF GUARANTOR. Guarantor hereby absolutely and unconditionally delivers this Guaranty to Lender and hereby absolutely and unconditionally guarantees to Lender and any transferee of this Guaranty or of any Liability guaranteed hereby, the prompt and full payment of all Liabilities. Guarantor agrees that if Borrower fails to fully and timely perform any Liability, Guarantor will fully and timely perform the Liability without resort by Lender to any other Person. Any obligation of Guarantor hereunder is in addition to and shall not prejudice or be prejudiced by any other agreement, instrument, surety or guaranty (including any other agreement, instrument, surety or guaranty signed by Guarantor) which Lender may now or hereafter hold relative to any of the Liabilities. Any payment of Guarantor hereunder may be applied to any of the Liabilities as Lender may choose. Guarantor agrees that this Guaranty is a guaranty of payment and performance and not of collection, and that its obligations under this Guaranty shall be primary, absolute and unconditional.

4. TERM OF GUARANTY. Guarantor acknowledges that there may be future advances by Lender to Borrower (although Lender may be under no obligation to make such advances) and that the number and amount of the Liabilities are unlimited and may fluctuate from time to time hereafter. Guarantor expressly agrees that Guarantor's obligations hereunder shall remain absolute, primary and unconditional notwithstanding such future advances and fluctuations, if any, and agrees that, in any event, this Guaranty is a continuing guaranty and shall remain in force at all times hereafter, whether there are any Liabilities outstanding or not, until all originals hereof are returned to Guarantor by Lender or until a written notice from Guarantor terminating this Guaranty has been received and acknowledged by Lender, but such written termination shall not release Guarantor from any obligation for payment of (i) any and all Liabilities then in existence; (ii) any renewals or extensions thereof, in whole or in part, whether such renewals or extensions are made before or after such termination; and (iii) any damages, losses, costs, interest, charges, attorneys' fees or expenses then or thereafter incurred in connection with the Liabilities or any renewals or extensions thereof.

5. PROPERTY IN LENDER'S POSSESSION. As security for the payment of the Liabilities and the obligations of Guarantor hereunder, Guarantor hereby assigns and grants a security interest to Lender in: (i) all property of Guarantor in or coming into the possession, control, or custody of Lender, or in which Lender has or hereafter acquires a lien, security interest, or other right; and (ii) any existing or hereafter created lien or security interest in favor of Guarantor in any property of Borrower. Guarantor hereby agrees that any rights Guarantor may now or hereafter have in any collateral securing any of the Liabilities or against Borrower or any property of Borrower, including rights arising by virtue of subrogation or otherwise, shall be subordinate and junior to Lender's rights to said collateral or property and to Lender's indefeasible right to the prior payment of the Liabilities. Guarantor hereby grants to Lender a lien on, and a security interest in, the deposit balances, funds, accounts, items, certificates of deposit, securities, other property and the monies of Guarantor now or hereafter in the possession or custody of Lender for any purpose (including property left in safekeeping or custody) or on deposit with Lender to secure, and as collateral for, the payment and performance of this Guaranty as well as of any other obligation or liability (present or future, absolute or contingent, due or not due) of Guarantor to Lender. Lender may at any time and from time to time, without demand or notice, appropriate and set off against such deposit balances, funds, accounts, items, certificates of deposit, securities, other property and monies and apply the same to the obligations of Guarantor hereunder.

6. CONSENT TO LENDER'S ACTS. Guarantor hereby consents and agrees that, at any time or times, without notice to or further approval of Guarantor or Borrower, and without in any way affecting the obligations of Guarantor hereunder, Lender may, with or without consideration: (i) release, compromise, or agree not to sue, in whole or in part, Borrower, any Guarantor or any other obligor, guarantor, endorser or surety upon any of the Liabilities; (ii) waive, rescind, renew, extend, modify, increase, decrease, delete, terminate, amend, or accelerate in accordance with its terms, either in whole or in part, any of the Liabilities, any other terms thereof, or any agreement, covenant, condition, or obligation of or with Borrower, any Guarantor, or any other obligor, guarantor, endorser or surety upon any of the Liabilities; and (iii) apply any payment received from Borrower, any Guarantor or any other obligor, guarantor, endorser or surety upon any of the Liabilities to any of the Liabilities which Lender may choose. Further, Lender may at any time, either with or without consideration, surrender, release or receive any property or other security of any kind or nature whatsoever held by it or any Person on its behalf or for its account securing any indebtedness of Borrower or any Liability, or substitute any collateral so held by Lender for other collateral of like kind or of any kind, without notice to or further consent from Guarantor, and such surrender, receipt, release or substitution shall not in any way affect the obligations of Guarantor hereunder. Lender shall have full authority to adjust, compromise and receive less than the amount due upon any such collateral, and may enter into any accord and satisfaction agreement as deemed advisable by Lender without affecting the obligations of Guarantor hereunder. Lender shall be under no duty to undertake to collect upon such collateral or any part thereof, and shall not be liable for any negligence or mistake in judgment in handling disposing of, obtaining, or failing to collect upon, or perfecting or maintaining a security interest in, any such collateral and any such actions by Lender will not release Guarantor from any obligations under this Guaranty.

7. WAIVERS BY GUARANTOR. Guarantor waives: (i) notice of acceptance of this Guaranty by Lender and of the creation, extension or renewal of any Liability to which it relates and of any default by Borrower; (ii) notice of presentment, demand for payment, notice of dishonor or protest of any of Borrower's obligations or the obligation of any Person held by Lender as collateral security for any Liability; (iii) notice of the failure of any Person to pay to Lender any indebtedness held by Lender as collateral security for any Liability; (iv) failure of Lender to obtain and perfect or maintain the perfection or priority of any security interest or lien on property to secure any Liability; (v) any defense resulting from the failure of Lender to have any other Person execute this Guaranty or execute any other guaranty relating to a credit facility granted to Borrower; (vi) any failure to promptly commence suit against any party thereto or liable thereon or to give any notice to or make any claim or demand upon Guarantor or Borrower; and (vii) all defenses, offsets and counterclaims which Guarantor may at any time have to any claim of Lender against Borrower. No act, failure to act, or omission of any kind on the part of Guarantor, Borrower, Lender or any Person shall be a legal or equitable discharge or release of Guarantor hereunder unless agreed to hereafter in writing by Lender. This Guaranty shall not be affected by any change which may arise by reason of the death of Guarantor, or of any partner(s) of Guarantor, or of Borrower, or by reason of the accession to any such partnership of any one or more new partners. Guarantor further agrees that this instrument shall continue to be effective or be reinstated as the case may be, if at any time payment, or any part thereof, of the principal or interest on any of the Liabilities is rescinded or must otherwise be restored or returned by Lender upon the insolvency, bankruptcy or reorganization of Borrower, or otherwise, all as though such payment had not been made.

8. BORROWER AUTHORIZATION. This Guaranty covers all Liabilities to Lender purporting to be made on behalf of Borrower by any officer, agent or partner of Borrower, without regard to the actual authority of such officer, agent or partner to bind Borrower, and without regard to the capacity of Borrower or whether the organization or charter of Borrower is in any way defective.

9. PAYMENT EVENTS, SUBROGATION RIGHTS. In the event of: (i) the death, incompetency, dissolution or insolvency (as defined in the Uniform Commercial Code as in effect at the time) of Borrower or any Guarantor; or (ii) any final judgment for money damages be entered against Borrower or any Guarantor in a court of competent jurisdiction and remains unsatisfied for a period of thirty (30) days or more; or (iii) a majority of the outstanding voting securities of Borrower or any Guarantor is owned by any person or entity, or any group of related persons or entities, other than any person or entity, or any group of related persons or entities, that has such majority ownership as of the date of the execution of this Guaranty; or (iv) written notice from any Guarantor terminating this Guaranty is received and acknowledged by Lender, and whether or not any such event occurs at a time when any Liabilities are otherwise due and payable, Guarantor agrees to pay to Lender upon demand the full amount which would be payable hereunder by Guarantor if all Liabilities were then due and payable. If a bankruptcy or insolvency action be filed by or against Borrower or any Guarantor or if a receiver be appointed for any part of the property or assets of Borrower or any Guarantor, whether or not such event occurs at a time when any of the Liabilities are otherwise due and payable, then simultaneously therewith Guarantor will be obligated to pay to Lender the full amount which would be payable hereunder by Guarantor if all Liabilities were then due and payable, all without notice or demand from Lender. Until all obligations of Guarantor to Lender have been paid in full, Guarantor shall have no right of subrogation and hereby waives any right to enforce any remedy which Lender now has or may hereafter have against Borrower and any benefit of, and any right to participate in, any collateral now or hereafter held by Lender.

10. SUBORDINATION. In the event that for any reason whatsoever, Borrower is now or hereafter becomes indebted to Guarantor, Guarantor agrees that the amount of such indebtedness and all interest thereon shall at all times be subordinate as to lien, time of payment and in all other respects to all Liabilities which are covered by this

Guaranty, and that Guarantor shall not be entitled to enforce or receive payment thereof until all sums then due and owing to Lender shall have been paid in full. If any payment shall have been made to Guarantor by Borrower on any said indebtedness during any time that there are Liabilities outstanding, Guarantor shall hold in trust all such payments for the benefit of Lender and shall make said payments to Lender to be credited and applied against the Liabilities, whether matured or unmatured, in accordance with the discretion of Lender.

11. REPRESENTATIONS BY GUARANTOR. Guarantor represents that, at the time of the execution and delivery of this Guaranty, nothing exists to impair the effectiveness of the obligations of Guarantor to Lender hereunder, or this Guaranty becoming effective immediately.

12. REMEDIES OF LENDER. Lender may at its option proceed in the first instance against Guarantor to collect any Liability, without first proceeding against Borrower for said Liability, or any other Person liable for said Liability, and without first resorting to any property at any time held by Lender as collateral security for any Liability and without any marshalling of assets whatsoever. Guarantor further authorizes Lender, without notice or demand, to apply any indebtedness due or to become due to Guarantor from Lender in satisfaction of any of the Liabilities and Guarantor's obligations hereunder, including, but not limited to, the right to set-off against any deposits of Guarantor with Lender. Lender shall further have any other rights provided by law or under any other document, all of which rights are cumulative. GUARANTOR HEREBY CONSENTS TO THE ATTACHMENT OR GARNISHMENT OF GUARANTOR'S EARNINGS. The obligations of each Guarantor hereby created are joint and several, and Lender is authorized and empowered to proceed against Guarantor or any of them, without joining Borrower or any other Guarantor. All of said parties may be sued together, or any of them may be sued separately without first or contemporaneously suing the others. There shall be no duty or obligation upon Lender, whether by notice or otherwise: (i) to proceed against Borrower or any other Guarantor; (ii) to initiate any proceeding or exhaust any remedy against Borrower or any other Guarantor; or (iii) to give any notice to any other Guarantor or Borrower, whatsoever, before bringing suit, exercising any rights to any collateral or security, or instituting proceedings of any kind against Borrower, Guarantor or any of them.

13. INUREMENT, GOVERNING LAW, COSTS AND EXPENSES. This Guaranty shall bind and inure to the benefit of Lender, its successors and assigns, and likewise shall bind and inure to the benefit of Guarantor, the heirs, executors, administrators, personal representatives, estates, successors and permitted assigns of Guarantor. This Guaranty and its performance, interpretation and enforcement shall in all respects be governed by the laws of the State indicated in Lender's address as shown above. Guarantor waives any and all privilege and rights which Guarantor may have under state statute, relating to venue, as it now exists or may hereafter be amended. Any legal action brought on this Guaranty may, at Lender's discretion, be brought in the appropriate court for the county in which Lender's address indicated above is located or in such other court as provided by law. If any legal action or actions are instituted by Lender to enforce any of its rights against Guarantor hereunder, then Guarantor, jointly and severally, agrees to pay Lender all expenses incurred by Lender relative to such legal action or actions, including, but not limited to, court costs plus fifteen percent (15%) of the total amount of principal and accrued interest then due Lender hereunder as attorneys' fees.

14. WAIVER OF HOMESTEAD EXEMPTION RIGHTS AND BORROWER DEFENSES. Guarantor hereby ratifies, confirms, and adopts all the terms, conditions, agreements and stipulations of all notes and other evidences of the Liabilities heretofore or hereafter executed. Without in any way limiting the generality of the foregoing, Guarantor waives and renounces any and all homestead or exemption rights Guarantor may have under or by virtue of the Constitution or laws of any state, or the United States, as against the obligation hereby created, provided, however, that such waiver shall not apply to any obligation created hereunder which arises from any of the Liabilities that are consumer credit transactions; and Guarantor does hereby transfer, convey and assign, and direct any Trustee in Bankruptcy or receiver to deliver to Lender, a sufficient amount of property or money in any homestead or exemption that may be allowed to Guarantor to pay any Liability in full and all costs of collection. Guarantor also waives and renounces any defense to any of the Liabilities which may be available to or could be asserted by Borrower, except for payment.

15. FINANCIAL STATEMENTS. At the request of Lender, Guarantor shall, from time to time, prepare and deliver to Lender a complete and current financial statement setting forth all the assets and liabilities of Guarantor (and to the extent any Person other than Guarantor, including a spouse of Guarantor, has any interest in said assets or is jointly liable for any of said liabilities, said matters shall be set forth in their entirety in the financial statements), signed by Guarantor under oath as being true and correct.

16. INDEPENDENT DETERMINATION OF FACTS. Guarantor's execution of this Guaranty was not based upon any facts or materials provided by Lender nor was Guarantor induced to execute this Guaranty by any representation, statement or analysis made by Lender. Guarantor acknowledges and agrees that Guarantor assumes sole responsibility for independently obtaining any information or reports deemed advisable by Guarantor with regard to Borrower or any other Guarantor, and Guarantor agrees to rely solely on the information or reports so obtained in reaching any decision to execute or not to terminate this Guaranty. Guarantor acknowledges and agrees that Lender is and shall be under no obligation now or in the future to furnish any information to Guarantor concerning Borrower, the Liabilities or any other Guarantor, and that Lender does not and shall not be deemed in the future to warrant the accuracy of any information or representation concerning the Borrower, any Guarantor or any other Person which may induce Guarantor to execute, or not to terminate this Guaranty.

17. MISCELLANEOUS. All of Lender's rights and remedies are cumulative and those granted hereunder are in addition to any rights and remedies available to Lender under law. If any provision of this Guaranty or the application thereof to any Person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Guaranty or the application of such provision to Persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each provision of this Guaranty shall be valid and enforceable to the full extent permitted by law. The failure or forbearance of Lender to exercise any right hereunder, or otherwise granted to it by law or another agreement, shall not affect the obligation of Guarantor hereunder and shall not constitute a waiver of said right. This Guaranty contains the entire agreement between the parties, and no provision hereof may be waived, modified, or altered except by a writing executed by Guarantor and Lender. There is no understanding that any Person other than or in addition to Guarantor shall execute this Guaranty. The captions to the paragraphs are for convenience only and shall not be deemed a part of this Guaranty.

18. JURY TRIAL WAIVER. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR AND LENDER HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVE THE RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY AND ANY OTHER DOCUMENT OR INSTRUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER TO EXTEND, OR TO CONTINUE TO EXTEND, CREDIT OR OTHER FINANCIAL ACCOMMODATIONS TO BORROWER. FURTHER, GUARANTOR HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF LENDER, NOR LENDER'S COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT LENDER WOULD NOT, IN THE EVENT OF SUCH LITIGATION, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION. NO REPRESENTATIVE OR AGENT OF LENDER NOR LENDER'S COUNSEL HAS THE AUTHORITY TO WAIVE, CONDITION, OR MODIFY THIS PROVISION.

19. WAIVER OF O.C.G.A SECTION 10-7-24. Guarantor waives all rights under Section 10-7-24 of the Official Code of Georgia Annotated, as amended, including any right to require Lender to proceed against Borrower.

Guarantor has read, understands, and agrees to the provisions of this Guaranty and has executed the same voluntarily, under seal, with full authority and with the intent to be legally bound by its terms, conditions, and obligations.

Closing Date: __________ __, 20__

GUARANTOR:

____(SEAL)
Name: ____

Address: ____
____
____
S.S.# or Tax I.D.#: __________________________________
Phone: ____

THIS SECURITY AGREEMENT, executed this ___ day of __________, 20__, by ________________________________, a _______________, whose principal place of business is located at ________________________________ (hereinafter referred to as "Debtor"), in favor of **SUNTRUST BANK**, a Georgia banking corporation (hereinafter referred to as "Bank"), with its principal office at Mail Code GA-ATL-1802, 303 Peachtree Street, N.E., 2nd Floor, Atlanta, Georgia 30308. Capitalized terms used but not otherwise defined herein shall have the meanings assigned such terms in the Loan Agreement (as defined below).

