



## FRANCHISE DISCLOSURE DOCUMENT

Valvoline Instant Oil Change Franchising, Inc.

A Delaware Corporation

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 \$178,025 to \$3,273,500 per service center. This includes the \$45,000 to \$130,000 that must be paid to the franchisor or an affiliate.

If you are offered the opportunity to develop multiple service centers under a development agreement, you will pay us a development fee of \$1,250 to \$5,000 for each existing oil change facility that you convert into a Valvoline Instant Oil Change service center and \$1,250 to \$15,000 for each newly constructed Valvoline Instant Oil Change service center to be developed by you. The minimum number of service centers that you must open under the development agreement will be mutually agreed upon by you and us, but will be at least three service centers. The estimated total investment ranges from \$181,775 to \$3,253,500 for the area development rights to open three service centers and the first service center licensed in connection with the development agreement. This includes the \$48,750 to \$175,000 that must be paid to the franchisor or an affiliate.

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](http://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.

Issued: December 3, 2021, as amended January 27, 2022

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F and Exhibit G.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Valvoline Instant Oil Change business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Valvoline Instant Oil Change franchisee?</b>	Item 20, Exhibit F and Exhibit G list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need to Know About Franchising Generally

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit B.

Your state also may have laws that require special disclosures or amendments be made to a franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About This Franchise

Certain states require that the following risk(s) be highlighted:

1. Out-of-State Dispute Resolution. The license agreement and development agreement require you to resolve disputes with the franchisor by litigation only in Kentucky. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Kentucky than in your own state.
2. Spousal Liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**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 franchisor 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  
Franchise Section  
G. Mennen Williams Building, First Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
Telephone Number: (517) 335-7567

Note: Notwithstanding paragraph (f) above, we intend to, and you agree that you and we 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

- A. Franchise ("License") Agreement and Related Materials
  - Exhibit A-1 – License Agreement & State Amendments to License Agreement
  - Exhibit A-2 – Licensee Sign & Equipment Lease
  - Exhibit A-3 – Licensee Supply Agreement
  - Exhibit A-4 – Covenant Not To Compete
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  - Exhibit A-6 – Electronic Funds Transfer Authorization
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- B. List of Administrators
- C. Agents for Service of Process
- D. Financial Statements
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- F. List of Franchisees
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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 100 Valvoline Way, Lexington, Kentucky 40509. VIOCF does not conduct business under any other name. Since August 1, 1988, VIOCF has offered 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 US LLC (“Valvoline LLC”). Valvoline LLC is a direct, wholly owned subsidiary of Valvoline Inc. (“Valvoline”). Valvoline’s principal place of business is 100 Valvoline Way, Lexington, Kentucky 40509. Valvoline is engaged in the business of manufacturing and selling specialty lubricants and related products.

Valvoline completed an initial public offering to separate from its predecessor and former parent company, Ashland Global Holdings Inc. (which together with its predecessors and consolidated subsidiaries is referred to as “Ashland”). As of May 12, 2017, Valvoline’s separation from Ashland was complete and Valvoline is no longer a controlled and consolidated subsidiary of Ashland.

Valvoline has not previously offered license or development agreements of the type offered by VIOCF or any other type of business.

In an October 12, 2021 press release, Valvoline announced that it plans to separate two of its business segments, the “Retail Services” segment (under which VIOCF offers and sells Valvoline Instant Oil Change franchises and company-owned Valvoline Instant Oil Change Centers are operated), and the “Global Products” segment (under which lubricants and other automotive and engine maintenance products are sold, primarily to automotive retailers, installers and original equipment manufacturers). As of the original issuance date of this disclosure document, no timetable for the completion of the separation has been announced.

Valvoline, through Valvoline Canadian Franchising Corp., does currently offer license agreements of the type offered by VIOCF. On July 13, 2018, Valvoline, through Valvoline Canadian Franchising Corp. and Valvoline Pte. Ltd., acquired the business assets of Great Canadian Oil Change Franchising Ltd., consisting of seventy-two (72) franchisee-owned stores in British Columbia, Alberta, Manitoba, Saskatchewan and Ontario (the “Great Canadian System”). On October 31, 2018, Valvoline, through Valvoline Canadian Franchising Corp., acquired the business assets of Oil Changers Inc., consisting of twenty-nine (29) franchisee-owned stores in Ontario (the “Oil Changers System”). On June 19, 2019, Valvoline, through Valvoline Quick Lube Corp. (an affiliate of the Franchisor), acquired certain business assets of Minit Lube Inc., Ken Robinson, Keith Robinson, Paul Robinson, The Ken & Ellen Family Trust, and The Keith and Claudette Family Trust, consisting of four (4) quick lube businesses owned and operated under the Minit Lube trade name, in Alberta (the “Minit Lube System”). In order to consolidate the franchisees of the Great Canadian System, the franchisees of the Oil Changers System, and the franchisees



of the Minit Lube System, Valvoline, through Valvoline Canadian Franchising Corp., is currently offering or will offer license agreements to such franchisees. These license agreements will offer such franchisees the opportunity to own and operate a franchised quick lube business under the Great Canadian Oil Change name as part of the Great Canadian System. Valvoline, through Valvoline Canadian Franchising Corp. or otherwise, does not currently offer development agreements of the type offered by VIOCF or any other type of business.