In consideration of the sum of ten dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and to secure the hereinafter described Indebtedness, Debtor hereby agrees as follows:

1. Debtor hereby grants unto Bank a continuing security interest in and to the following indicated property **[located on or arising out of or related to the real property described on Exhibit A attached hereto and made a part hereof[1]]**, and to any and all proceeds and products thereof, but excluding in each case any Sponsor Assets (hereinafter collectively referred to as the "Collateral"):

____________ ☐ a. All right, title and interest in and to all accounts of Debtor, whether now existing or hereinafter acquired or arising, including but not limited to any right to payment for goods sold or leased or for services rendered; all monies due and to become due thereunder; all interest of Debtor in any goods the sale or lease of which shall have given rise, or shall give rise, thereto; all guarantees and security for the payment of monies due or to become due thereunder; all chattel paper and instruments, whether now existing or hereafter existing or acquired evidencing any obligation to Debtor thereunder; all books and records of Debtor pertaining to the foregoing, including computer records, and all cash and noncash proceeds thereof whether immediate or remote.
Debtor's Initials

____________ ☐ b. All right, title and interest in and to general intangibles of Debtor whether now existing or hereinafter acquired or arising, including but not limited to all of Debtor's tax refund claims, contract rights, patents, copyrights, licenses, trademarks, trade names, service marks, patent applications and choses in action, and all cash and noncash proceeds thereof whether immediate or remote.
Debtor's Initials

____________ ☐ c. All right, title and interest in and to all inventory and goods of Debtor whether held for lease, sale or furnishing under contracts of service, all agreements for lease of same and rentals therefrom, all
Debtor's Initials

[1] **Real Estate Loan**

raw materials and works in progress whether now in existence or owned or hereafter acquired and wherever located; and all cash and noncash proceeds thereof whether immediate or remote.

_____________ ☐ d. All right, title and interest of Debtor in and to the personal property or interests in the property described below, whether now owned or hereafter acquired by Debtor; and all cash and noncash proceeds thereof whether immediate or remote:

Debtor's Initials

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_____________ ☐ e. All other personal property or interests in property now owned or hereafter acquired by Debtor; and all cash and noncash proceeds thereof whether immediate or remote.

Debtor's Initials

_____________ ☐ f. All right, title and interest in and to all machinery and equipment of Debtor, all data processing and office equipment, hardware, software, all furniture, fixtures, appliances, shop equipment and supplies, vehicle lifts, vehicle repair equipment and tools, compressors, pumps, and all other tangible goods of every type and description (including automobiles and other vehicles of title), whether now owned or hereafter acquired and wherever located, including but not limited to, all items described on the Equipment Schedule (if attached hereto) together with all parts, accessories and attachments and all replacements thereof and additions thereto; and all cash and noncash proceeds thereof whether immediate or remote.

Debtor's Initials

2. The security interest granted hereby is to secure the repayment and performance of any and all liabilities and obligations of Debtor in any amount which is now or may be hereafter owed by Debtor to Bank, whether individually or jointly with others, whether direct or indirect as maker, endorser, guarantor, surety, or otherwise, and all costs of collection including attorneys' fees if collected by law or an attorney at law, including but not limited to all obligations evidenced by that certain Loan Agreement of even date herewith, executed by Debtor and Bank (together with any amendments or modifications to, or replacements thereof, the "Loan Agreement" all of which, together with any note or other evidence thereof, are hereinafter referred to as the "Indebtedness").

3. Debtor warrants, covenants and agrees that:

A. Except for the security interest granted hereby and Permitted Encumbrances, Debtor is, or to the extent that the Collateral will be acquired after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrances; and Debtor, at Debtor's expense, will defend the Collateral against all claims and demands of all other persons at any time claiming the Collateral or an interest therein.

B. There is no financing statement now on file in any public office covering the Collateral, or which is intended to cover the Collateral, or in which Debtor is named or signs as a debtor except in favor of Sponsor with respect to Sponsor Assets or under the License Agreement, and so long as any amount remains unpaid on any Indebtedness of Debtor to Bank or any credit from Bank to Debtor is in use by or available to Debtor, Debtor will not execute, and there will not be on file with respect to the Collateral in any public office, any financing statement or statements except the financing statements to be filed in respect of and for the security interest of Bank hereby granted or provided for herein or for the security interest of the Sponsor under the License Agreement, which security interest with respect to the Collateral shall be subordinate to the Bank's security interest.

C. Debtor has not executed any other security agreement with respect to the Collateral and Debtor has not heretofore given nor contracted to give, nor will it hereafter give, contract to give, or permit to exist, any security interest of any kind in the Collateral to anyone except Bank or for the security interest of the Sponsor under the License Agreement, which security interest with respect to the Collateral shall be subordinate to the Bank's security interest.

D. The records concerning any Collateral will be kept at the address of Debtor shown in the first paragraph of this Security Agreement. Bank or its designees may inspect or audit such records at any time and make copies and abstracts thereof. Debtor will not remove all or any part of such records from said location, nor will Debtor keep any records concerning any Collateral at any other location, without the prior written consent of Bank.

E. Debtor will provide thirty (30) days' prior written notice to Bank of any change in, (i) Debtor's name, (ii) Debtor's organizational identification number, (iii) the location of Debtor's books and records pertaining to the Collateral or Debtor's principal place of business, (iv) Debtor's corporate identity or structure, (v) Debtor's state of incorporation, or (vi) the location of any material portion of the Collateral.

F. Except in the case of Permitted Encumbrances, Debtor shall promptly discharge any Lien in a manner that results in Bank not having a first and prior lien on and security interest in the Collateral.

G. Debtor shall, at its expense, maintain in effect with insurers of recognized responsibility satisfactory to Bank, property and liability insurance in amounts satisfactory to Bank, and such other insurance as required under the Loan Agreement. The insurance policy or policies shall name Bank as a loss payee and an additional insured and shall provide prior written notice to Bank in the event of cancellation, change, alteration or modification. Debtor shall, upon request from Bank, furnish Bank a certificate or certificates evidencing such insurance.

H. Debtor shall keep and maintain the Collateral in good operating condition and repair and shall make all necessary replacements thereof so that the value and operating efficiency thereof shall at all times be maintained and preserved; and shall not permit any item of equipment to become a fixture to real estate or accession to other personal property unless Bank has a first priority security interest in such real estate or other personal property. Debtor shall, immediately on demand therefor by Bank, deliver to Bank any and all evidence of ownership of any of the Collateral.

I. Upon request of Bank at any time, Debtor shall list all Collateral then outstanding on separate schedules in a form prescribed by Bank and deliver such schedules to Bank.

J. All information with respect to the Collateral set forth in any schedule at any time heretofore or hereafter furnished by Debtor to Bank is and will be true and correct as of the date furnished.

K. Debtor will pay promptly, when due, all taxes, assessments, and other charges levied or assessed upon the Collateral, or upon this Security Agreement, or upon any note or notes evidencing the Indebtedness.

L. Upon request of Bank, Debtor will promptly do all acts and things, and will execute and file all instruments (including Security Agreements, financing statements, amendments, statements of change, etc.) deemed necessary by Bank under applicable law to establish, maintain, and continue perfected Bank's security interest in the Collateral, and will pay all costs and expenses of filing and recording or promptly reimburse Bank therefore if such costs and/or expenses are incurred by Bank, including the costs of any searches deemed necessary by Bank to establish, determine, or maintain the validity and the priority of the security interest of Bank, and pay or otherwise satisfy all other claims and charges which in the opinion of Bank might prejudice, imperil or otherwise affect the Collateral of Bank's security interest therein.

M. Upon request of Bank, Debtor will stamp on its records concerning the Collateral, a notation of the security interest of Bank hereunder which notation shall be satisfactory to Bank in both form and content.

N. Debtor authorizes Bank, its counsel or its representatives, at any time and from time to time, to file financing statements and amendments, with or without the signature of Debtor that describe the Collateral covered by such financing statements as “all assets of Debtor”, “all personal property of Debtor” or words of similar effect, in such jurisdictions as Bank may deem necessary or desirable in order to perfect the security interests granted by Debtor hereby.

O. Bank may, from time to time, at its sole discretion, perform any undertaking of Debtor hereunder which Debtor shall fail to perform and take any other action which Bank deems necessary for the maintenance or preservation of any of the Collateral or the interest of Bank therein (including, without limitation, the discharge of taxes or liens of any kind against the Collateral), and Debtor agrees to forthwith reimburse Bank, on demand, for all expenses of Bank in connection with the foregoing, together with interest thereon at the Default Rate set forth in the Loan Agreement from the date paid by Bank.

4. With respect to each and every account in which a security interest is granted hereunder, Debtor further warrants and represents that:

A. The account is genuine in all respects and is what it purports to be.

B. The account debtor has capacity to enter into the transaction.

C. The account has not been previously assigned or encumbered.

D. Debtor has full right and authority to assign it.

E. If it arises from the sale or lease of goods, such goods have been shipped or delivered to the account debtor.

F. The account is a valid, legally enforceable obligation of the account debtor thereunder and is not subject to any offset, counterclaim, or other defense on the part of such account debtor or to any claim on the part of such account debtor denying liability thereunder in whole or in part.

G. No partial payment or other credit not shown upon Debtor’s records relative to such account has been made, given, or consented to by anyone.

H. It is enforceable according to its terms, and no payment is past due except as indicated upon Debtor’s records relative to such account.

I. It is evidenced by an invoice, dated not later than the date of shipment or performance rendered to such account debtor, and is not evidenced by any instrument or chattel paper.

5. Until such time as an Event of Default shall occur hereunder or under the Loan Agreement or until such time as Debtor shall receive contrary instructions from Bank prior to an Event of Default hereunder or under the Loan Agreement, Debtor (a) will, at its own expense, endeavor to collect, as and when due, all amounts due under and with

respect to the Collateral, including the taking of such action with respect to such collection as Bank may reasonably request or, in the absence of such request, as Debtor may deem advisable; and (b) may grant, in the ordinary course of business, to any party obligated on any of the Collateral, any rebate, refund, or adjustment to which such party may be lawfully entitled, and may accept, in connection therewith, the lawful return of goods, the sale or lease of which shall have given rise to such Collateral. Bank may, at any time, whether prior to or after an Event of Default hereunder or under the Loan Agreement, and at Debtor's expense, notify, or direct Debtor to notify (which notification Debtor agrees to promptly undertake), any parties obligated on any of the Collateral to make payment directly to Bank of any amounts due, or to become due, thereunder and Bank may enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange all or any part thereof, or compromise, extend, or renew same for any period. All monies so received by Bank may, at Bank's sole discretion, be either (a) applied by Bank directly toward payment of all or any part of the Indebtedness, whether or not then due, in such order of application as Bank may determine; or (b) deposited to the credit of Debtor with Bank as security for payment of the Indebtedness and Bank may, from time to time, in its sole discretion, (i) apply all or part of the collected funds in said deposit account toward payment of all or any part of the Indebtedness, whether or not then due, in such order of application as Bank may determine, or (ii) permit Debtor to use all or any part of the funds on deposit in said account in the normal course of Debtor's business.

6. Debtor will, upon an Event of Default, or upon the direction of Bank prior to an Event of Default, forthwith upon receipt, transmit and deliver to Bank all cash, checks, drafts, and other instruments for the payment of money, properly endorsed, which may have been received by Debtor in full or partial payment of any of the Collateral, in the exact form received without commingling with other funds or property. All items or monies so received by Bank may, at Bank's sole discretion, be either (a) applied by Bank directly toward payment of all or any part of the Indebtedness, whether or not then due, in such order of application as Bank may determine; or (b) deposited to the credit of Debtor with Bank as security for payment of the Indebtedness and Bank may, from time to time, in its sole discretion, (i) apply all or part of the collected funds in said deposit account toward payment of all or any part of the Indebtedness, whether or not then due, in such order of application as Bank may determine, or (ii) permit Debtor to use all or any part of the funds on deposit in said account in the normal course of Debtor's business.

7. To protect Bank's rights hereunder, Debtor hereby constitutes any officer or employee of Bank its true and lawful attorney in fact with full power of substitution, (a) to endorse or sign the name of Debtor upon any invoice, freight or express bill, or bill of lading relating to any Collateral covered hereby, (b) to endorse or sign the name of Debtor upon drafts against account debtors, assignments and verifications of accounts, and notices to account debtors, (c) to endorse or sign the name of Debtor upon any and every remittance or instrument of payment, including checks, drafts, and money orders, and in whatever form received, (d) to notify the post office authorities to change the address for delivery of Debtor's mail to an address designated by Bank, (e) to receive, open, and dispose of all mail addressed to Debtor, (f) and to do and perform all other acts

and things necessary, proper, and requisite to carry out the intent of this Security Agreement. The power herein granted shall be deemed to be coupled with an interest and may not be revoked by Debtor until the Indebtedness has been paid in full, including all expenses payable by Debtor.

8. An "Event of Default" shall occur under this Security Agreement upon the occurrence of any one or more of the following events or conditions:

   A. The occurrence of an Event of Default pursuant to the Loan Agreement or other evidence of the Indebtedness secured hereby.

   B. Debtor's breach or failure to perform any covenant, promise, condition, obligation, or liability contained or referred to herein, in the Indebtedness secured hereby, or in any other agreement to which Debtor and Bank are parties.

   C. If any representation, statement, or warranty made or furnished in any manner to Bank by or on behalf of Debtor in connection with this Security Agreement or all or a part of the Indebtedness secured hereby was false in any material respect when made or furnished.

   D. The issuance of any tax levy, attachment, garnishment, levy of execution, or other process against Debtor or the Collateral.

9. Upon the occurrence of any Event of Default, at Bank's sole discretion, the Indebtedness secured hereby shall immediately become due and payable all without notice or demand which are hereby expressly waived. Bank shall, at that time and any time thereafter, have the remedies of a secured party under the UCC. Bank shall further have the right to (a) notify any and all parties obligated on any of the Collateral consisting of accounts, chattel paper, instruments or general intangibles that the Collateral has been assigned to Bank and that all payments thereon are to be made directly to Bank; (b) settle, compromise, or release, on terms acceptable to Bank, in whole or in part, any amounts owing on any of the Collateral; (c) sue to enforce payment and prosecute any action or proceeding with respect to any of the Collateral in its own name or the name of Debtor; (d) extend the time of payment, make allowance and adjustments, and issue credits in its own name or the name of Debtor; and (e) exercise all other rights and privileges otherwise granted to Bank pursuant to the terms of this Security Agreement.

   Debtor agrees, upon request by Bank, to assemble the Collateral at a location reasonably convenient to Bank and Debtor and to make such Collateral available to Bank. Debtor authorizes Bank upon the occurrence of an Event of Default to enter the premises where the Collateral is located and to take possession of and remove any such Collateral without further notice or demand and without institution of legal proceedings.

   Debtor agrees to pay all costs of Bank in the collection of the Indebtedness and enforcement of Bank's rights hereunder, whether or not litigation is commenced, including without limitation, reasonable attorneys' fees and legal expenses. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonable and properly given if mailed, postage prepaid, at least five (5) days before any such disposition to the most recent address of Debtor appearing on the records of Bank. The proceeds of any sale shall be applied in the following order: first, to pay all costs and expenses of sale; then to interest on all Indebtedness to Bank; then to principal thereof, whether or not such Indebtedness is due or accrued. Bank may at its sole discretion, apply any surplus to the indebtedness of Debtor to third parties claiming a secondary security interest in the Collateral. Any remaining surplus shall be paid to Debtor. Application of proceeds as between particular Indebtedness shall be in the absolute and sole discretion of Bank. If the proceeds of any such sale or sales are insufficient to pay all Indebtedness together with all interest and other costs and fees accrued and due thereon, Debtor agrees to pay the balance thereof immediately on demand.