From October 1, 1989, to September 30, 1993, Valvoline Instant Oil Change, Inc., and, from September 30, 1993 to September 30, 2020, Valvoline Instant Oil Change, as a business of Valvoline LLC (“VIOC”) operated and operates company-owned service centers (709 service centers as of September 30, 2021) that offer quick service oil changes. VIOC’s principal place of business is 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 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.

VCA Solutions, LLC (“VCA”) is an affiliate of VIOCF. VCA’s principal place of business is 100 Valvoline Way, Lexington, Kentucky 40509. VCA is engaged in product development and sales activities. VCA 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 VIOCF and have converted their quick lube facilities into Valvoline Instant Oil Change service centers. OCHI’s principal place of business is 100 Valvoline Way, Lexington, Kentucky 40509. OCHI does not offer license or development agreements of the type offered by VIOCF or any other type of business.

### 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 then-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 acquiring and converting existing oil change facilities that are not currently branded as part of the System (as defined below) and/or by new construction, a specific number of Centers in a defined area (the “Development Area”). If you sign a Development Agreement with us, the minimum number of Centers that you must open under the Development Agreement will be mutually agreed upon by you and us, but will be at least three Centers. 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 then-current form of the License Agreement offered to new licensees at that time, which may differ from VIOCF’s current License Agreement included in Exhibit A-1 of this disclosure document.

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.

## 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 a Motor Vehicle Repair Shop Act or similar law. A few of the states' laws provide exemptions for quick lube businesses, 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

### Interim President: Matthew L. Furcolo

Matthew L. Furcolo is the Interim President of VIOCF and has served in this capacity since August 2021. He also serves as the Vice President of Operations of VIOC, a position he has held since February 2013. Mr. Furcolo 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 Assistant General Counsel, Chief M & A Counsel of Valvoline, a role which he has held since August 2016. He is lead counsel to VIOC and VIOCF, a role which he has held since October 2013. Mr. Cieri is located in Lexington, Kentucky.

### Vice President of Franchising: Adam C. Worsham

Adam C. Worsham is Vice President of Franchising for Valvoline and has served in that capacity since March 2021. From April 2019 until March 2021 he served as Director Sales and Marketing for VIOC. From September 2017 until April 2019, he served as Franchise Marketing Manager for VIOC. Prior to that role, Mr. Worsham served as National Account Manager for Valvoline from June 2014 until September 2017. Mr. Worsham is located in Lexington, Kentucky.

### Director and Vice President of Marketing: Laura E. Carpenter

Laura E. Carpenter has served as a member of the Board of Directors since April 2018, and since August 2019, she has served as Vice President of Marketing of VIOC. From December 2017 until August 2019, she served as Vice President of Franchising of VIOCF. From September 2016 until December 2017, she

served as Vice President of Marketing, Core North America for Valvoline. Mrs. Carpenter is located in Lexington, Kentucky.

Director of Franchise Operations: Victor J. Cavalieri

Victor J. Cavalieri is Director of Franchise Operations and has served in that capacity since May 2017. From February 2013 until May 2017, he served as a Franchise Account Manager for VIOCF. Mr. Cavalieri is located in Rochester, New York.

Director of Franchise Operations: Christine R. Merriman

Christine R. Merriman is Director of Franchise Operations for VIOCF and has served in that capacity since July of 2019. From April 2014 until July 2019, she served as served as a Franchise Account Manager and Franchise Business Consultant for VIOCF. Ms. Merriman is located in Plano, Texas.

Assistant Treasurer: Lynn P. Freeman

Lynn P. Freeman is Assistant Treasurer of VIOCF and has served in that capacity since August 2016. She is currently the Assistant Treasurer of Valvoline, a position that she has held since August 2016. Ms. Freeman is located in Lexington, Kentucky.

ITEM 3  
LITIGATION

PENDING ACTIONS

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 ultimate 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 ultimate 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.

CONCLUDED 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 was certified as a class action. The representative class plaintiffs, who were customers of West Virginia Oil & Lube LLC ("WVOL"), a VIOCF franchisee, alleged 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 sought punitive damages. Plaintiffs' claims revolved solely around an environmental service fee ("ESF") charged by WVOL at its West Virginia locations. Ashland Inc., VIOCF and Valvoline International, Inc. (together the "Ashland Defendants") were named as defendants under theories of direct liability, joint venture and vicarious liability. Plaintiffs alleged 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 claimed 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.

The Ashland Defendants and WVOL raised a number of defenses to these claims, and denied that there was anything deceptive about the way the ESF was charged. The Ashland Defendants further asserted 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 argued that they cannot be liable for WVOL's actions.

Plaintiffs sought significant damages (several million dollars). The Matter was settled December 12, 2014 at mediation. An Order Approving Class Action Settlement was entered on June 2, 2015. The settlement included an award of attorneys' fees, costs and expenses to the Plaintiffs' counsel and the issuance of four coupons, valued at \$28, to the Plaintiffs for use at WVOL automotive service centers.

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, initially filed on February 8, 2012 in the United States District Court for the Eastern District of Kentucky and transferred to the United States District Court for the Southern District of California on August 22, 2012.

In this case VIOCF, Ashland Inc., Ashland Licensing and Intellectual Property (collectively, "Valvoline Plaintiffs") and a VIOCF franchisee sued VIOCF's former franchisee, RFG Oil, Inc. ("RFG Oil"), raising claims of trademark infringement, unfair competition, violations of the California Business and Professions Code, declaratory judgment, breach of contract and tortious interference, and seeking an injunction to prohibit RFG Oil from using VIOCF trademarks, using confidential and proprietary information, and holding out non-Valvoline oil as a genuine Valvoline product. 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 asked for declaratory relief. The claims all stemmed from VIOCF's termination of the franchise relationship with RFG in November of 2011. On November 22, 2015, the parties entered into a Confidential Settlement Agreement and Mutual Release in which the Valvoline Plaintiffs agreed to pay RFG Oil \$365,000, and RFG Oil and the Valvoline Plaintiffs released each other from future claims. An Order Granting Joint Motion to Dismiss was entered on January 23, 2015.

In Re: Franchise No Poaching Provisions, State of Washington, King County Superior Court, No. 18-2-25830-8 SEA, Assurance of Discontinuance, dated October 16, 2018.

The Attorney General of the State of Washington brought an action against us regarding the inclusion in our license agreements of certain no-poach provisions that limited a licensee's ability to solicit or hire workers employed by us. We agreed to enter into an Assurance of Discontinuance with the State of Washington, without admission of law, fact, liability, misconduct or wrongdoing, that we would no longer include no-poach provisions in future license agreements, we would not enforce the provisions in existing license agreements, and we would amend agreements with licensees located in the State of Washington to remove the no-poach provisions. We further agreed to modify other license agreements entered into with licensees outside of the State of Washington to remove the no-poach provisions during the ordinary course of business as those agreements are renewed or otherwise modified. The Assurance of Discontinuance states that the filing on October 16, 2018 with the State of Washington, King County Superior Court concluded the investigation.

## LITIGATION AGAINST FRANCHISEES COMMENCED IN THE LAST FISCAL YEAR

None

Except for the matters described above, 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 non-refundable license fee of \$30,000 for your first Center, with half of the fee to be paid upon signing the License Agreement (a sample of the License Agreement is attached as Exhibit A-1) and half of the fee to be paid on the 20<sup>th</sup> day of the following month after the Center has opened. The license fees for additional Centers you open 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.

During our last fiscal year, the actual license fees paid by individual franchisees were \$0 to \$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 of the Development Agreement is attached as Exhibit A-11), you must pay VIOCF a non-refundable development fee of \$1,250 to \$5,000 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 \$1,250 to \$15,000 for each newly constructed Center. The minimum number of Centers that you must open under your Development Agreement will be mutually agreed upon by you and us, but will be at least three Centers. In determining the range of development fees that you will pay for each Center, we consider the amount of resources that we will need to devote to the development of the Centers and the training of in-store personnel employed by franchisee.

If you are a new franchisee signing a Development Agreement, the license fee under the first License Agreement will be \$30,000. As disclosed above, the license fee will be \$20,000 for the first newly constructed Center that is not the first License Agreement entered into by you with us. Each license fee under subsequent License Agreements executed in connection with the Development Agreement will be \$5,000 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 up to \$5,000 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 \$5,000 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 \$5,000 in the case of a newly constructed Center.

VIOCF development fees are due upon signing of the Development Agreement, and are considered earned when paid, and the fees are not refundable. During our last fiscal year, development fees paid to us were \$1,250 to \$3,750 per Center.

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 non-refundable 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 non-refundable 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.

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 for which you may qualify to participate.

Operating Equipment

For each Center that you operate, you must purchase certain operating equipment, including radiator flush equipment, tire rotation and balance equipment, a fluid exchange system and a point of sale system, from VIOCF, its affiliates or other vendors designated by VIOCF. We estimate the range of fees for this operating equipment to be \$15,000 to \$100,000 per Center. These fees are not refundable.

ITEM 6  
OTHER FEES

<u>Type of Fee</u>	<u>Amount</u>	<u>Date Due</u>	<u>Remarks</u>
Royalties <u>1/</u>	6% of Adjusted Gross Revenue (“AGR”) or a graduated royalty rate between 4% and 6% of AGR <u>2/</u>	Payable monthly by electronic funds transfer on the 20 <sup>th</sup> day <u>3/</u>	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.