10. Regardless of the adequacy of any security which Bank may at any time hold hereunder, and regardless of the adequacy of any other security which Bank may obtain from Debtor in connection with any other transactions, any deposits, or other monies due from Bank at any of its offices to Debtor, shall constitute additional security for, and may be set off against, the Indebtedness secured hereby, even though said Indebtedness may not then be due. Any and all instruments, documents, policies, and certificates of insurance, securities, goods, accounts, choses in action, chattel paper, cash, property, and proceeds thereof owned by Debtor or in which Debtor has an interest (including, without limitation, any claims for tax refunds from any governmental authority due, or to become due, to Debtor, which claims are hereby assigned to Bank), which now or hereafter are, at any time, in possession or control of Bank, or in transit by mail or carrier to or from Bank, or in the possession of any third party acting in Bank’s behalf, without regard to whether Bank received the same in pledge, for safekeeping, as agent for collection or transmission, or otherwise, or whether Bank has conditionally released the same, shall constitute additional security for the Indebtedness. Bank shall have the right, in its sole discretion, to determine which rights, security, liens, security interests, or remedies it shall at any time pursue, relinquish, subordinate, modify or take any action with respect thereto, without in any way modifying or affecting any other security for the Indebtedness or any of Bank’s rights hereunder. Bank or its nominee shall have the privilege at any time upon request to inspect during reasonable business hours any of the books and records of Debtor relating not only to its accounts and general intangibles, or the processing or collecting thereof, but also those relating to its general business affairs and financial condition. Debtor further agrees, from time to time, to furnish such other reports, data, and financial statements, including, without limitation, audit reports by independent public accountants, in respect of its business and financial condition as Bank may require. Bank may sell or assign this Security Agreement, and any notes held by Bank relating to this Security Agreement, in whole or in part, and in connection with such sale or assignment may deliver or otherwise disclose any credit information concerning Debtor which Bank may have.

11. Bank shall not be deemed to have waived or modified any of Bank’s rights hereunder, by course of conduct or otherwise, or under any other writing signed by Debtor unless such

waiver or modification be in writing and signed by an officer of Bank and then such waiver or modification shall be effective only for the period and under the terms and conditions as are specifically set forth therein. No delay or omission on the part of Bank in exercising any right shall operate as a waiver or modification of such right or any other right. No waiver of any Event of Default on one occasion shall operate as a waiver of any other Event of Default or of the same Event of Default on a future or different occasion. All Bank's rights and remedies, whether evidenced hereby or by any other writing, shall be cumulative and may be exercised, from time to time, singularly, concurrently, or successively. If any paragraph or any part of this Security Agreement shall be construed to be illegal or invalid, such paragraph or part thereof shall be considered separately from the remainder of this Security Agreement and shall have no effect on the validity or legality of the remainder of this Security Agreement.

12. If there be more than one Debtor, all undertakings, warranties, covenants, and agreements made by Debtor and all rights, powers, and authorities given to, or conferred on, Bank shall be made or given jointly and severally. When used herein, the male gender shall include the female and neuter, as the case may be, and singular shall include the plural, and vice versa, where appropriate.

13. All words and terms used in this Security Agreement (and in any financing statements or other documents filed of record evidencing the security interest granted hereby) other than those specifically defined herein or in the Loan Agreement shall be deemed to have the meanings accorded to them in the Georgia Uniform Commercial Code, as amended from time to time.

14. Except as otherwise herein provided, this Security Agreement shall be binding upon and shall inure to the benefits of the parties hereto and their respective heirs, personal representatives, successors and assigns.

15. This Security Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the internal laws of the State of Georgia (without regard to the laws of conflicts thereof) and is intended to take effect as a sealed instrument.

16. TO THE EXTENT PERMITTED BY APPLICABLE LAW, DEBTOR AND BANK HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVE THE RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS SECURITY AGREEMENT AND ANY OTHER DOCUMENT OR INSTRUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANK TO EXTEND, OR TO CONTINUE TO EXTEND, CREDIT OR OTHER FINANCIAL ACCOMMODATIONS TO DEBTOR. FURTHER, DEBTOR HEREBY

CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BANK WOULD NOT, IN THE EVENT OF SUCH LITIGATION, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION. NO REPRESENTATIVE OR AGENT OF BANK NOR BANK'S COUNSEL HAS THE AUTHORITY TO WAIVE, CONDITION, OR MODIFY THIS PROVISION.

[signature page follows]

IN WITNESS WHEREOF, this Security Agreement has been executed under seal and delivered by Debtor on the date and year first above written.

DEBTOR:

____,
a ____

By: ________________________________(SEAL)
Name: ________________________________
Title ________________________________

Attest: ______________________________________
Name: ________________________________
Title ________________________________

[EXHIBIT A

Real Property Legal Description]

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. LOAN PROGRAM

LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement"), made and entered into this ___ day of __________, 201__, by and between ______________________________, a ________________ ("Borrower"), and **SUNTRUST BANK**, a Georgia banking corporation ("Bank").

W I T N E S S E T H :

WHEREAS, Borrower desires financing on all business assets and tangible and intangible personal property of Borrower (such assets, excluding the Sponsor Assets, the "Business Assets")**[, and certain real property and improvements [owned][leased] by Borrower located in ____________, ____________, more particularly described in Schedule 1 attached hereto and by this reference made a part hereof ("Property")]**[1]; and

WHEREAS, in order to loan funds to Borrower, Bank enters into this Loan Agreement with Borrower for the purposes herein contained; and

WHEREAS, any loan made hereunder will be secured in part by a first priority security interest in the Business Assets**[, and the land and improvements located at the Property]**[2].

NOW THEREFORE, upon the terms and conditions hereinafter stated, and in consideration of the mutual premises set forth above and other adequate consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION.

Section 1.1. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below (terms defined in the singular to have the same meaning when used in the plural and vice versa):

"Affiliate" shall mean, as to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person. For purposes of this definition, "Control" shall mean the power, directly or indirectly, either to (i) vote 50% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of a Person or (ii) direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by control or otherwise. The terms "Controlling", "Controlled by", and "under common Control with" have the meanings correlative thereto.

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[1] **Property Loans and Construction Loans**
[2] **Property Loans and Construction Loans**

"Agreement" means this Loan Agreement and all exhibits, riders and schedules at any time executed by the parties and made a part hereof by reference, either as originally executed or as hereafter amended, restated, supplemented or otherwise modified from time to time.

["Assignment of Leases and Rents" shall mean the Assignment of Leases and Rents, dated as of the date hereof, executed by Borrower in favor of Bank (or a trustee for the benefit of Bank).][3]

"Assumption" has the meaning set forth in Section 5.11.

"Assumptor" has the meaning set forth in Section 5.11.

"Bank" means SunTrust Bank, a Georgia banking corporation and its successors and assigns.

"Bankruptcy Code" shall mean the United States Bankruptcy Code of 1978 (11 U.S.C. § 101 et seq.), as amended and in-effect from time to time.

"Bankruptcy Event" shall mean (a) the commencement of any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in the case of each of clauses (a) and (b), undertaken under U.S. federal, state or foreign law, including the Bankruptcy Code.

"Borrower" means ____________________, a ________________ and its successors and permitted assigns hereunder.

"Business Assets" shall have the meaning set forth in the recitals of this Agreement.

"Business Day" shall mean, for all purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Atlanta, Georgia for the conduct of substantially all of their commercial lending activities.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Change in Control" shall mean the Guarantor or Guarantors, or their respective spouses, children, grandchildren, any other immediate family members and any trust which may

[3] **Property Loans and Construction Loans**

now be or hereafter established for the sole benefit of the foregoing persons, shall at any time cease to collectively own and control at least fifty-one percent (51%) of the issued and outstanding membership, shareholder or partnership interests of Borrower.

"Charges" has the meaning set forth in Section 8.18.

"Closing Date" means ________ __, 20__.

"Collateral" means any asset of Borrower in which a Lien is granted to Bank pursuant to this Agreement or any of the other Loan Documents to secure the Obligations, including, without limitation, the Business Assets**[, and the Property]; provided that Collateral shall not include the Sponsor Assets**[4].

["Commitment Amount" shall mean the maximum principal amount of the Construction Loan established by Bank in favor of Borrower, as set forth in Section 2.1.][5]

["Commitment Term" shall mean, for any Construction Loan, the prescribed time in which Borrower may request and Bank is committed to make Construction Advances on the Construction Loan, as the same may be extended from time to time if requested by Sponsor and agreed to by Bank in its discretion.][6]

["Completion of Construction" means the date when all of the following events shall have occurred with respect to the Property:

> **(a) The Construction Project has been fully completed and equipped; the Property is free and clear of mechanics' and materialmen's liens and security interests except those granted to Bank; and as may be requested by the title insurance company and Bank, lien waivers from all mechanics and materialmen who performed work or provided materials with respect to the Property have been provided;**
>
> **(b) Bank has received a satisfactory date-down endorsement to its mortgagee's title insurance policy insuring that the Mortgage creates a valid first, prior and paramount security title and interest on the Property, subject only to the Permitted Encumbrances, which policy shall be free of all exceptions and objections relating to any then existing right to assert claims for mechanics liens;**
>
> **(c) Borrower shall have furnished Bank with an ALTA as-built survey of the Property showing the completed Construction Project;**
>
> **(d) Borrower shall have furnished Bank insurance on the Property in form and amount and with companies satisfactory to Bank in accordance with the requirements of the Mortgage and this Agreement;**

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[4] **Property Loans and Construction Loans**
[5] **Construction Loans**
[6] **Construction Loans**

(e) Borrower shall have furnished Bank a copy of its Certificate of Occupancy for the Construction Project, or a satisfactory alternative or equivalent, from the local Governmental Authority having jurisdiction over the Property;

(f) Borrower shall have furnished Bank a copy of its business license or authorization to conduct business at the Property from the local Governmental Authority having jurisdiction over the Property; and

(g) All other terms and conditions of this Agreement for completion of the Construction Project are satisfied.][7]

"Consent to Fund Notice" shall mean a notice executed by Sponsor in accordance with the Loan Facility Agreement to authorize the funding of any Loan, consistent with the requirements therefor as set forth in the Loan Facility Agreement.

["Construction Advances" shall mean advances of Construction Loan proceeds to Borrower, up to the Commitment Amount.][8]

["Construction Inspector" means any third party construction inspector or inspecting architect designated by Bank.][9]

["Construction Loan" shall have the meaning set forth in Section 2.1 hereof.][10]

["Construction Loan Amortization Date" means the first Payment Date immediately following the earlier of Completion of Construction or the expiration of the Construction Period.][11]

["Construction Loan Fixed Rate" means, the rate of interest equal to Cost of Funds *plus* ____% per annum.][12]

["Construction Loan Fixed Rate Election" has the meaning set forth in Section 2.2(a)(ii) hereof.][13]

["Construction Loan Floating Rate" means the rate of interest per annum equal to the LIBOR Rate in effect from time to time *plus* _____% per annum.][14]

["Construction Period" shall mean, for any Construction Loan, a period of ________ (__)[15] months after the Closing Date as specified by the Sponsor in the related

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[7] Construction Loans
[8] Construction Loans
[9] Construction Loans
[10] Construction Loans
[11] Construction Loans
[12] Construction Loans
[13] Construction Loans
[14] Construction Loans
[15] Up to 12 months; the specific period for a given Project to be as specified by Sponsor in the Funding Approval Notice

Funding Approval Notice, which may be extended at the sole discretion of Bank if necessary for Completion of Construction.][16]

["Construction Period Floating Rate" means the rate of interest per annum equal to the LIBOR Rate in effect from time to time *plus* _____% per annum.][17]

["Construction Project" means construction to develop the Property for use as a Valvoline Instant Oil Change facility.][18]

["Construction Project Budget" means the project cost budget for the Construction Project.][19]

["Cost of Funds" means the Five Year Swap Rate plus 0.75%.]

"Debt" shall mean, without duplication, (i) indebtedness for borrowed money or for the deferred purchase price of property or services (other than trade accounts payable on customary terms in the ordinary course of business), (ii) financial obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) financial obligations as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as Capital Lease Obligations, and (iv) obligations under direct or indirect Guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or financial obligations of others of the kinds referred to in clauses (i) through (iii) above.

"Debt Service" means, for any period of determination, (a) the aggregate scheduled payments of principal and interest on all Loans during such period calculated using the Fixed Rate or the Floating Rate as applicable to each Loan, with the Floating Rate for purposes of such calculation deemed to be the Floating Rate in effect on the date of such calculation, plus (b) the aggregate amount of all Capital Lease Obligations during such period.

"Debt Service Coverage Ratio" means, for any period of determination, the ratio calculated by dividing EBIDA for such period by Debt Service for such period.

"Default" means the occurrence of any event which, after satisfaction of any requirement for the giving of notice or the lapse of time, or both, would become an Event of Default.

"Default Interest" has the meaning set forth in Section 2.2(b).

"Default Rate" has the meaning set forth in Section 2.2(b).

"Dollars" or "$" refers to lawful money of the United States of America.

["Draw Request" has the meaning set forth in Section 5.10(l)(i).][20]

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[16] **Construction Loans**
[17] **Construction Loans**
[18] **Construction Loans**
[19] **Construction Loans**

"EBIDA" means, for any period of determination, Borrower's net income after taxes for such period, plus the aggregate amount of Borrower's interest, depreciation and amortization expenses and non-cash charges for such period, less the aggregate amount of Borrower's distributions, draw payments and dividends paid to its owners and equity holders for such period and which are not shown as expenses on Borrower's income statement.

["Enterprise Loan" shall have the meaning set forth in Section 2.1 hereof.][21]

["Enterprise Loan Fixed Rate" means, the rate of interest equal to Cost of Funds *plus* ____% per annum.][22]

["Enterprise Loan Floating Rate" means the rate of interest per annum equal to the LIBOR Rate in effect from time to time *plus* _____% per annum.][23]

["Environmental Indemnity Agreement" means an Environmental Warranty and Indemnification Agreement executed by Borrower in favor of Bank in the form provided by Bank, as the same may be amended, restated, supplemented or otherwise modified from time to time.][24]

["Equipment Loan" shall have the meaning set forth in Section 2.1 hereof.][25]

["Equipment Loan Fixed Rate" means, the rate of interest equal to Cost of Funds *plus* ____% per annum.][26]

["Equipment Loan Floating Rate" means the rate of interest per annum equal to the LIBOR Rate in effect from time to time *plus* _____% per annum.][27]

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Event of Default" shall have the meaning given to such term in ARTICLE VII hereof.

["Five Year Swap Rate" means, as of any day of determination, the rate for U.S. Dollar interest rate swaps with a maturity of five years, expressed as a percentage, as reported by the Federal Reserve System Board of Governors in the H.15 Federal Reserve Statistical Release (www.federalreserve.gov/releases/H15/update/)**under the caption "interest rate swaps" as of 2 Business Days prior to the Closing Date. If such rate does not appear in H.15 "interest rate swaps", the rate will be the rate for a period of the maturity, or next pricing date, if applicable, as may be published by either the Federal Reserve System**

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[20] **Construction Loans**
[21] **Enterprise Loans**
[22] **Enterprise Loans**
[23] **Enterprise Loans**
[24] **Property Loans and Construction Loans**
[25] **Equipment Loans**
[26] **Equipment Loans**
[27] **Equipment Loans**

Board of Governors or the United States Department of Treasury that SunTrust Bank determines to be comparable to the rate which would otherwise have been published in H.15.]

"Fixed Rate" means**[, as applicable,] [the Enterprise Loan Fixed Rate][,] [or] [the Equipment Loan Fixed Rate][,] [or] [the Property Loan Fixed Rate]**.**[or] [the Construction Loan Fixed Rate]**.

"Floating Rate Loan" means any Loan made by Bank to Borrower pursuant to Section 2.1 hereof which bears interest at a Floating Rate pursuant to Section 2.2(a).

"Floating Rate" means**[, as applicable,] [the Enterprise Loan Floating Rate][,] [or] [the Equipment Loan Floating Rate][,] [or] [the Property Loan Floating Rate] [or] [the Construction Loan Floating Rate]**.

"Floating Rate Loan" means any Loan made by Bank to Borrower pursuant to Section 2.1 hereof which bears interest at a Floating Rate pursuant to Section 2.2(a).

"Funding Approval Notice" shall mean a written request from Sponsor to Bank in accordance with the Loan Facility Agreement, requesting that Bank make a Loan or Loans available to a Borrower.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"Governmental Authority" means any government or political subdivision thereof, whether federal, state, local or foreign, or any agency or instrumentality of any such government or political subdivision.

"Guarantor" means each Person who now or hereafter guarantees payment of the whole or any part of the Obligations.

"Guaranty" of or by any Person (the *"guarantor")* means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing the Debt or other obligation of any other Person (the *"primary obligor")* in any manner, whether directly or indirectly.

"Guaranty Agreement" means a guaranty agreement executed by a Guarantor or Guarantors in favor of Bank pursuant to which such Guarantor or Guarantors guarantee the Obligations of Borrower hereunder.