<u>Type of Fee</u>	<u>Amount</u>	<u>Date Due</u>	<u>Remarks</u>
General System Fund <u>4/</u>	2% of AGR until the cap amount has been reached	General System Fund contributions are payable monthly on the 20 <sup>th</sup> day of the next month by electronic funds transfer.	Percentage indicates required contributions. The annual cap amount for new franchise Centers opened in 2021 is \$6,557 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; and \$2,500 for any additional Centers transferred in the same transaction.	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.
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 <u>5/</u>	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, you may be required to obtain additional equipment, the costs of which vary depending upon equipment needed and amounts charged by suppliers.
Testing	Cost of Testing	When Billed	This covers the costs of testing new products or inspecting new suppliers you propose. These amounts vary depending upon the proposed product and proposed supplier.
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%. Our costs may vary depending on auditor used, rates charged by the auditor, and if travel is required.
Interest	Lesser of 1.5% per month or highest commercial contract	15 days after billing	Due on all overdue amounts.



<u>Type of Fee</u>	<u>Amount</u>	<u>Date Due</u>	<u>Remarks</u>
	interest rate law allows		
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 our costs, which may vary depending on insurance carrier used and rates charged by the carrier.
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 <u>6/</u>	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 3 <sup>rd</sup> party contractors.
Fleet Program	Recapture third (3 <sup>rd</sup> ) 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 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 <u>7/</u>	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 provided in connection with your selection of a site for your Center. These costs may vary depending upon the extent of assistance provided and

<u>Type of Fee</u>	<u>Amount</u>	<u>Date Due</u>	<u>Remarks</u>
			our costs for travel, lodging, employee wages and meals.
Fee related to Development Agreement <u>8/</u>	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. Except as noted above, the fees are uniformly imposed.

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 20<sup>th</sup> of each month unless alternate arrangements are agreed to in writing. If the 20<sup>th</sup> 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 2021 is \$6,557 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 4<sup>th</sup> 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

License Agreement

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
License Fee 1/	\$30,000	Lump Sum	At Signing	VIOCF
Land and Improvements Purchased 2a/ or	\$1,550,000 to \$2,750,000	As Arranged	Note 2a	Note 2a
Land and Improvements Leased for Three Months 2b/	\$33,000 to \$58,500	Monthly	Note 2b	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	\$3,025 to \$3,375	As Arranged	Monthly	VIOCF or its affiliates or other vendors
Lube Equipment and Signage Purchased 9b/	\$234,000 to \$250,000	As Arranged	As Incurred	Vendors
Additional Funds for Three Months 11/	\$50,000 to \$65,000	As Arranged	As Incurred	Various

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
<u>TOTAL</u>				
If Real Property Leased (3 Months), Lube Equipment and Signage Leased	\$178,025 to \$335,375			
If Real Property Purchased, Lube Equipment and Signage Purchased	\$1,926,000 to \$3,273,500			

Development Agreement

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
License Fee 1/	\$30,000	Lump Sum	At Signing	VIOCF
Land and Improvements Purchased 2a/ or	\$1,550,000 to \$2,750,000	As Arranged	Note 2a	Note 2a
Land and Improvements Leased for Three Months 2b/	\$33,000 to \$58,500	Monthly	Note 2b	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	\$3,025 to \$3,375	As Arranged	Monthly	VIOCF or its affiliates or other vendors

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
Lube Equipment and Signage Purchased 9b/	\$234,000 to \$250,000	As Arranged	As Incurred	Vendors
Development Fee 10/	\$3,750 to \$45,000	Lump Sum	At signing	VIOCF
Additional Funds for Three Months 11/	\$50,000 to \$65,000	As Arranged	As Incurred	Various
<u>TOTAL</u>				
If Real Property Leased (3 Months), Lube Equipment and Signage Leased	\$181,775 to \$380,375			
If Real Property Purchased, Lube Equipment and Signage Purchased	\$1,879,750 to \$3,253,500			

**Notes to License Agreement Table and Development Agreement Table**

- 1/ The license fee is discussed in ITEM 5. VIOCF requires personal guarantees from you, your spouse, and other principals, stockholders, members and partners of your corporation, limited liability company or partnership. VIOCF does not finance the license 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 \$1,550,000 and \$2,750,000 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 \$11,000 to \$19,500 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, computer equipment, service equipment, for example radiator flush, tire rotation/balance, fluid exchange systems, and other miscellaneous items designated by VIOCF. The estimated cost for purchasing computer 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) The chart provides the range of costs for three months for leasing the Lube Equipment and signage.
- 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 three (3) month lease cost (interest only) for Lube Equipment and Signage ranges from \$3,025 to \$3,375. 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) The chart also provides the range of costs for purchasing the Lube Equipment and signage. If you purchase lube equipment and signage, the cost is estimated to range from \$234,000 to \$250,000, 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/ The development fee is discussed in ITEM 5. The minimum number of Centers that you must open under your Development Agreement will be mutually agreed upon by you and us, but will be at least three Centers. The amount of the development fee that you will pay depends on the number of Centers that you are obligated to open under your Development Agreement and whether those Centers are converted from existing oil change facilities that are not currently branded as part of the VIOC System or newly-constructed VIOC Centers. The development fee for converted Centers ranges from \$1,250 per Center to \$5,000 per Center, and the development fee for newly constructed Centers ranges from \$1,250 to \$15,000 per Center. The low range in the table above assumes that you will open three Centers and each Center will be a converted Center. The high range

in the table above assumes that you will open three Centers and each Center will be a newly constructed Center. VIOCF does not finance the development fee. This fee is non-refundable.

- 11/ 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. The chart lists the minimum capital recommended by VIOCF for the first three months of operation.

VIOCF relied upon its experience of over 30 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, engine treatments and fuel additives), automotive appearance products (including tire shine and leather cleaner and wax) marketed by Valvoline or one of its affiliates (collectively, "VALVOLINE® Products") and must be purchased from VIOCF, Valvoline or VIOCF's 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 VALVOLINE 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). 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 VIOCF affiliates selling VALVOLINE Products to you, will derive income from direct purchases by you. VIOCF, VIOCF's affiliates, Valvoline, VIOCF's designated suppliers, which may include Valvoline authorized distributors, are the approved suppliers of the VALVOLINE Products.

During our last fiscal year, VIOCF had total revenues of \$46,952,132. In addition to the VALVOLINE Products, VIOCF is an approved supplier of sign equipment. In the last fiscal year, which ended on September 30, 2021, VIOCF received revenue from required purchases of products or services



from licensees of \$498,750 which represents 1.06% of its total revenues. Valvoline is an approved supplier of VALVOLINE Products. In the last fiscal year, Valvoline received revenues of \$238,304,917 from required purchases by licensees, which represents approximately 7.99% of its total revenue of \$2,980,905,175. Per internal financial statements, our affiliate VCA received \$0 in revenues from licensees for product purchases, and our affiliate VBF (formerly ABF) received \$0 in revenues from the financing program for licensees described in ITEM 10 which represents all of its total revenue in the last fiscal year.

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

Except as described in Item 7 and this Item 8, you must purchase or lease all other products, fixtures, furnishings, signs, and equipment (including, operating oil change, point of sale equipment and computer equipment) solely from approved 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, converted centers or for renewals.

The operation of your point of sale system requires computer equipment and a high-speed internet connection. VIOC is the approved supplier for computer equipment and will receive reimbursement from you for the purchase of the equipment, in an amount equal to the purchase price of the computer 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.

Neither VIOCF, nor any officers of VIOCF nor any officers of Valvoline, own an interest in any non-VIOCF or non-Valvoline designated or required supplier listed in Item 8.

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.**

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
a) Site Selection and acquisition/lease	Section 5 of License Agreement; Section 4 of Development Agreement	Items 7 & 11
b) Pre-opening purchases/leases	Section 8 of License Agreement; Section 4 of Development Agreement	Item 6
c) Site development and other pre-opening requirements	Sections 5 & 6 of License Agreement; Section 4 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	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 1 of Development Agreement; Section 5 of Supply Agreement	Items 13 & 14
<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
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	Item 6
n) Insurance	Section 14 of License Agreement; Section 11 of Development Agreement; Section 7 of Sign Lease	Item 7, 11 & 19
o) Advertising	Section 13 of License Agreement	Items 6 & 11
p) Indemnification	Section 21 of License Agreement; Section 10 of Development Agreement; Section 7 of Sign Lease; Section 10 of Supply Agreement	None
q) Owner's participation/management/staffing	Section 18 of License Agreement	Items 11 & 15
r) Records/reports	Section 12 of License 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 8 of Development Agreement	Item 17
u) Renewal	Section 2 of License Agreement	Item 17
v) Post-termination obligations	Section 17 of License Agreement; Section 7 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 12 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.

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 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 based on a maximum 120-month term. 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

Franchisees of the VIOCF system are eligible for expedited and streamlined SBA loan processing through the SBA's Franchise Registry Program, [www.franchiseregistry.com](http://www.franchiseregistry.com).

### SunTrust

VIOCF has offered financing to franchisees in the past through a program with SunTrust Bank ("SunTrust"). This program was discontinued in March 2018, but the program will remain in place to service loans from SunTrust existing as of that date.

### Bank of America

VIOCF has a financing program with Bank of America ("Bank of America"). Under this arrangement, you may be able to enter into a loan agreement with Bank of America for the financing of your Center. This program may be extended or expanded at the sole discretion of Bank of America and VIOCF.

Bank of America makes loans to qualified borrowers (the "Borrower") to finance new and existing Centers, including equipment, business value, real estate, and real estate construction. In exchange for the loan, the Borrower gives Bank of America a first priority lien and 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, small business loan agreement, and a personal guaranty of each of the principal owners, establishing the Borrower's obligation to repay the loan. Examples of these documents are included in this disclosure document as Exhibit I. 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 the loan documents.