"Law" or "Laws" means, individually or collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"LIBOR Rate" shall mean the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) appearing on Reuters Screen LIBOR01 Page (or any successor page) as the London interbank offered rate for deposits in Dollars for a one-month period at approximately 11:00 a.m. (London time) two Business Days prior to the Closing Date, resetting as of each Payment Date. If for any reason such rate is not available, LIBOR shall be the rate per annum determined by the Bank to be the average (rounded upward, in necessary, to the nearest 1/100th of 1%) of the rates per annum at which deposits in Dollars are offered to the Bank for a one-month period two (2) business days preceding the first day of such interest period by leading banks in the London interbank market as of 10 a.m. (New York, New York time) for delivery on the first day of such one-month period, for the number of days comprised therein and in an amount comparable to the amount of the funded Loans.

"License Agreement" means the written franchise or license agreement by and between Borrower and Sponsor whereby Borrower is authorized to establish a Valvoline Instant Oil Change License Store.

"License Store" means any Valvoline Instant Oil Change store to be operated by Borrower pursuant to a License Agreement.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, deed to secure debt, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan" means any loan made by Bank to Borrower pursuant to Section 2.1 hereof, including, without limitation, **[any Enterprise Loan][,] [and] [any Equipment Loan][,] [and] [any Property Loan] [and] [any Construction Loan]**.

"Loan Application" shall mean the application by which Borrower applied to Bank for the Loan.

"Loan Documents" means this Agreement, any Note, **[the Mortgage, the Assignment of Leases and Rents, the Environmental Indemnity Agreement,]**[28] the Security Agreement, the Guaranty and any other documents relating to the Loan delivered by Borrower or any Guarantor or surety thereof to Bank and any amendments thereto.

"Loan Facility Agreement" means that certain Loan Facility Agreement dated ________ ___, 201__, by and between Sponsor and Bank, as the same may have been heretofore or may be hereafter amended, modified, supplemented, restated or replaced from time to time.

[28] **Property Loans and Construction Loans**

"Maturity Date" shall mean the date that is the earlier of (i) the occurrence of an Event of Default in consequence of which Bank elects to accelerate the maturity and payment of any Loan, (ii) the occurrence of an Event of Default under Section 7.1(g) in consequence of which the Loan shall automatically become immediately due and payable, or (iii) **[__________ __, 20__, in the case of an Enterprise Loan][,] [or] __________ __, 20__, in the case of an Equipment Loan][,] [or] __________ __, 20__, in the case of a Property Loan][,] [or] __________ __, 20__, in the case of a Construction Loan].**[29]

"Maximum Rate" has the meaning set forth in Section 8.18.

["Mortgage" means a mortgage, deed of trust or deed to secure debt, executed by Borrower in favor of Bank (or a trustee for the benefit of Bank) securing the Obligations, granting to Bank a first-priority lien on the Property and the other Collateral.][30]

"Note" means any promissory note from Borrower to Bank substantially in the form of Exhibit A to this Agreement.

"Obligations" shall mean all Debts owing by Borrower to Bank, including without limitation, Debt owed pursuant to or in connection with this Agreement, any other Loan Document and all principal, interest (including any interest accruing after the occurrence of a Bankruptcy Event relating to Borrower or any Guarantor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to Bank incurred pursuant to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, and all obligations and liabilities incurred in connection with collecting and enforcing the foregoing, together with all renewals, extensions, modifications or refinancings thereof.

"OSHA" shall mean the Occupational Safety and Health Act of 1970, as amended from time to time, and any successor statute.

"Patriot Act" has the meaning set forth in Section 4.15.

"Payment Date" means the first (1^{st}) day of each calendar month, commencing on the first day of the first full month immediately succeeding the date hereof if the date hereof is the first day of a month, or the first day of the second full month succeeding the date hereof if the date hereof is other than the first day of a month; provided, however, if any such Payment Date falls on a day which is not a Business Day, the Payment Date shall automatically be deemed to be the next succeeding Business Day.

"Payment Period" shall mean each calendar month; provided that (i) the first Payment Period hereunder shall commence on the date hereof and shall end on the first day of

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[29] **In no event shall the Maturity Date for any Loan be more than 5 years after the Closing Date, or the expiration of the term of the License Agreement, whichever is earlier.**

[30] **Property Loans and Construction Loans**

the first full month immediately succeeding the date hereof if the date hereof is the first day of a month, or on the first day of the second full month succeeding the date hereof if the date hereof is other than the first day of a month.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes, assessments or other governmental charges that are not yet due or are being contested in good faith and by appropriate proceedings with adequate reserve under GAAP being provided therefor;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days, are in de minimus amounts, or are being contested in good faith and by appropriate proceedings with adequate reserves under GAAP being provided therefor;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, health insurance and other social security laws or regulations and withholding taxes;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) easements, zoning restrictions, rights-of-way, minor defects or irregularities in title and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not interfere with the ordinary conduct of business of Borrower or any Subsidiary;

(f) rights of set-off in favor of financial institutions;

(g) Liens in the nature of trustee's liens granted pursuant to any indenture securing obligations to pay compensation to such trustee, to reimburse its expenses and to indemnify it under the terms thereof;

(h) licenses, leases or subleases (other than capital leases and other financing leases) granted to third parties not interfering in any material respect with the business of Borrower;

(i) Liens arising under the License Agreement;

(j) Liens in favor of Sponsor on the Sponsor Assets; and

(k) Liens arising from deposits with or the giving of any form of security to any Governmental Authority required as a condition to the transaction of business or exercise of any privilege, franchise or license;

provided, that the term "Permitted Encumbrances" shall not include any Lien securing the Loan.

"Person" shall mean any individual, partnership, firm, corporation, association, joint venture, limited liability company, trust or other entity, or any government or political subdivision or agency, department or instrumentality thereof.

["Project Plans" has the meaning set forth in Section 3.1(j).][31]

["Property" shall have the meaning set forth in the recitals of this Agreement.][32]

["Property Loan" shall have the meaning set forth in Section 2.1 hereof.][33]

["Property Loan Fixed Rate" means the rate of interest equal to Cost of Funds *plus* ____% per annum.][34]

["Property Loan Floating Rate" means the rate of interest per annum equal to the LIBOR Rate in effect from time to time *plus* _____% per annum.][35]

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System.

"Security Agreement" means the security agreement executed by Borrower in favor of Bank securing the Obligations, granting to Bank a first-priority Lien on the Business Assets, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Solvent" means, as to any Person at any time, that (a) the assets of such Person, at fair valuation and based on its present fair saleable value, exceed such Person's debts, including contingent liabilities (b) the remaining capital of such Person is not unreasonably small to conduct such Person's business, and (c) such Person has not incurred debts, or does not intend to incur debts, beyond its ability to pay such debts as they mature. For purposes of this definition, "debt" means any liability on a claim, and "claim" means (i) the right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, or (ii) the right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

"Sponsor" means Valvoline Instant Oil Change Franchising, Inc., a Delaware corporation.

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[31] **Construction Loans**
[32] **Property Loans and Construction Loans**
[33] **Property Loans**
[34] **Property Loans**
[35] **Property Loans**

"Sponsor Assets" means rights under the License Agreement, and any signage and equipment to the extent financed, leased, licensed or provided by the Sponsor.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by Borrower.

"Successor Guarantor" has the meaning set forth in Section 5.11(i).

"Total Debt" shall mean with respect to Borrower, as of any date, all Debt of Borrower and its Subsidiaries that would be reflected on a consolidated balance sheet of Borrower as prepared in accordance with GAAP as of such date.

"Transfer" means (a) any conveyance, transfer, sale, lease, assignment or Lien, whether by operation of law or otherwise, of, on or affecting (i) all or any portion of the Collateral **[and the Property]**, or (ii) any direct or indirect legal or beneficial interest in Borrower, and (b) any Change in Control of Borrower.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of Georgia.

"United States" or "U.S." means the United States of America, its fifty States and the District of Columbia.

Section 1.2. Interpretation. Accounting terms used in this Agreement shall have the meaning normally given them by, and shall be calculated (both as to amounts and classification of items) in accordance with, GAAP. Any pronoun used herein shall be deemed to cover all genders. All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations, and all references to any instruments or agreements, including, without limitation, references to any of the Loan Documents, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof.

ARTICLE II
LOAN COMMITMENT; MASTER NOTE.

Section 2.1. Loan.

[Subject to the terms and conditions set forth herein, Bank agrees to make a loan to Borrower on the Business Assets of Borrower (the "Enterprise Loan"), on the Closing Date in a principal amount not to exceed ____________________ and No/100 Dollars ($________).]

[Subject to the terms and conditions set forth herein, Bank agrees to make a loan to Borrower on the Business Assets of Borrower used in conjunction with the License Store

located at ____________________ (the "Equipment Loan"), on the Closing Date in a principal amount not to exceed ____________________ and No/100 Dollars ($________).]

[Subject to the terms and conditions set forth herein, Bank agrees to make a real estate loan to Borrower on the Property (the "Property Loan"), on the Closing Date in a principal amount not to exceed ____________________ and No/100 Dollars ($________).]

[Subject to the terms and conditions set forth herein, Bank agrees to make Construction Advances to Borrower, for the development and construction of the Construction Project on the Property, from and after the Closing Date through the Commitment Term in a principal amount not to exceed ____________________ and No/100 Dollars ($________) (the "Commitment Amount"), which Construction Advances shall be termed out into an amortizing loan on the Construction Loan Amortization Date (the "Construction Loan").]

The execution and delivery of this Agreement by Borrower and the satisfaction of all conditions precedent pursuant to Section 3.1 shall be deemed to constitute Borrower's request to borrow the Loan on the Closing Date.

Section 2.2. Interest.

(a) **[The Enterprise Loan shall bear interest at the Enterprise Loan Fixed Rate as in effect on the Closing Date. Repayment will be in __________ (___) consecutive equal monthly installments on each Payment Date of principal and interest in the aggregate amount of ____________________ and __/100 Dollars ($________) based on a __________ (___) month mortgage-style amortization[36], with the first installment being due and payable on __________ __, 20__. On the Maturity Date, all outstanding principal and accrued interest on the Enterprise Loan shall be due and payable.]**

[The Enterprise Loan shall bear interest at the Enterprise Loan Floating Rate in effect from time to time. Repayment will be in __________ (___) consecutive monthly installments equal to the sum of (i) equal payments of principal amortized (in accordance with straight line amortization) over a __________ (___) month amortization period, and (ii) interest at the Enterprise Loan Floating Rate, in arrears, on the outstanding principal balance of the Enterprise Loan during the prior month.[37] On the Maturity Date, all outstanding principal and accrued interest on the Enterprise Loan shall be due and payable.]

[The Equipment Loan shall bear interest at the Equipment Loan Fixed Rate as in effect on the Closing Date. Repayment will be in __________ (___) consecutive

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[36] **Enterprise Loans shall be for a maturity not to exceed 5 years, and amortized over a period not to exceed 10 years. To the extent that the amortization period exceeds the loan term, there will be a balloon payment that must be repaid or refinanced at maturity.**

[37] **Enterprise Loans shall be for a maturity not to exceed 5 years, and amortized over a period not to exceed 10 years. To the extent that the amortization period exceeds the loan term, there will be a balloon payment that must be repaid or refinanced at maturity.**

equal monthly installments on each Payment Date of principal and interest in the aggregate amount of ____________________ and __/100 Dollars ($________) based on a __________ (___) month mortgage-style amortization[38], with the first installment being due and payable on __________ __, 20__. On the Maturity Date, all outstanding principal and accrued interest on the Equipment Loan shall be due and payable.]

[The Equipment Loan shall bear interest at the Equipment Loan Floating Rate in effect from time to time. Repayment will be in __________ (___) consecutive monthly installments equal to the sum of (i) equal payments of principal amortized (in accordance with straight line amortization) over a __________ (___) month amortization period, and (ii) interest at the Equipment Loan Floating Rate, in arrears, on the outstanding principal balance of the Equipment Loan during the prior month.[39] On the Maturity Date, all outstanding principal and accrued interest on the Equipment Loan shall be due and payable.]

[The Property Loan shall bear interest at the Property Loan Fixed Rate as in effect on the Closing Date. Repayment will be in __________ (___) consecutive equal monthly installments on each Payment Date of principal and interest in the aggregate amount of ____________________ and __/100 Dollars ($________) based on a __________ (___) month mortgage-style amortization[40], with the first installment being due and payable on __________ __, 20__. On the Maturity Date, all outstanding principal and accrued interest on the Property Loan shall be due and payable.]

[The Property Loan shall bear interest at the Property Loan Floating Rate in effect from time to time. Repayment will be in __________ (___) consecutive monthly installments equal to the sum of (i) equal payments of principal amortized (in accordance with straight line amortization) over a __________ (___) month amortization period, and (ii) interest at the Property Loan Floating Rate, in arrears, on the outstanding principal balance of the Property Loan during the prior month.[41] On the Maturity Date, all outstanding principal and accrued interest on the Property Loan shall be due and payable.]

[The Construction Loan shall bear interest as follows:

[38] **Equipment Loans shall be for a maturity not to exceed 5 years, and amortized over a period not to exceed 10 years. To the extent that the amortization period exceeds the loan term, there will be a balloon payment that must be repaid or refinanced at maturity.**

[39] **Equipment Loans shall be for a maturity not to exceed 5 years, and amortized over a period not to exceed 10 years. To the extent that the amortization period exceeds the loan term, there will be a balloon payment that must be repaid or refinanced at maturity.**

[40] **Property Loans shall be for a maturity not to exceed 5 years, and amortized over a period not to exceed 15 years. To the extent that the amortization period exceeds the loan term, there will be a balloon payment that must be repaid or refinanced at maturity.**

[41] **Property Loans shall be for a maturity not to exceed 5 years, and amortized over a period not to exceed 15 years. To the extent that the amortization period exceeds the loan term, there will be a balloon payment that must be repaid or refinanced at maturity.**

(i) **During the Construction Period, the Construction Loan shall bear interest at the Construction Period Floating Rate in effect from time to time. Commencing on the first Payment Date and on each Payment Date thereafter until the Payment Date on which Construction Loan Amortization Date occurs, Borrower shall pay to Bank an interest only payment, in arrears, in an amount equal to the interest accrued on the principal balance of the Construction Loan outstanding during the prior month at the Construction Period Floating Rate for such month.**

(ii) **Following the Construction Period, from and after the Payment Date on which Construction Loan Amortization Date occurs until the Maturity Date, the Construction Loan shall bear interest at the Construction Loan Floating Rate in effect from time to time. Repayment will be in __________ (___) consecutive monthly installments equal to the sum of (i) equal payments of principal amortized (in accordance with straight line amortization) over a __________ (___) month amortization period, and (ii) interest at the Construction Loan Floating Rate, in arrears, on the outstanding principal balance of the Construction Loan during the prior month.**[42] **In lieu of the Construction Loan Floating Rate, Borrower shall have the option to have the Construction Loan bear interest at the Construction Loan Fixed Rate following the Construction Period. If Borrower desires the Construction Loan Fixed Rate, Borrower will provide Bank written notice within no more than thirty (30) days and no less than ten (10) days prior to the end of the Construction Period (the "Construction Loan Fixed Rate Election"). Within three (3) Business Days thereafter, Bank shall acknowledge such written notice of the Construction Loan Fixed Rate Election. If Bank shall acknowledge such Construction Loan Fixed Rate Election, from the Construction Loan Amortization Date, the Construction Loan shall bear interest at the Construction Loan Fixed Rate. In that event, repayment will be on each Payment Date in consecutive equal monthly installments of principal and interest based on a monthly mortgage-style amortization over the same number of months provided when the Construction Loan Floating Rate was established**[43]**, with the first installment being due and payable on the first Payment Date following the Payment Date on which the Construction Loan Amortization Date occurs. If Borrower does not make a Construction Loan Fixed Rate Election which is acknowledged by Bank, Borrower's Construction Loan Fixed Rate option shall be deemed to have expired and terminated and the Construction Loan shall be deemed to bear interest at the Construction Loan Floating Rate for the remainder of the Construction Loan term following the Construction Loan Amortization Date. On the Maturity Date, all outstanding principal**

[42] **Construction Loans shall be for a maturity not to exceed 5 years from the Closing Date, and amortized over a period not to exceed 15 years. To the extent that the amortization period exceeds the loan term, there will be a balloon payment that must be repaid or refinanced at maturity.**

[43] **Construction Loans shall be for a maturity not to exceed 5 years from the Closing Date, and amortized over a period not to exceed 15 years. To the extent that the amortization period exceeds the loan term, there will be a balloon payment that must be repaid or refinanced at maturity.**

and accrued interest on the Construction Loan calculated in accordance with the foregoing provisions of this Section 2.2(a)(ii) shall be due and payable.]