Bank of America financing is available to qualified Borrowers who meet certain financial tests in order to qualify. Bank of America has agreed to make loans to certain borrowers that do not meet its standard credit underwriting requirements ("Growth Loans"). Growth Loans under this program may be limited by Bank of America to an aggregate amount of \$25,000,000 to all licensees. We have agreed to guarantee the Growth Loans to Bank of America. The aggregate amount of loans to franchisees that meet Bank of America's standard credit underwriting requirements are not currently capped by Bank of America. We receive a fee from Bank of America of up to 1% of the loans funded to borrowers under this program, which is payable to us quarterly by Bank of America.

The term for all loans in the Bank of America program, regardless of type, will be for a period not to exceed five (5) years. Business term loans will be amortized for a period of up to ten (10) years with a five (5) year balloon payment. Term loans for real estate will be amortized for a period of up to fifteen (15) years with a five (5) year balloon payment. The interest rate on a variable-rate term loan will be a floating rate which may change over time equal to the sum of Prime plus 0.50% for a total rate of 3.75% (as of the original issuance date of this disclosure document, Prime is equal to 3.25%). If the Borrower opens a Bank

of America bank account, the Borrower receives a 0.25% reduction in the interest rate. Bank of America offers options to fix the interest rate for a term loan at no additional expense. There is a loan processing fee payable by the Borrower for a term loan equal to 0.50% multiplied by the aggregate principal amount of the loan.

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. Bank of America may offer you up to three months of payments of interest only. Payments are made by electronic funds transfer through the Automated Clearing House (ACH) System.

All Bank of America loans may be prepaid in full or in part at any time without prepayment penalties. The prepayments will be applied to the loan installments due in the inverse order of maturity. Bank of America may sell or transfer your loan without your consent.

If you fail to make your loan payments, your entity fails to continue to exist, a guarantor dies and is not replaced within 60 days, or you fail to meet your obligations under the loan documents, License Agreement, or other documents material to the transaction, you will be in default under the loan documents with Bank of America. (Loan Agreement, Section 19.) If you are in default for failure to make your loan payments or for any other reason, Bank of America 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, charge default interest equal to the current interest on the loan plus 6%, and/ enforce its rights to any 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. (Loan Agreement, Section 20.) If Bank of America must take action against you, you must pay all costs and expenses of the action incurred by Bank of America. (Loan Agreement, Section 18.) 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 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 associated with 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. If you are eligible to receive an incentive payment, you will be required to sign a side letter, an example of which is attached as Exhibit A-12.

If you construct a new Center (ground up), the Center may qualify for an incentive payment from VIOCF based on VIOCF's projection of the number of oil changes that will be performed by that Center on an annualized basis as of the 2-year anniversary of the store opening (the "VIOCF Oil Change Projection"). The amount of the incentive payment will be equal to (i) \$10.00 multiplied by (ii) the number of oil changes forecasted by the VIOCF Oil Change Projection. If you acquire an existing oil change facility, that facility may qualify for an incentive payment from VIOCF based on (i) documentation of the historical number of oil changes performed in the 12 months preceding purchase (the "Historical Number of Oil Changes") or, if no such documentation is available, (ii) VIOCF's projection of the number of oil changes that will be performed by that Center on an annualized basis as of the 18-month anniversary of the store conversion (the "VIOCF Conversion Oil Change Projection"). The amount of the incentive payment will be equal to (i) \$10.00 multiplied by (ii) the Historical Number of Oil Changes or the number of oil changes forecasted by the VIOCF Conversion Oil Change Projection. If you acquire an existing oil change facility that has been closed for at least six (6) months prior to acquisition, that facility may qualify for an incentive payment from VIOCF based on VIOCF's projection of the number of oil changes that will be performed by that Center on an annualized basis as of the 36-month anniversary of the store conversion (the "VIOCF Closed Store Projection"). If such facility is eligible, the amount of the incentive payment will be equal to (i) \$10.00 multiplied by (ii) the number of oil changes forecasted by the VIOCF Closed Store Projection. 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, the Center may qualify for an incentive payment from VIOCF in an amount equal to \$10.00 for every oil change that the Center has performed in the 12 months preceding renewal.

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, (ii) at least twenty-four (24) months after the opening of the ground-up Center, and (iii) at least 36-months after the opening of a closed Center. The number of actual oil changes performed by the Center in the six (6) months preceding the applicable 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, the Center may qualify for an incentive payment from VIOCF based on VIOCF's projection of the number of oil changes that will be performed by that Center on an annualized basis as of the 2-year anniversary of the store opening (the "VIOCF Oil Change Projection"). The amount of the incentive payment will be equal to (i) \$10.00 multiplied by (ii) the number of oil changes forecasted by the VIOCF Oil Change Projection. If you acquire an existing oil change facility under a Development Agreement, that facility may qualify for an incentive payment from VIOCF based on (i) documentation of the historical number of oil changes performed in the 12 months preceding purchase (the "Historical Number of Oil Changes") or, if no such documentation is available, (ii) VIOCF's projection of the number of oil changes that will be performed by that Center on an annualized basis as of the 18-month anniversary of the store conversion (the "VIOCF Conversion Oil Change Projection"). The amount of the incentive payment will be equal to (i) \$10.00 multiplied by (ii)

the Historical Number of Oil Changes or the number of oil changes forecasted by the VIOCF Conversion Oil Change Projection. If you acquire an existing oil change facility that has been closed for at least six (6) months prior to acquisition under a Development Agreement, that facility may qualify for an incentive payment from VIOCF based on the VIOCF Closed Store Projection. If such facility is eligible, the amount of the incentive payment will be equal to \$10.00 multiplied by the number of oil changes forecasted by the VIOCF Closed Store Projection. Incentive payments are generally made within thirty (30) days of the store opening (ground-up) or store conversion (acquisition).