(b) **[The amortization schedule for the Loan will be set by Bank on the Closing Date for such Loan and sent to Borrower and Sponsor prior to closing by telecopier or e-mail. Such amortization schedule will be attached to the Note and Borrower will pay the amount of principal and interest indicated thereon on each Payment Date that such Loan is outstanding, commencing with the first Payment Date to occur in the first calendar month after such Loan is made to Borrower. Each monthly payment shall be applied first to accrued interest on Note and then to principal.]**[44]

[The amortization schedule for the Construction Loan will be set by Bank on the Construction Loan Amortization Date and sent to Borrower and Sponsor by telecopier or e-mail. Such amortization schedule will be attached to the Note and Borrower will pay the amount of principal and interest indicated thereon on each Payment Date that such Construction Loan remains outstanding, commencing with the first Payment Date after the Construction Loan Amortization Date. Each monthly payment shall be applied first to accrued interest on the Note and then to principal.][45]

(c) While an Event of Default exists or after acceleration, at the option of Bank, Borrower shall pay interest ("Default Interest") at a rate per annum equal to the lesser of (i) the rate otherwise applicable for the Loan *plus* an additional **[two percent (2%)]** per annum, or (ii) the maximum rate permitted by applicable Laws ("Default Rate").

(d) Interest on the principal amount of the Loan shall accrue from and including the date disbursement of such Loan is made to but excluding the date of any repayment thereof. Interest shall be payable monthly in arrears on each Payment Date and on the Maturity Date. All Default Interest shall be payable on demand.

(e) All computations of interest hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable (to the extent computed on the basis of days elapsed). Each determination by Bank of an interest amount or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section 2.3. Optional Prepayments.

(a) Borrower shall have the right at any time and from time to time to prepay the Loan, in whole or in part, without premium or penalty, by giving irrevocable written notice (or telephonic notice promptly confirmed in writing) to Bank no later than 11:00 a.m. not less than three (3) Business Days prior to any such prepayment. Each such

[44] For all Loans other than Construction Loans
[45] Construction Loans

notice shall be irrevocable and shall specify the proposed date of such prepayment and the principal amount of the Loan or portion thereof to be prepaid. If such notice is given, the aggregate amount specified in such notice shall be due and payable on the date designated in such notice, together with accrued interest to such date on the amount so prepaid in accordance with Section 2.2. Each partial prepayment of the Loan shall be in an amount equal to a minimum of $5,000, and integral multiples of $1,000 (except with respect to repayment of the Loan in full).

(b) All prepayments shall be applied to reduce principal in the inverse order of maturity with such payments being credited to the Loan as of the Payment Date immediately following receipt. Amounts repaid or prepaid hereunder may not be re-borrowed.

Section 2.4. Fees. Borrower shall pay to Bank (i) on the Closing Date, an origination fee equal to **[the sum of (a)][one-half of one percent (0.5%) of the principal amount of the Enterprise Loan, but in no event less than Five Hundred and No/100 Dollars ($500.00)][,] [and] [(b)][one-half of one percent (0.5%) of the principal amount of the Equipment Loan, but in no event less than Five Hundred and No/100 Dollars ($500.00)][,] [and] [(c)][one percent (1%) of the Property Loan, but in no event less than Five Thousand and No/100 Dollars ($5,000.00)][,] [and] [(d)][one percent (1%) of the Construction Loan, but in no event less than Five Thousand and No/100 Dollars ($5,000.00)]**; (ii) all of Bank's applicable out-of-pocket costs and expenses, including, without limitation, UCC searches and filings, certificates of good standing, reasonable attorneys' fees and expenses incurred by Bank in connection with originating, closing and servicing the Loans **[and in connection with the real estate transaction, including, but not limited to, mortgage recordings, ALTA as-built survey, title insurance, title search, tax service contract, intangible tax and/or a documentary tax, site inspection, and Phase I and Phase II (if necessary) environmental site assessment costs in connection therewith[46]]** (which amounts shall be in addition to the Five Thousand and 00/100 Dollar ($5,000.00) good faith deposit paid by Borrower to Bank with Borrower's Loan Application in connection with Bank's administrative work in reviewing and processing Borrower's Loan Application); and (iii) all costs and expenses relating to providing Bank with all items required in connection with satisfying the conditions precedent set forth in ARTICLE III; all of which fees may be financed and deducted from the proceeds of the Loan on the Closing Date.

Section 2.5. Yield Protection.

(a) If, after the date hereof, Bank shall have determined that the adoption of any applicable Law, rule or regulation, or any change therein, including Regulation D, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency,

[46] **Property Loans and Construction Loans**

(i) shall subject Bank to any tax (except for taxes on the overall net income of Bank), duty or other charge with respect to the Loan or any right to make the Loan, or shall change the basis of the taxation (other than changes in marginal income tax rates) of payments to Bank or any other amounts due under this Agreement in respect of its rights to make the Loan; or

(ii) shall impose, modify or deem applicable any reserve requirement (including, without limitation, any reserve requirement imposed by the Board of Governors of the Federal Reserve System), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by Bank; or

(iii) shall impose any other condition affecting the Loan or Bank's rights to make the Loan hereunder;

and the result of any of the foregoing is (A) to increase the cost to, or, in the case of Regulation D, to impose a cost on Bank for funding the Loan, or (B) to reduce the amount of any sum received or receivable by Bank under this Agreement with respect thereto, then within fifteen (15) calendar days after demand by Bank, Borrower shall pay to Bank such additional amount or amounts as will compensate Bank for such additional or increased cost incurred or such reduction suffered.

(b) Without limiting any other provisions of this Agreement, in the event that Bank shall have determined that any Law, treaty, governmental (or quasi-governmental) rule, regulation, guideline or order regarding capital adequacy not currently in effect or fully applicable as of the date of this Agreement, or any change therein or in the interpretation or application thereof, or compliance by Bank with any request or directive regarding capital adequacy not currently in effect or fully applicable as of the date of this Agreement (whether or not having the force of Law and whether or not failure to comply therewith would be unlawful) from a central bank or Governmental Authority or body having jurisdiction, does or shall have the effect of reducing the rate of return on Bank's capital as a consequence of its obligations hereunder to a level below that which Bank could have achieved but for such Law, treaty, rule, regulation, guideline or order, or such change or compliance (taking into consideration Bank's policies with respect to capital adequacy) by an amount deemed by Bank to be material, then within ten (10) days after written notice and demand by Bank, Borrower shall from time to time pay to Bank additional amounts sufficient to compensate Bank for such reduction. Each certificate as to the amount payable under this Section 2.5(b) (which certificate shall set forth the basis for requesting such amounts in reasonable detail), submitted to Borrower by Bank in good faith, shall, absent manifest error, be final, conclusive and binding for all purposes. Borrower shall not be required to compensate Bank pursuant to this Section 2.5(b) for any reductions in return incurred more than ninety (90) days prior to the date that Bank makes written demand on Borrower for indemnification or compensation pursuant to this Section 2.5(b); provided, however, that if any such change giving rise to such reductions in return is retroactive, then the ninety (90)-day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 2.6. **Payments Generally; Pro Rata Treatment**.

(a) Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or of amounts payable or otherwise) prior to 12:00 noon (Atlanta, time), on the date when due, in immediately available funds by ACH debit from an account maintained by Borrower, free and clear of any defenses, rights of set-off, counterclaim, or withholding or deduction of taxes. Any amounts received after such time on any date may, in the discretion of Bank, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to Bank to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, and (ii) second, towards payment of principal then due hereunder.

ARTICLE III
CONDITIONS PRECEDENT.

Section 3.1. Borrower shall deliver or cause to be delivered and Bank shall have received the following documents, each in form and substance satisfactory to Bank, as conditions precedent to the making of the Loan hereunder:

(a) a duly executed counterpart of this Agreement;

(b) duly executed Note**[s];**

(c) a duly executed Guaranty Agreement of all members, stockholders or partners, as applicable, of Borrower, as Guarantors;

(d) a duly executed Security Agreement, together with suitable UCC Financing Statements to enable Bank to perfect its first priority security interest in the Collateral;

(e) **[a duly executed Mortgage covering the Property owned or leased by Borrower, together with: (i) title insurance policies by a nationally recognized title insurance company in an amount not less than the appraised value of the Property and current as-built ALTA/ACSM Land Title surveys of the Property, in form and substance satisfactory to Bank and certified to Bank, an appraisal of the Property by an appraiser and in form and substance satisfactory to Bank and certified to Bank, an architect's certificate certifying that any building plans and the as-built condition of the Property are in compliance with all applicable Laws in form and substance satisfactory to Bank and certified to Bank, and to the extent available, zoning letters, building permits and certificates of occupancy, relating to the**

Property, in form and substance satisfactory to Bank and (ii) evidence that counterparts of such Mortgage have been recorded (or will concurrently be) in all places to the extent necessary or desirable, in the judgment of Bank, to create a valid and enforceable first priority lien (subject only to the Permitted Encumbrances) on the Property in favor of Bank (or in favor of such other trustee as may be required or desired under local law);]

(f) **[a duly executed Assignment of Leases and Rents covering leases, licenses and other rental agreements for space in the Property made by Borrower to tenants, licensees or other occupants, together with evidence that counterparts of such Assignment of Leases and Rents have been recorded (or will concurrently be) in all places to the extent necessary or desirable, in the judgment of Bank, to create a valid and enforceable present conveyance and assignment of Borrower's interest in such leases, licenses and rental agreements in favor of Bank (or in favor of such other trustee as may be required or desired under local law);]**

(g) **[a duly executed Environmental Indemnity Agreement;]**

(h) **[Phase I Environmental Site Assessment Reports, consistent with American Society of Testing and Materials (ASTM) Standard E 1527-94, and applicable state requirements, on the Property dated as of a recent date, prepared by environmental engineers satisfactory to Bank, all in form and substance satisfactory to Bank, and Bank shall have further received such environmental review and audit reports, including Phase II reports, with respect to the Property as Bank shall have requested, and Bank shall be satisfied, with the contents of all such environmental reports;]**[47]

(i) **[copies of all of Borrower's contracts with the architect of record, the engineer of record, and general contractor, together with collateral assignments of such contracts to Bank with the consent of such architect, engineer or general contractor, as applicable, to such collateral assignment, all of which are in form and substance satisfactory to Bank;]**

(j) **[copies of Borrower's architectural, mechanical and engineering plans and specifications for the Construction Project (the "<u>Project Plans</u>", together with collateral assignments of such Project Plans to Bank with the consent of the architect of record and engineer of record to such collateral assignment, all of which are in form and substance satisfactory to Bank;]**

(k) **[an estimated cost breakdown for Borrower's construction of the Construction Project in accordance with the Project Plans, and verified by fixed cost construction contracts or supportable as reasonable estimates, in form and substance satisfactory to Bank;]**[48]

(l) an ACH authorization;

[47] **Bracketed provisions (e) through (h), inclusive, relate to both Property Loans and Construction Loans**
[48] **Bracketed provisions (i) through (k), inclusive, relate to Construction Loans**

(m) a certificate of an officer of Borrower, attaching and certifying copies of its formation and organizational documents and of the resolutions of its boards of directors, members, managers or partners, as applicable, authorizing the execution, delivery and performance of the Loan Documents to which it is a party and certifying the name, title and true signature of each officer, manager, partner or authorized signatory, as applicable, of Borrower executing the Loan Documents to which it is a party;

(n) certified copies of the articles of incorporation, certificate of partnership, certificate of formation or other charter documents of Borrower, together with certificates of good standing or existence, as may be available from the Secretary of State or other public official of the jurisdiction of incorporation or formation of Borrower, together with certificates of authority or qualification to do business, as may be available from the Secretary of State or other public official of the jurisdiction(s) in which Borrower is operating its business, if different from the jurisdiction of incorporation or formation of Borrower;

(o) certificates of insurance, in form and detail acceptable to Bank, describing the types and amounts of insurance in amounts customarily carried in lines of business similar to Borrower's, and such other insurance as Bank may require, covering any of the tangible insurable Collateral maintained by Borrower (including, without limitation, theft, fire, public liability, business interruption, casualty, flood, property damage, **[builder's risk,]**[49] and worker's compensation insurance), in each case naming Bank as loss payee (in case of property insurance) or additional insured (in case of liability insurance), together with a lender's loss payable endorsement in form and substance satisfactory to Bank;

(p) an opinion of Borrower's counsel as to the due formation, power, authority, authorization and execution of the Loan Documents by Borrower, and the enforceability of the Loan Documents against Borrower, in form and substance satisfactory to Bank;

(q) a copy of Borrower's License Agreement; and

(r) a Funding Approval Notice and a Consent to Fund Notice from Sponsor pursuant to the Loan Facility Agreement, together with any and all other documents and instruments required pursuant to such Funding Approval Notice and Consent to Fund Notice.

In addition, as conditions precedent to the Loan (i) Bank shall have satisfied itself that there are no Liens on any of the Collateral, (ii) Bank shall be satisfied that all corporate, limited liability company or partnership proceedings necessary for the authorization of the Loan and the execution, delivery and performance of the Loan Documents, shall have been taken, (iii) Bank shall have received any other documents that it deems necessary or advisable, and (iv) Bank shall have received all fees and other amounts due and payable on or prior to the Closing Date.

[49] **Construction Loans**

ARTICLE IV
REPRESENTATIONS AND WARRANTIES.

To induce Bank to enter into this Agreement, Borrower represents and warrants as follows:

Section 4.1. **<u>Organization and Qualification of Borrower</u>**. Borrower is duly organized, validly existing and in good standing under the laws of its state of organization, and is qualified to do business in all jurisdictions where the character of its properties or the nature of its activities make such qualification necessary.

Section 4.2. **<u>Trade Names, Subsidiaries and Location of Assets</u>**. <u>Exhibit B</u> attached hereto and made a part hereof fully and accurately discloses any legal name, trade name or style ever used by Borrower and each office, other place of business or location of assets of Borrower.

Section 4.3. **<u>Corporate or Other Authority; No Violation of Other Agreements</u>**. The execution, delivery and performance by Borrower of this Agreement and the other Loan Documents have been duly authorized by all necessary action on the part of Borrower and do not and will not (i) violate any provision of Borrower's organization documents or any applicable Law, or (ii) be in conflict with, result in a breach of, or constitute (following notice or lapse of time or both) a default under the License Agreement or any other agreement to which Borrower is a party or by which Borrower or any of its property is bound.

Section 4.4. **<u>Enforceability</u>**. This Agreement and each of the other Loan Documents create legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Section 4.5. **<u>Entire Agreement</u>**. This Agreement and accompanying Loan Documents executed in connection with the Loan and delivered to Bank are the only contracts evidencing the transaction described herein and constitute the entire agreement of the parties hereto with respect to the Loan.

Section 4.6. **<u>Genuineness of Signatures</u>**. This Agreement and each accompanying Loan Document executed in connection with the Loan is genuine and all signatures, names, amounts and other facts and statements therein and thereon are true and correct.

Section 4.7. **<u>Litigation</u>**. There are no actions, suits, proceedings or investigations pending or, to the knowledge of Borrower, threatened before any court or administrative or governmental agency that may, individually or collectively, adversely affect the financial condition or business operations of Borrower.

Section 4.8. **<u>Solvency</u>**. Borrower is now and will remain Solvent.

Section 4.9. **<u>Taxes</u>**. All federal, state and local tax returns of Borrower have been duly filed, and all taxes, assessments and withholdings shown on such returns or billed to Borrower have been paid, and Borrower maintains adequate reserves and accruals in respect of all such federal, state and other taxes, assessments and withholdings. There are no unpaid assessments pending against Borrower for any taxes or withholdings, and Borrower knows of no basis therefor.

Section 4.10. Compliance with Laws. Borrower has duly complied with in all material respects, and its properties and business operations are in compliance in all material respects with, the provisions of all applicable Laws. Borrower possesses all permits, franchises, licenses, trademark rights, trade names, patents and other authorizations reasonably necessary to enable it to conduct its business operations as now conducted, and no filing with (other than documents relating to the Collateral), and no consent, authorization, order or license of, any Person is necessary in connection with the execution or performance of this Agreement or the other Loan Documents. **[The Project Plans and the anticipated use of the Property will comply in all material respects with all applicable Laws and with the requirements of Sponsor.]**[50]

Section 4.11. No Default. No Default or Event of Default exists.

Section 4.12. Use of Proceeds. None of the proceeds of the Loan by Bank have been or will be used to purchase or carry (or to satisfy or refinance any indebtedness incurred to purchase or carry) any "margin stock" (as defined in Regulation U of the Federal Reserve Board). **[The proceeds of the Enterprise Loan shall be used to finance the acquisition or ongoing ownership of the Business Assets.] [The proceeds of the Equipment Loan shall be used to finance the acquisition or ongoing ownership of the Equipment.] [The proceeds of the Property Loan will be used to finance real estate costs, including, without limitation, the purchase or lease of land, site improvements and building or site costs for the construction of a new License Store. The Property Loan will finance no more than eighty percent (80%) of the lesser of (a) the appraised value of the Property, or (b) the sum of the cost of (i) the land, (ii) building and site improvements and plan development costs (as approved by Bank and Sponsor) and (iii) up to $50,000 of other soft costs, including without limitation, title insurance and mortgage recording taxes, of the franchise location being purchased, which such franchise location has been approved by the Sponsor in writing.] [The proceeds of the Construction Loan will be used to finance real estate costs, including, without limitation, the purchase or lease of land and costs for the development and construction of a new License Store. The Construction Loan will finance no more than eighty percent (80%) of the lesser of (a) the appraised value of the Property once construction is complete in accordance with the Project Plans, or (b) the sum of the cost of (i) the land, (ii) building and site improvements and plan development costs (as approved by Bank and Sponsor) and (iii) up to $50,000 of other soft costs, including without limitation, title insurance and mortgage recording taxes, of the franchise location being purchased, which such franchise location has been approved by the Sponsor in writing.]**

Section 4.13. Financial Statements. Any unaudited consolidated balance sheets and related consolidated statements of income or operations, shareholders' equity and cash flows, including the notes thereto, provided to Bank pursuant to this Agreement or Borrower's Loan Application by Borrower and its Subsidiaries and any Guarantor (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of Borrower and its

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Subsidiaries or such Guarantor, as applicable, as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments; and (iii) show all material indebtedness and other liabilities, direct or contingent, of Borrower and its Subsidiaries or such Guarantor as of the date thereof, including liabilities for taxes, material commitments and indebtedness. Since the date of the last financial statements provided to Bank pursuant to this Agreement or Borrower's Loan Application by Borrower and its Subsidiaries and any Guarantor, there has been no event or circumstance, either individually or in the aggregate, that has had or would reasonably be expected to have an adverse effect on the financial condition or business operations of Borrower and its Subsidiaries or such Guarantor.

Section 4.14. OFAC. Neither Borrower, its Subsidiaries nor any Guarantor (a) is a Person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (b) engages in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise associated with any such Person in any manner violative of Section 2, or (c) is a Person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order.

Section 4.15. Patriot Act. Each of Borrower, each of its Subsidiaries, and each Guarantor is in compliance, in all material respects, with (a) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"). No part of the proceeds of any Loan will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

Section 4.16. [Non-Commencement of Construction. There has been no commencement of work (including, without limitation, grading work) or delivery of materials by or on behalf of Borrower on or before the date hereof that would or might give rise to any statutory or common law lien against Borrower's interest in the Property or any part thereof for which valid and enforceable lien waivers in favor of Bank have not been obtained.][51]

All representations and warranties contained in this Agreement or in any of the other Loan Documents shall survive the execution, delivery and acceptance hereof by Bank and the closing of the transactions described herein.

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ARTICLE V
AFFIRMATIVE COVENANTS.

During the term of this Agreement, and thereafter for so long as any of the Obligations remain outstanding, Borrower covenants that, unless otherwise consented to by Bank in writing, it shall:

Section 5.1. **Financial Reports**. Deliver to Bank or cause to be delivered to Bank:

(a) within ninety (90) days after the end of each fiscal year compiled (or reviewed) consolidated financial statements of Borrower and its Subsidiaries and each Guarantor as of the end of such fiscal year as prepared in accordance with GAAP and, to the extent delivered to Sponsor, unaudited financial statements for such period;

(b) within sixty (60) days after the end of each fiscal quarter a balance sheet and income statement of Borrower as of the end of such quarter and certified as prepared in accordance with GAAP (except for the year-end adjustments) together with a certificate from a principal of Borrower showing compliance with the covenants set forth in Section 5.9; and

(c) with reasonable promptness, all reports by Borrower to its shareholders, members or partners and such other information as Bank may reasonably request from time to time.

Section 5.2. **Books and Records**. Maintain its books and records and accounts in accordance with GAAP and permit any Person designated by Bank or Sponsor to visit Borrower's premises, inspect any of the Collateral or any of the books and records, and to make copies thereof and take extracts therefrom, and to discuss Borrower's financial affairs with Borrower's financial officers and accountants subject in each instance to reasonable prior written notice to Borrower, except in the event of a Default or Event of Default by Borrower, in which case notice shall not be required.

Section 5.3. **Taxes**. Promptly file all tax returns and pay and discharge all taxes, assessments, withholdings and other governmental charges imposed upon it, its income or profits, or upon any property belonging to it, prior to the date on which penalties attach thereto.

Section 5.4. **Notices to Bank**. Promptly notify Bank in writing of (i) the occurrence of any Default or Event of Default; (ii) any pending or threatened litigation claiming damages in excess of $25,000 or seeking relief that, if granted, would adversely affect the financial condition or business operations of Borrower; and (iii) any asserted violation by Borrower of or demand for compliance by Borrower with any applicable Law.

Section 5.5. **Compliance with Applicable Laws**. Comply in all material respects with all applicable Laws.

Section 5.6. **Existence**. Maintain its separate corporate, company or partnership existence and all rights, privileges and franchises in connection therewith, and maintain its qualification and good standing in all jurisdictions where the failure to do so could have a material adverse effect upon its business operations or its ability to repay the Loan.

Section 5.7. **Maintenance of Property; Insurance**. (a) Keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain with financially sound and reputable insurance companies insurance with respect to its properties material to the business of Borrower against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses operating in the same or similar locations.

Section 5.8. **Visitation, Inspection, Audits, Etc**. Permit any representative or consultant of Bank to visit and inspect its properties (including, without limitation, the real property, inventory, and equipment), to conduct audits of the Collateral (including without limitation all accounts and inventory and all records relating thereto), to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances, and accounts with any of its officers and with its independent certified public accountants (which discussions are hereby expressly authorized by Borrower), all at such reasonable times and as often as Bank may reasonably request. All expenses incurred by Bank in connection with any such visit, inspection, audit, examination, and discussions shall be borne by Borrower.

Section 5.9. **Debt Service Coverage Ratio**. Maintain a Debt Service Coverage Ratio of not less than **[1.30 to 1.0]**. This ratio will be calculated as of the last day of each fiscal **[quarter and]** year of Borrower based upon the preceding and cumulative fiscal year to date period, commencing on the first day on which Borrower or its Subsidiaries own the Collateral.

Section 5.10. **[Construction and Completion of Construction Project**.[52]

(a) **Commencement and Completion of Construction. Borrower will diligently pursue, subject to force majeure, Completion of Construction and cause Construction Loan Amortization Date to occur by no later than the end of the Construction Period, in substantial compliance with the Project Plans and Loan Documents, and without material deviation from the Project Plans unless with the prior written approval of Bank (which approval may be withheld in Bank's reasonable discretion) and Sponsor to the extent required under the License Agreement. Borrower will provide satisfactory evidence of full compliance with all of the above matters upon request therefor by Bank.**

(b) **Rights of Bank to Inspect Premises. Borrower will permit Bank and its representatives and agents and any Construction Inspector to enter upon the Property during normal business hours upon reasonable notice and to inspect the Construction Project and all materials to be used in the construction thereof and will reasonably cooperate and cause its general contractor to reasonably cooperate with Bank and its representatives and agents during such inspections (including making available to Bank working copies of the Project Plans together with all related supplementary materials); provided, however, that this provision shall not**

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be deemed to impose upon Bank any obligation to undertake such inspections or any liability for the failure to detect or failure to act with respect to any defect which was or might have been disclosed by such inspections.

(c) **<u>Correction of Defects</u>. Unless Borrower demonstrates to Bank that such corrective work is inappropriate or inconsistent with the Project Plans, Borrower will promptly correct all material defects in the Construction Project or any substantial departure from the Project Plans not previously approved in writing by Bank. Borrower agrees that the advance of any proceeds of the Construction Loan, whether before or after such defects or departures from the Project Plans are discovered by, or brought to the attention of Bank, shall not constitute a waiver of Bank's rights to require compliance with this covenant.**

(d) **<u>Mechanics and Materialmen</u>. Borrower shall furnish or cause its general contractor to furnish to Bank, upon the reasonable request of Bank, affidavits listing all materialmen, laborers, subcontractors and any other parties who have a reasonable basis to claim statutory or common law liens and are furnishing or have furnished material or labor to the Property or any portion thereof, together with affidavits, or other evidence satisfactory to Bank, showing that such parties have been paid all amounts then due for labor and materials furnished to the Premises. In addition, Borrower will notify Bank promptly, and in writing, if Borrower receives any notice, written or oral, from its general contractor, any laborer, subcontractor, materialman or other source to the effect that said laborer, subcontractor or materialman has not been paid when due for any labor or materials furnished in connection with the construction of the Construction Project. In addition, Borrower will furnish to Bank upon the reasonable demand by Bank, lien waivers bearing a then current date and prepared on a form reasonably approved by Bank from such general contractor and such subcontractors or materialmen as Bank may designate.**

(e) **<u>Review of Contracts, Subcontracts and Change Orders</u>. Bank and its Construction Inspector, if any, shall have the right (but not the obligation) to review all change orders to the general construction contract for the Construction Project previously reviewed by Bank which (a) in any way materially reduce the overall quality of the Construction Project or materials used therein, or have a materially adverse effect on any major functional element of the Construction Project, or otherwise materially adversely affect the Construction Project or any portion thereof, or (b) exceed the cost estimates for the Construction Project previously reviewed by Bank.**

(f) **<u>Project Plans</u>. Borrower shall complete the Construction Project substantially in compliance with the Project Plans without any material changes, other than change orders approved under <u>Section 5.10(e)</u>.**

(g) **<u>Construction Inspector</u>. The Construction Inspector, if utilized by Bank, shall be employed as Bank's independent construction inspector with respect to the construction of the Construction Project. The Construction Inspector shall**

(a) review and advise Bank with respect to the Project Plans, the general construction contract and other construction documents, engineering, soil and other studies, cost breakdowns and construction schedules, environmental audits and governmental approvals with respect to the construction of the Construction Project; (b) periodically inspect the Property, advise Bank of any deviations or deficiencies with respect to the construction of the Construction Project, review Borrower's request for advances under the Construction Loan, verify percentage of completion, and report to Bank in writing; (c) review and evaluate change orders with respect to construction of the Construction Project; (d) evaluate the completeness of the Construction Project upon substantial completion and upon final completion, and report any deficiencies to Bank in writing; and (e) perform such other services with respect to construction of the Construction Project as Bank may reasonably require. The actual, out-of-pocket cost and reasonable fees of the Construction Inspector incurred in connection with the performance of the Construction Inspector's duties under this Agreement shall be paid by Borrower directly to the Bank upon request by Bank, and Borrower shall indemnify and hold Bank harmless from any and all liability with respect thereto. Borrower, for itself and all Guarantors, endorsers and sureties of the Loan and Note, hereby acknowledges that all inspections and other services provided by the Construction Inspector are for the sole use and benefit of Bank and may not be used or relied upon by Borrower or any Guarantors, endorsers or sureties of the Loan or Note, or any other person or entity for any purpose whatsoever. Further, nothing contained in this provision or any other provision of this Agreement shall be construed to impose upon Bank any obligation to undertake any inspections of the Construction Project, nor to impose upon Bank or the Construction Inspector any liability to Borrower, any Guarantors, endorsers or sureties of the Loan or Note, or any person or entity other than Bank, for the Construction Inspector's failure to detect or disclose or failure to act with respect to any defect which was, might or should have been discovered by the Construction Inspector. Further, no inspections or services by the Construction Inspector shall be construed to indicate that work completed and approved by the Construction Inspector is or would be satisfactory to Borrower.

(h) **Bank's Administrative Costs. Borrower shall promptly upon demand reimburse Bank for, or pay on behalf of Bank, all costs and expenses incurred by or billed to Bank in connection with the Construction Project prior to or following Construction Loan Amortization Date, including, but not limited to, (i) Bank's and any Construction Inspector's inspection of the Property and the Construction Project; (ii) Bank's and any Construction Inspector's review of the Project Plans, construction contracts, architects' and engineers' inspections, reports and certifications, as-built surveys, title updates and endorsements, appraisals and Draw Requests; and (iii) reasonable attorneys' fees and costs incurred by or on behalf of Bank in connection therewith.**

(i) **Initial Disbursement of Construction Loan. On the date hereof, Bank will make an initial disbursement out of proceeds of the Construction Loan to pay**

certain approved closing costs and, if applicable, to fund a portion of the acquisition of the Property.

(j) <u>**Conditions Precedent to Bank's Obligations to Fund Construction Draws**</u>. **Bank shall in no manner be obligated to disburse additional proceeds of the Construction Loan unless and until the following conditions shall have been satisfied (in addition to the conditions precedent in <u>ARTICLE III</u>):**

(i) **Bank shall have received:**

(A) **A certification by Borrower or a consultant of Borrower stating that the Project Plans have been approved by Sponsor, to the extent such approval is required under the License Agreement, and by any and all necessary governmental authorities, that the Construction Project is and upon completion will be in compliance with all applicable zoning and other laws, ordinances, rules, regulations and restrictive covenants, that upon Completion of Construction the Construction Project may be lawfully used and occupied as contemplated herein, and that the general construction contract satisfactorily provides for the construction of the Construction Project.**

(B) **Evidence reasonably satisfactory to Bank that the proceeds of the Loan together with Borrower's equity will be sufficient to cover all costs reasonably anticipated to be incurred in Completion of Construction of the Construction Project and the obligations of Borrower to Bank under this Agreement.**

(C) **Evidence that Borrower has obtained all permits and governmental and quasi-governmental and improvement district approvals necessary for the construction of the Construction Project and the subsequent use and operation thereof to the extent such permits and approvals are ordinarily issued at that stage of construction.**

(D) **A certification from the title insurer or an attorney acceptable to Bank (which shall be updated from time to time at Borrower's expense upon request by Bank) that a search of the public records disclosed no Liens, conditional sales contract, chattel mortgages, leases of personalty, financing statements or title retention agreements (except those in favor of Bank) which affect title to the Property.**

(ii) **The warranties, representations and covenants of Borrower in the Loan Documents shall be true and correct in all material respects on and as of the date of the advance with the same effect as if made on such date.**

(iii) **There shall be no Default or Event of Default under this Agreement or any of the Loan Documents.**

(iv) **Bank shall have received a Draw Request complying with the requirements hereof, including those set forth in <u>Section 5.10(l)(i)</u> below.**

(v) **Borrower will furnish to Bank evidence, including without limitation, conditional lien waivers from every architect, engineer, contractor and subcontractor performing work on the Property, as to the lack of any mechanics' or materialmen's or similar liens.**

(vi) **Certificates from Borrower and its architect and Bank's Construction Inspector, if any, to the effect that in their opinion, the construction of the Construction Project theretofore performed was performed in accordance with the Project Plans, stating the estimated total cost of construction of the Construction Project, stating the percentage of in-place construction of the Construction Project attained by Borrower as of the date of the Draw Request, and stating that the remaining non-disbursed portion of the Construction Loan allocated for such purpose is adequate to complete the construction of the Construction Project.**

(vii) **The Construction Project shall have not been injured or damaged by fire or other casualty in any material manner, unless Bank shall have received insurance proceeds sufficient in the judgment of the Borrower's architect and Bank's Construction Inspector, if any, to effect the satisfactory restoration of the Construction Project.**

(k) **<u>Final Advance</u>. In addition to the foregoing, Bank's obligation to advance sums withheld pursuant to <u>Section 5.10(l)(ii)</u> below shall be subject to the following conditions:**

(i) **Evidence satisfactory to Bank, in Bank's reasonable discretion, of the approval by all required governmental and quasi-governmental authorities for permanent occupancy to the extent any such approval is or will be a condition of the lawful use and occupancy of the completed Construction Project.**

(ii) **Bank shall be satisfied that, or shall have received notification from Bank's Construction Inspector, if any, to the effect that, the Construction Project has been completed in substantial compliance with the Project Plans and in accordance with the Construction Project Budget previously reviewed by Bank, and that the undisbursed portion of the Construction Loan is sufficient to complete the Construction Project in accordance with the Project Plans.**