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, (ii) at least twenty-four (24) months after the opening of the ground-up Center, and (iii) 36- months after the opening of a previously closed Center. The number of actual oil changes performed by the Center in the six (6) months preceding the applicable 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.

**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 sign a Development Agreement with us, your Development Area must meet our then-current standards for Development Areas and must meet the requirements included in the Development Agreement that you sign with us (Exhibit A-11 is our current Development Agreement). We will work with you to help identify your Development Area but we do not choose the Development Area for you. We must approve the site for each Center opened under the Development Agreement. (Development Agreement Sections 4.1 and 4.3). The territory and location for each of your Centers will be approved in accordance with our then-current standards for territory and in accordance with the terms of the License Agreement that you sign for each of the Centers that you will open (Development Agreement Sections 1.1 and 4.1). The form of License Agreement that you will sign for your first Center is included as Exhibit A-1 to this disclosure document. The additional License Agreements that you will sign for each of the remaining Centers to be opened by you under the Development Agreement will be our then-current License Agreement, which may include terms that are different than the License Agreement that you sign in connection with your first Center.

2. 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. This approval expires after six (6) months.

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)
3. 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).
4. 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).
5. VIOCF will provide initial training programs for you and your managers, as detailed below under the heading "Training" (License Agreement, Section 3.2).

While we do not have an obligation to do so under the License Agreement, as of the original issuance date of this disclosure document:

1. We order your point of sale system from the approved supplier of the point of sale system on your behalf. Unless we require you to purchase the point of sale system from us, we do not deliver the point of sale system to you. However, we provide and send you the required software for the point of sale



system. We do not install your point of sale system or your point of sale software. We do not provide you with written specifications for the point of sale system or software, other than specifications included on the package of the computer system and software.

2. We provide you with the name of approved suppliers for some of the equipment that you are required to use at your Center, including, radiator flush equipment, tire balance and rotation equipment and fluid exchange systems. We do not deliver or install this equipment. We do not provide you with written specifications for this equipment.

3. We provide you the name of the approved supplier for your inventory of VALVOLINE Products, and we provide you with written specifications for these products. Unless you are required to purchase inventory from us, we do not deliver inventory to you.

4. We provide you the name of the approved suppliers for your lube equipment and Center signage. Unless you purchase or lease lube equipment and signage from us, we do not arrange for the delivery of the lube equipment and signage to you. We do not install the lube equipment or signage. We do not provide you with written specifications for the lube equipment and signage.

In addition to the equipment and inventory described above, you are required to purchase fixtures and supplies for your Center prior to opening. For example, you must purchase tools, PPE and other safety equipment and supplies, and office supplies. Unless we are a designated or approved suppliers for these items, we will not provide them to you. We do not install these items for you, nor do we provide written specifications for these items.

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 maintain 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 \$6,369.00 in 2021, 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.

At various times throughout our prior fiscal year (October 1, 2020 through September 30, 2021), VIOCF and VIOC spent System Fund contributions on various advertisements and promotional materials, advertisement agencies and media, software licenses and hardware for the POS system you are required to use, and customer care in the following percentages: 48% on expenses and fees for agency fees and media costs, 24% on software licenses and hardware maintenance costs for the POS system and 15% on interactive advertising, and 13% 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 directs 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 their affiliates. VIOCF, VIOC or their 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. The System Fund and the Cooperatives may advertise at the local, regional and national level.

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. We estimate the cost of the POS System to range from \$6,500 to \$20,000, including installation of the system. VIOCF's central system ("Central Web Application") is the back-end management piece to the POS System and is accessed through the internet.

VIOCF requires that you have a high-speed internet connection (at least 20 mb down and 5mb up) for the POS System. The software used with the current system is Windows Server 2016 operating system, MOTOR software. In addition, VIOCF will provide to you the POS System software which is owned by our ultimate 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 11 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.) In addition, if accessing the Central Web Application outside of the Valvoline network, you will be required to use multi-factor authentication.

The Central Web Application stores and maintains information and communicates data to the POS System. We will have independent access to the information generated and stored in the POS System. There is no contractual limitation on our right to access this information. All data received from the POS System is stored in Atos data centers in Irving, Texas and Blythewood, South Carolina. 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.) The total number of pages in the Manual is 109.