(iii) **Bank shall have received a final survey reasonably acceptable to Bank showing the as-built location of the completed Construction Project.**

(iv) **Evidence (including, without limitation, lien waivers) satisfactory to Bank, in Bank's reasonable discretion, that all sums due in connection with the construction and equipping of the Construction Project have been paid in full (or will be paid out of the funds requested to be advanced) and that no party claims or has a right to claim any statutory or common law lien arising out of the construction of the Construction Project or the supplying of labor, material and/or services in connection therewith. Borrower shall furnish to Bank evidence, including without limitation, final lien waivers from every architect, contractor, engineer and subcontractor, performing work on the Property, as to the lack of any mechanics' or materialmen's or similar liens or lien rights.**

(v) **The warranties, representations and covenants of Borrower in the Loan Documents shall be true and correct in all material respects on and as of the date of the advance with the same effect as if made on such date.**

(vi) **An endorsement to the paid title insurance policy in form and content, reasonably acceptable to Bank, insuring that the Mortgage continues to constitute a valid first security title and/or first security title in and security interest on the Property, free and clear of all defects and encumbrances, except for the Permitted Encumbrances, and such endorsement as Bank and their respective counsel shall approve containing full coverage against liens of mechanics, materialmen, laborers and any other parties who have rights to claim statutory or common law liens.**

(vii) **There shall be no Default or Event of Default under this Agreement or any of the Loan Documents.**

(l) **<u>Draw Requests to be Submitted to Bank</u>. Subject to the terms and conditions of this Agreement, Bank agrees to make disbursements to Borrower against the Note in accordance with the Construction Project Budget and in accordance with and subject to the following procedures:**

(i) **At such time as Borrower shall desire to obtain, subject to the other requirements hereof, a disbursement of any portion of the proceeds of the Construction Loan, Borrower shall complete, execute and deliver to Bank and its Construction Inspector, if any, and Sponsor a request for an advance on a standard American Institute of Architects form acceptable to Bank or such other form reasonably acceptable to Bank and Sponsor (hereinafter referred to as a "<u>Draw Request</u>"). Advances under the Construction Loan for any non-construction expenses actually incurred shall be within the amounts allocated for such cost in the Construction Project Budget previously reviewed by Bank. Where the Draw Request includes amounts to be paid to the general contractor, such Draw Request shall be accompanied by requisitions from such contractor (together with invoices to be covered by such requisition, when requested by Bank) which shall be satisfactory to Bank and Sponsor. Advances for actual cost of construction for the**

completed portion of the Construction Project, with no advances for duplication of work for which funds under the Loan have been previously advanced, work that does not substantially conform to the approved Project Plans, or work that is unsatisfactory in the reasonable opinion of Bank or Sponsor shall only be up to the amounts allocated for such costs in the Construction Project Budget, but may in no event exceed the actual costs of construction. Advances for stored materials will be in the reasonable discretion of Bank.

(ii) **In no event shall any advance allocable to a payment on account of work or materials for the Construction Project prior to Completion of Construction exceed an amount equal to ninety percent (90%) of the total amount of the requested advance.**

(iii) **Bank may, at its option, but at Borrower's expense, require Borrower's architect's certificate as to the progress of construction before making each disbursement in accordance with the terms of this Agreement.**

(iv) **Borrower agrees that all monies disbursed for construction of the Construction Project, unless otherwise provided, or otherwise permitted by Bank, shall be used by Borrower solely on account of construction costs for the Construction Project and no such monies shall be diverted or borrowed by Borrower for the use on any other project or for any other purpose. A material reallocation of line items on the Construction Project Budget may not be made unless prior written consent of Bank is obtained.**

(v) **Bank or its designee may, but it shall be under no duty to anyone to, inspect the progress of construction of any Construction Project at any time during the term of the construction thereof, and its determination of the degree of progress shall be conclusive. Such inspection shall be for the sole benefit of Bank but at the expense of Borrower. Borrower shall pay Bank for each inspection at the time of such inspection.**

(m) **Notice, Frequency and Place of Disbursements. At the option of Bank: (i) each Draw Request must be submitted to Bank and Sponsor at least ten (10) Business Days prior to the date of the requested advance (all Draw Requests must be separated by line items in the Construction Project Budget and only one (1) request may be submitted per month), and (ii) disbursements for the Construction Project shall be made no more frequently than monthly.**

(n) **Advances. Bank may make advances of portions of the Construction Loan proceeds to any person, including, without limitation, the general contractor, to whom Bank in good faith determines payment is due and any portion of the Construction Loan so disbursed by Bank shall be deemed disbursed as of the date on which the person to whom payment is made receives the same. The execution of this Agreement by Borrower shall, and hereby does, constitute an irrevocable authorization so to advance the proceeds of the Construction Loan. No further**

authorization from Borrower shall be necessary to warrant such direct advances and all such advances shall satisfy pro tanto the obligations of Bank hereunder and shall be secured by the Mortgage as fully as if made directly to Borrower.

(o) **Advances Do Not Constitute a Waiver. No advance of the proceeds of the Construction Loan shall constitute a waiver of any of the conditions of Bank's obligation to make further advances nor, in the event Borrower is unable to satisfy any such condition, shall any such advance have the effect of precluding Bank from thereafter declaring such inability to be an Event of Default under ARTICLE VII hereof.]**

Section 5.11. Transfers; Assumption. Borrower shall not directly or indirectly make, suffer or permit the occurrence of any Transfer. Notwithstanding the foregoing, Bank shall not unreasonably withhold its consent to a sale of the Collateral in its entirety to a successor franchisee approved by Sponsor under the License Agreement or pursuant to a new License Agreement (an "Assumptor"), and the assumption of the Loan by such Assumptor (an "Assumption), provided that

(a) No Default or Event of Default is then continuing;

(b) Borrower gives Bank written notice of the terms of such prospective Assumption not less than thirty (30) days before the date on which such sale is scheduled to close, accompanied by all information concerning the proposed Assumptor as Bank would require in evaluating an initial extension of credit to a borrower and such reasonable non-refundable application fee as shall be required by Bank. Bank shall have the right to approve or disapprove the proposed Assumptor, provided such approval shall not be unreasonably withheld;

(c) Borrower pays Bank, concurrently with the closing of such Assumption, a non-refundable assumption fee in an amount equal to all out-of-pocket costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements;

(d) Assumptor assumes all of the Obligations of Borrower under this Agreement, the Note and the other Loan Documents and, prior to or concurrently with the closing of such Assumption, Assumptor executes, without any cost or expense to Bank, such documents and agreements as Bank shall reasonably require to evidence and effectuate said Assumption and delivers such legal opinions as Bank may require;

(e) Borrower and Assumptor execute and cause to be filed in such public records as Bank deems appropriate, without any cost or expense to Bank, new financing statements or financing statement amendments and any additional documents reasonably requested by Bank;

(f) Borrower causes to be delivered to Bank, without any cost or expense to Bank, such endorsements to Bank's title insurance policy, property and liability insurance endorsements or certificates and other similar materials as Bank may deem necessary at the time of the Assumption, all in form and substance satisfactory to Bank**[, including, without limitation, an endorsement or endorsements to Bank's title insurance policy**

insuring the continuing lien of the Mortgage, with no additional exceptions added to such policy and insuring that fee simple title to the Property is vested in Assumptor][53];

(g) Borrower executes and delivers to Bank, without any cost or expense to Bank, a release of Bank, its officers, directors, employees and agents, from all claims and liability relating to the transactions evidenced by the Loan Documents through and including the date of the closing of the Assumption, which agreement shall be in form and substance satisfactory to Bank and shall be binding upon Assumptor;

(h) Such Assumption is not construed so as to relieve Borrower of any personal liability under the Note or any of the other Loan Documents for any acts or events occurring or obligations arising prior to or simultaneously with the closing of such Assumption and Borrower executes, without any cost or expense to Bank, such documents and agreements as Bank shall reasonably require to evidence and effectuate the ratification of said personal liability. Borrower shall be released from and relieved of any personal liability under the Note or any of the other Loan Documents for any acts or events occurring or obligations arising after the closing of such Assumption which are not caused by or arising out of any acts or events occurring or obligations arising prior to or simultaneously with the closing of such Assumption;

(i) Such Assumption is not construed so as to relieve any Guarantor of its obligations under any Loan Document for any acts or events occurring or obligations arising prior to or simultaneously with the closing of such Assumption, provided each member, partner or shareholder, as applicable, of Assumptor (each, a "Successor Guarantor"), assumes the obligations of such Guarantor and executes such documents as may be required by Bank to evidence such assumption. Guarantor shall be released from and relieved of any of its obligations under any Guaranty executed in connection with the Loan for any acts or events occurring or obligations arising after the closing of such Assumption which are not caused by or arising out of any acts or events occurring or obligations arising prior to or simultaneously with the closing of such Assumption;

(j) Assumptor has furnished to Bank all appropriate documents and instruments evidencing Assumptor's capacity and good standing, and the authority of the signers to execute the assumption of the Loan and the Loan Documents, which documents and instruments shall include certified copies of all documents and instruments relating to the organization and formation of Assumptor and of the entities, if any, which are direct or indirect members, partners or shareholders of Assumptor, all of which shall be satisfactory to Bank;

(k) Assumptor shall furnish an opinion of counsel satisfactory to Bank that the acquisition of the Collateral and the assumption of the Loan and the Loan Documents by Assumptor and, to the extent applicable, Successor Guarantor, was validly authorized, and duly executed and delivered, and constitutes the legal, valid and binding obligations of Assumptor and Successor Guarantor, enforceable against each of them in accordance

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with their respective terms, and with respect to such other matters as Bank may require; and

(l) Assumptor shall provide Bank with a fully executed copy of **[(1)]** a bill of sale covering the personal property Collateral**[, and (2) a deed covering the Property]**[54]**,** in form and substance reasonably satisfactory to Bank.

ARTICLE VI
NEGATIVE COVENANTS.

During the term of this Agreement, and thereafter for so long as any of the Obligations remain outstanding hereunder, Borrower covenants that unless Bank has first consented thereto in writing, it will not:

Section 6.1. Merger; Disposal or Moving of Collateral. Merge or consolidate with or acquire any substantial portion of the assets or stock of any Person; sell, lease, transfer or otherwise dispose of all or any portion of its properties (including any of the Collateral**[or other Property]**[55]), except sales or rentals of inventory in the ordinary course of business and Transfers approved in accordance with Section 5.11; or, without having given Bank at least thirty (30) days' prior written notice and having executed such instruments and agreements as Bank shall require, change its name, the location of any Collateral or the location of its chief executive office, principal place of business or the office at which it maintains its books and records.

Section 6.2. Liens. Grant or suffer to exist any Lien upon any of its assets except the Permitted Encumbrances and any Lien securing the Loan.

Section 6.3. Guarantees. Guarantee, assume, endorse or otherwise become contingently liable for any obligation or indebtedness of any Person, either directly or indirectly, exceeding **[$25,000]** not existing as of this date, except by endorsement of items of payment for deposit or collection or guarantees of operating leases in the ordinary course of business.

Section 6.4. Restricted Payments. Pay or make, or agree to pay or make, directly or indirectly, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, retirement, defeasance or other acquisition of, any Debt subordinated to the Obligations of Borrower or any Guarantee thereof or any options, warrants, or other rights to purchase such Debt, whether now or hereafter outstanding.

Section 6.5. Restrictive Agreements. Enter into, incur or permit to exist any agreement that prohibits, restricts or imposes any condition upon the ability of Borrower to create, incur or permit any Lien (other than Liens permitted under the License Agreement and Liens on Sponsor Assets) upon any of its assets or properties, whether now owned or hereafter acquired.

Section 6.6. Transactions with Affiliates. Sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or

[54] **Property Loans and Construction Loans**
[55] **Property Loans and Construction Loans**

otherwise engage in any other transactions with, any of its Affiliates, except in the ordinary course of business at prices and on terms and conditions not less favorable to Borrower than could be obtained on an arm's-length basis from unrelated third parties.

Section 6.7. Accounting Changes. Make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of Borrower.

Section 6.8. Loans. Make loans or advances of money to or investments in any Person, or (except in the ordinary course of business and on fair and reasonable terms) engage in any transaction with a Subsidiary or Affiliate.

ARTICLE VII
EVENTS OF DEFAULT.

Section 7.1. Events of Default. The occurrence of any one or more of the following conditions or events shall constitute an "Event of Default":

(a) Borrower shall fail to pay any amount within seven (7) days of the date when due and payable hereunder (whether due at stated maturity, on demand, upon acceleration or otherwise);

(b) any warranty, representation, or other statement by Borrower herein or in any instrument, certificate or financial statement furnished in compliance herewith proves to have been false or misleading in any material respect when made, **[or]** on the Closing Date**[, or on any subsequent disbursement date of any Construction Loan]**;

(c) Borrower shall fail or neglect to perform, keep or observe any covenant contained in this Agreement, any of the other Loan Documents or any other agreement now or hereafter entered into with Bank **[(including, without limitation, failure to cause Completion of Construction to occur on or before the expiration of the Construction Period unless extended by Bank in its sole discretion)]**[56], other than an Event of Default under Section 7.1(a), which failure remains uncured for thirty (30) days or more after the earlier of Borrower becoming aware of such failure or written notice thereof shall have been given to Borrower by Bank;

(d) Borrower or any of its Affiliates shall fail to make any payments (after the expiration of any applicable grace period) due on any other Loan from Bank, or Borrower or any of its Affiliates shall breach any covenant in any material respect contained in any agreement relating to such Loan, causing or permitting the acceleration of such Loan;

(e) Borrower or any Guarantor shall fail to pay when due any amount owed to any creditor (other than Bank) in excess of $10,000 or any Guarantor shall fail to pay or

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[56] **Construction Loans**

perform any liability or obligation in accordance with the terms of any agreement with Bank;

(f) Borrower or any Guarantor shall cease to be Solvent, shall die or become incompetent, shall suffer the appointment of a receiver, trustee, custodian or similar fiduciary, shall make an assignment for the benefit of creditors, or shall make an offer of settlement or composition to their respective unsecured creditors generally;

(g) a Bankruptcy Event shall occur with respect to Borrower or any Guarantor;

(h) any judgment, writ of attachment or similar process is entered or filed against Borrower or any Guarantor or any of Borrower's or any Guarantor's property and such judgment, writ of attachment or process is not dismissed, satisfied or vacated within ten (10) days thereafter or results in the creation or imposition of any Lien upon any Collateral that is not a Permitted Encumbrance;

(i) any Guarantor shall revoke or attempt to revoke the Guaranty signed by such Guarantor or shall repudiate such Guarantor's liability thereunder;

(j) any Person, or group of Persons (whether or not related) other than Sponsor or one of its Affiliates, shall have or obtain legal or beneficial ownership of a majority of the outstanding voting securities or rights of Borrower, other than any Person, or group of Persons, that has such majority ownership on the date of execution of this Agreement;

(k) a Change in Control of Borrower shall have occurred without the prior written consent of Bank, which shall not be unreasonably withheld;

(l) Borrower's License Agreement **[or right to operate the Property]**[57] shall terminate or be revoked for any reason;

(m) Borrower shall have received notice from the Sponsor that a default has occurred under the License Agreement and such default is not cured within any applicable cure period, <u>provided</u> that defaults which Sponsor has waived or agreed to forbear from receiving payment on account of such default due to Sponsor's providing financial assistance to Borrower shall not be an Event of Default under this Agreement as long as such waiver or forbearance is in effect; or

(n) Sponsor shall fail to pay when due any amount owed to Bank or shall fail to pay or perform any liability or obligation in accordance with the terms of any agreement with Bank relating to the loan facility between Bank and Sponsor under which the Loan is made to Borrower.

Section 7.2. **<u>Remedies</u>**. The Loan shall become immediately due and payable (without notice to or demand upon Borrower) upon the occurrence of an Event of Default under

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[57] **Property Loans and Construction Loans**

Section 7.1(g) of this Agreement; and upon and after the occurrence of any other Event of Default, Bank shall have the right to declare the entire unpaid principal balance of and accrued interest with respect to the Loan to be, and the same shall thereupon become, immediately due and payable upon receipt by Borrower of written notice and demand. From and after the date on which the Loan becomes automatically due and payable or is declared by Bank to be immediately due and payable as aforesaid, Bank shall have and may exercise from time to time any and all rights and remedies afforded to a secured party or otherwise under any Loan Document or applicable Law. If the Loan is collected by or through an attorney at law, Bank shall be entitled to collect reasonable attorneys' fees and court costs from Borrower.

Section 7.3. Application of Funds. After the exercise of remedies provided for in Section 7.2 (or after the Loan has automatically become immediately due and payable), any amounts received on account of the Obligations shall be applied in the following order:

(a) First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts payable to the Bank;

(b) Second, to payment of that portion of the Obligations constituting interest on the Loan;

(c) Third, to payment of that portion of the Obligations constituting unpaid principal of the Loan;

(d) Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

ARTICLE VIII
MISCELLANEOUS.

Section 8.1. Waivers. Borrower waives notice of Bank's acceptance hereof. Borrower hereby waives any requirement on the part of Bank to post any bond or other security as a condition to Bank's right to obtain an immediate writ of possession with respect to any Collateral. Bank shall not be deemed to have waived any of its rights upon or remedies hereunder or any Event of Default unless such waiver be in writing and signed by Bank. No delay or omission on the part of Bank in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion.

Section 8.2. Notices.

(a) Written Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, telecopy or similar teletransmission or writing) and shall be given to such party at its address or applicable teletransmission number set forth below, or such other address or applicable teletransmission number as such party may hereafter specify by notice to Bank and Borrower. Each such notice, request or other communication shall be effective (i) if given by mail, five (5) Business Days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, (ii) if given by telecopy, when such telecopy is transmitted to the telecopy number specified in this Section 8.2 and the appropriate confirmation is received, or (iii) if given by any other means (including, without limitation, by air courier), when delivered or received at the address specified in this Section 8.2.

If to Borrower:	______________________________ ______________________________ ______________________________ Attention ______________________ Telecopier No.: _________________
If to Bank:	SunTrust Bank Mail Code GA-ATL-1802 303 Peachtree Street, N.E., 2nd Floor Atlanta, Georgia 30308 Attention: Mike Smith Telecopier No.: (404) 724-3716

(b) Electronic Communications.

(i) Notices and other communications to the parties hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Bank. Bank or Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(ii) Unless Bank otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (B) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (A) of notification that such notice or communication is available and identifying the website address therefor.

Section 8.3. Indemnification and Exculpation.

(a) Borrower hereby agrees to protect, indemnify and save harmless the Bank and the officers, directors, shareholders, employees, agents and representatives thereof (each an

"Indemnified Party") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs (including, without limitation, reasonable attorney fees and costs actually incurred), expenses or disbursements of any kind or nature whatsoever, whether direct, indirect, consequential or incidental, with respect to or in connection with or arising out of (i) the execution and delivery of this Agreement, or any agreement or instrument contemplated hereby or thereby, including without limitation, the Loan Documents, the performance by the parties hereto or thereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby, (ii) the making or administration of the Loan, (iii) the enforcement, performance and administration of this Agreement or the Loan Documents or any powers granted to the Bank hereunder or under any Loan Documents, (iv) any matter arising pursuant to any environmental laws as a result of the Collateral or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether or not the Indemnified Party is a named party thereto, except to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the Indemnified Party's breach in bad faith of its obligations under any of the Loan Documents (except to the extent that such losses, claims, damages, liabilities or related expenses are with respect to or in connection with or arising out of clause (iv) above) or the gross negligence or willful misconduct of such Indemnified Party as finally determined by a court of competent jurisdiction.

(b) Without limiting the generality of the foregoing, Borrower agrees to indemnify and hold harmless each Indemnified Party from and against, and on demand will pay or reimburse any Indemnified Party for, any and all liabilities arising from a breach of any representation or warranty made by Borrower hereunder.

(c) If any taxes, collateral filing fees or other fees or charges shall be payable by Borrower or Bank on account of the execution, delivery or recording of any of the Loan Documents, Borrower will pay (or reimburse Bank's payment of) all such taxes, collateral filing fees or other fees or charges, including any applicable interest and penalties, and will indemnify and hold Bank harmless from and against liability in connection therewith.

(d) The Bank and its directors, officers, agents and employees shall not be personally liable for any action taken or omitted to be taken by it in connection with any Loan Document except for its own gross negligence, recklessness, bad faith or willful misconduct. The Bank shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement or other writing (which may be a bank wire, telex or similar writing) given in accordance with other provisions of this Agreement reasonably believed by it to be genuine or which is otherwise in accordance with the instructions of Borrower.

(e) The obligations of Borrower under this Section shall survive the repayment in full of the Loan.

Section 8.4. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the other Loan Documents, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by Bank (and in the

EXHIBIT A

Form of Note

[ATTACH]

EXHIBIT B

Trade Names/Subsidiaries/Locations of Assets

Trade Names

Subsidiaries

Location of Assets

NEW EXHIBIT

EXHIBIT J

ADDENDUM TO VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA

1. California Corporations Code, Section 31125, requires VIOCF to give you a disclosure document, approved by the California Department of Business Oversight, before solicitation of a proposed material modification of an existing franchise.

2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

3. Item 3 of the disclosure document is hereby modified by adding the following paragraph to the end thereof:

   > "Except as may be disclosed in this Item 3, neither VIOCF nor any person listed in Item 2 of this Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange."

4. Item 17 of the disclosure document is hereby modified by adding the following paragraphs to the end thereof:

   > "California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
   >
   > The License Agreement and Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101, et seq.).
   >
   > The License Agreement and Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
   >
   > The License Agreement requires that the courts located in Lexington, Kentucky will have sole jurisdiction over enforcement of the License Agreement and Development Agreement. This provision may not be enforceable under California law.
   >
   > Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The License Agreement and Development Agreement require application of the laws of Commonwealth of Kentucky. This provision may not be enforceable under California law.

The License Agreement requires you to sign a general release of claims upon renewal or transfer of the License Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)."

5. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

ADDENDUM TO VIOCF DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

1. The State Cover Page of this disclosure document is hereby modified to comply with Hawaii law by adding the following disclosure after the stated "Risk Factors":

> **"THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**
>
> **THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**
>
> **THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**
>
> **AS A RESULT OF THE CURRENT FINANCIAL STATEMENTS FOR VALVOLINE INC. (OUR PARENT COMPANY) REFLECTING A NEGATIVE NET WORTH, THE STATE OF HAWAII REQUIRES THE FRANCHISOR TO DEFER ALL FEES PAID TO THE FRANCHISOR OR RELATED PARTIES UNTIL ALL OF THE PRE-OPENING OBLIGATIONS OF THE FRANCHISOR HAVE BEEN COMPLETED AND THE FRANCHISEE IS OPEN FOR BUSINESS."**

2. Item 2 of the disclosure document is hereby modified by the addition of the following:

> "No person identified in this Item 2 has within 10 years:
>
> (a) been found guilty of a felony or held liable in a civil action by final judgment if the civil action involved a fraud, embezzlement, fraudulent conversion, or misappropriation of property; or

(b) been subject to any currently effective order of the Securities and Exchange Commission or the securities administrator of any state denying registration to or revoking or suspending the registration of such person as a securities broker or dealer or investment advisor or to any currently effective order of any national securities association or national securities exchanges (as defined in the Securities and Exchange Act of 1934) suspending or expelling such person from membership of such association or exchange; or

(c) been subject to any currently effective order or ruling of the Federal Trade Commission or to any currently effective order relating to business activity as a result of an action brought by any public agency or department."

3. Item 5 of the disclosure document is hereby modified by adding the following language to the end thereof:

"The State of Hawaii Business Registration Division Department of Commerce and Consumer Affairs requires us to defer payment of the initial license fee, development fee and other initial payments owed by licensees to us until the we have completed all pre-opening obligations."

4. Item 7 of the disclosure document is hereby modified by adding the following language to the end thereof:

"The State of Hawaii Business Registration Division Department of Commerce and Consumer Affairs requires us to defer payment of the initial license fee, development fee and other initial payments owed by licensees to us until the we have completed all pre-opening obligations.

5. Item 11 of the disclosure document is hereby modified by adding the following language to the end thereof:

"Franchise owners are not entitled to any refund of fees paid if the obligations to be performed by VIOCF prior to the opening of the franchised business are not complete within the prescribed time."

ADDENDUM TO VIOCF DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

1. The Risk Factors set forth on the Franchise Disclosure Document Stave Cover Page of this disclosure document are hereby modified to comply with Section 4 of the Illinois Franchise Disclosure Act, which provides that any provision in a franchise agreement that, other than jurisdiction and venue for arbitration, designates jurisdiction or venue in a forum outside of Illinois is void.

2. Item 17 of the disclosure document is hereby modified as follows:

   (a) by substituting the following in place of the items "v" and "w" of the chart regarding the License Agreement and Development Agreement :

"

Provision	Section in License Agreement ("LA"); Development Agreement ("DA"); SBA Addendum ("SBA")	Summary
v. Choice of forum	DA - Section 11.7 LA - Section 26 SBA – Not applicable	Courts of the State of Illinois or a U.S. District Court in the State of Illinois will have sole jurisdiction over enforcement of the License Agreement and Development Agreement. See State Addenda.
w. Choice of law	DA - Section 11.7 LA - Section 26 SBA – Not applicable	Illinois law applies. See State Addenda.

"

and by and by adding the following paragraph to the end thereof:

> "The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law: 815 ILCS 705/19 and 20."

3. Illinois law governs the agreements between the parties to this franchise. Pursuant to Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.

ADDENDUM TO VALVOLINE INSTANT OIL CHANGE DISCLOSURE DOCUMENT

FOR THE STATE OF MARYLAND

1. The State of Maryland Office of the Attorney General Securities Division requires us to defer payment of the initial license fee, development fee and other initial payments owed by licensees to us until the we have completed all pre-opening obligations.

2. Items 5 and 7 of the disclosure document are hereby modified to make the due date for payment of the initial license fee, development fees, and any other pre-opening payments by you to us, consistent with paragraph 1 of this Addendum.

ADDENDUM TO VALVOLINE INSTANT OIL CHANGE DISCLOSURE DOCUMENT
<u>FOR THE STATE OF NEW YORK</u>

1. The State Cover Page of this disclosure document is hereby modified to comply with New York law by adding the following disclosures after the stated "Risk Factors":

> "REGISTRATION OF THIS FRANCHISE BY NEW YORK DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.
>
> THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS."

2. Item 3 of the disclosure document is hereby modified by adding the following language to the end thereof:

> "Except as previously disclosed in this Item 3, none of us, any predecessor of us, a person identified in Item 2, or an affiliate of us offering franchises under our principal trademark:
>
> (a) has (i) an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent, conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations; or (ii) any other action pending against that person, other than routine litigation incidental to our business, which are significant in the context of the number of licensees and the size, nature or financial condition of the VIOCF franchise system or our business operations;
>
> (b) has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten-year period immediately preceding the application for registration in the State of New York, has been convicted of or pleaded *nolo contendere* to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations; or
>
> (c) is (i) subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or

national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or (ii) subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent."

3. Item 4 of the disclosure document is hereby modified by adding the following language to the end thereof:

"During the 10-year period immediately preceding the date of the disclosure document, none of us, an affiliate of us, any predecessor of us, or any officer or general partner of VIOCF, has (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debt under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of VIOCF held this position in the company or partnership."

4. Item 5 of the disclosure document is hereby modified by adding the following language to the end thereof:

"Proceeds from the Initial Franchise Fee are, in part, compensation to us for your use of the service marks and the VIOCF system and are, in part, used to defray our expenses and costs incurred in connection with registering and offering franchises, identifying and evaluating prospective franchisees, registering and protecting our service marks and commercial symbols, further development of the VIOCF system, providing the initial package of plans and other materials provided to franchisees, and furnishing services to franchisees."

5. Section "d" of the first chart in Item 17 of the disclosure document is hereby modified by adding the following language to the "Summary" thereof:

"You are permitted to terminate the License Agreement upon any ground permitted by law. You are permitted to terminate the Area Development Agreement upon any ground permitted by law."

6. Section "c" and Section "m" of the first chart in Item 17 of the disclosure document is hereby modified by adding the following language to the end of the "Summary" thereof:

"Notwithstanding the above, all rights enjoyed by the franchisee and any causes of action arising in its favor from the provisions of the General Business Law of the State of New York, Article 33, and the regulations thereunder remain in force."

7. Section “w” of the first chart in Item 17 of the disclosure document is hereby modified by adding the following language to the end of the “Summary” thereof:

> “The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor, or upon you, the franchisee, by Article 33 of the General Business Law of the State of New York.”

ADDENDUM TO VALVOLINE INSTANT OIL CHANGE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

1. Item 17 "h." of each of the charts in Item 17 of this disclosure document is hereby modified to comply with Virginia law by adding the following disclosure at the end of the "Summary" column to item "h.":

> "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
>
> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable."

EXHIBIT ~~J~~K

RECEIPT
(Our Copy – return in enclosed envelope)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us in connection with the proposed franchise sale or earlier if required by state law. New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington DC 20580 and the state agency listed on Exhibit B.

The franchisor is Valvoline Instant Oil Change Franchising, Inc. located at ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, KY 40509. The franchise sellers for this offering are ___Lesley Reed, ___Bill Welch, ___Michelle Lazano, ___Gayle McMillin, ___ Steve Gingery, or ___ Mike Ridd, ___ Chad Graham located at ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, KY 40509, telephone (800) 211-8778.

This disclosure document was issued January 5, 2017, as amended March 21, 2017. We authorize the respective state agencies identified on Exhibit C to receive service of process for VIOCF in the particular state.

I have received a disclosure document dated January 5, 2017, as amended March 21, 2017. (For state-specific effective dates, see the State Cover Page of this disclosure document.)

A. Franchise ("License") Agreement & Related Materials
  - Exhibit A-1 – License Agreement & State Amend. to License Agreement
  - Exhibit A-2 – Licensee Sign & Equipment Lease
  - Exhibit A-3 – Licensee Supply Agreement
  - Exhibit A-4 – Covenant Not To Compete
  - Exhibit A-5 – Spousal Consent
  - Exhibit A-6 – ("EFT") Authorization
  - Exhibit A-7 – Addendum to Lease
  - Exhibit A-8 – Amendment to License
  - Exhibit A-9 – Release
  - Exhibit A-10 – Incentive Promissory Note
  - Exhibit A-11 – Development Agreement
  - Exhibit A-12 – SBA Addendum
  - Exhibit A – 13 – Incentive Program Agreement

B. List of Administrators
C. Agents for Service of Process
D. Financial Statement
E. Guarantee of Performance
F. List of Franchisees
G. List of Former Franchisee Locations
H. Operations Manual Table of Contents
I. SunTrust Financing Documents
J. Addenda to Franchise Disclosure Document
K. Receipts

Date	Signature	Printed Name

EXHIBIT ~~J~~K

RECEIPT
(Your Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us in connection with the proposed franchise sale or earlier if required by state law. New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington DC 20580 and the state agency listed on Exhibit B.

The franchisor is Valvoline Instant Oil Change Franchising, Inc. located at ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, KY 40509. The franchise sellers for this offering are ___Lesley Reed, ___Bill Welch, ___Michelle Lozano, or ___Gayle McMillin, ____ Steve Gingery, or ____ Mike Ridd, ___ Chad Graham located at ~~3499 Blazer Parkway~~100 Valvoline Way, Lexington, KY 40509, telephone (800) 211-8778.

This disclosure document was issued January 5, 2017, as amended March 21, 2017. We authorize the respective state agencies identified on Exhibit C to receive service of process for VIOCF in the particular state.

I have received a disclosure document dated January 5, 2017, as amended March 21, 2017. (For state-specific effective dates, see the State Cover Page of this disclosure document.)

A. Franchise ("License") Agreement & Related Materials
   - Exhibit A-1 – License Agreement & State Amend. to License Agreement
   - Exhibit A-2 – Licensee Sign & Equipment Lease
   - Exhibit A-3 – Licensee Supply Agreement
   - Exhibit A-4 – Covenant Not To Compete
   - Exhibit A-5 – Spousal Consent
   - Exhibit A-6 – ("EFT") Authorization
   - Exhibit A-7 – Addendum to Lease
   - Exhibit A-8 – Amendment to License
   - Exhibit A-9 –Release
   - Exhibit A-10 –Incentive Promissory Note
   - Exhibit A-11 – Development Agreement
   - Exhibit A-12 – SBA Addendum
   - Exhibit A-13 – Incentive Program Agreement

B. List of Administrators
C. Agents for Service of Process
D. Financial Statement
E. Guarantee of Performance
F. List of Franchisees
G. List of Former Franchisee Locations
H. Operations Manual Table of Contents
I. SunTrust Financing Documents
J. Addenda to Franchise Disclosure Document
K. Receipts

_______________ ______________________________ ______________________________________

EXHIBIT ~~J~~K

Date	Signature	Printed Name