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**

<b><u>SUBJECT</u></b>	<b><u>HOURS OF CLASSROOM TRAINING</u></b>	<b><u>HOURS OF ON-THE-JOB TRAINING</u></b>	<b><u>LOCATION</u></b>
Real Estate & Development	6	8-16	Lexington, In-Market
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 criteria, real estate diligence process, and store prototype plan review. It will begin promptly after you sign the License Agreement and will include 1 day of orientation and 1-3 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 ensure that all 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	Company – 10+ years	Site selection criteria, real estate diligence process, and store prototype plan review

**Administration Training:**

<u>Instructor</u>	<u>Length of Experience of Instructor</u>	<u>Experience of Instructor</u>
Franchise Analyst Subject	Company – 16+ years	Reporting procedures and general franchise information
Fleet	Company – 11+ years	Fleet accounts
Marketing	Company – 8+ years Field – 19+ years	Marketing and advertising

<u>Instructor</u>	<u>Length of Experience of Instructor</u>	<u>Experience of Instructor</u>
Legal	Company – 9+ years Field – 14+ years	Franchise and commercial law
Environmental	Company – 16+ years	Environmental Issues
Credit	Company – 19+ year	Credit
<u>Instructor</u>	<u>Length of Experience of Instructor</u>	<u>Experience of Instructor</u>
Security	Company – 10+ years	Security
IT	Company – 29+ years	Point of Sale
Training	Company – 9+ years Field – 14+ years	VIOC University, management, operations and franchise
Human Resources	Company – 20+ years	General Human Resources
Recruiting	Company – 14+ years	Recruiting
Business Optimization	Company – 24+ years	Purchasing
Technical Advisor - Automotive	Company – 27+ 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 – 29+ years	Store management, operations and POS

Jamie Hinely is the Learning Solutions Manager in charge of training for VIOC and his background consists of more than 26 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 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 existing quick lube facilities within your Territory, which VIOCF or any of its affiliates may operate or license others to operate, even though the quick lube facilities offer similar products and services to the System, so long as the acquired facilities use 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, unless specified otherwise in a Development Agreement.

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, through its subsidiaries, 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 sign 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 will be approved in accordance with the then-current standards for Development Areas and in accordance with the terms of the Development Agreement that you will sign. The Development Area may range from areas within a city to several counties within a state or other geographic areas in more than one state, depending upon population and the number of proposed Centers to be developed. The minimum number of Centers that you must open under the Development Agreement will be mutually agreed upon by you and us, but will be at least three Centers.



If you sign a Development Agreement with us, we will work with you to help identify your Development Area and sites for the Centers to be opened by you in your Development Area, but we do not choose a development territory or Center location for you. We must approve the site for each Center opened under the Development Agreement. For each Center that you open under the Development Agreement, you must sign our then-current License Agreement. The locations for each of your Centers will be approved in accordance with the then-current standards for Center locations and in accordance with the terms of the License Agreement that you sign in connection with each Center that you will open.

VIOCF currently maintains Development Agreements with existing franchisees covering part or all of the following states: Alabama, Arkansas, California, Delaware, District of Columbia, Florida, Georgia, Indiana, Illinois, Iowa, Kentucky, Maine, Massachusetts, Maryland, Mississippi, Missouri, Nebraska, Nevada, North Carolina, North Dakota, New Hampshire, New Jersey, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Utah, Virginia, West Virginia, and Wisconsin. 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 VIOC Centers within the Development Area which is under the System and uses the Proprietary Marks. However, VIOCF has the right to buy existing quick lube facilities within your territory, which VIOCF or its affiliates may operate or license others to operate, even though the quick lube facilities offer 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 facilities 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 prior approval from VIOCF to use the Proprietary Marks on any website or any other interactive venue you may use.

Valvoline Licensing and Intellectual Property LLC ("VLIP"), a wholly-owned subsidiary of Valvoline US LLC and an indirect subsidiary of Valvoline, 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.

MARK	REGISTRATION NO.	REGISTRATION DATE	LAST RENEWAL DATE
V VALVOLINE INSTANT OIL CHANGE <sup>SM</sup> and (Design)	2118621	December 9, 1997	December 9, 2017
V VALVOLINE INSTANT OIL CHANGE <sup>SM</sup> and (Color Design)	2913216	December 21, 2004	December 21, 2014
VALVOLINE INSTANT OIL CHANGE <sup>SM</sup>	1531277	March 21, 1989	January 28, 2019
INSTANT OIL <sup>SM</sup>	1687316	May 12, 1992	July 19, 2012
VALVOLINE <sup>TM</sup> (Stylized)	1601798	June 19, 1990	July 19, 2010
Symbol "V" <sup>TM</sup> (special color of red and blue)	0867342	April 1, 1969	February 23, 2019
Symbol "V" <sup>SM</sup> (black and white)	2015438	November 12, 1996	November 12, 2016
(Cylindrical Sign Configuration)	1575539	January 2, 1990	July 1, 2019
SUPERPRO 10 <sup>SM</sup>	3441732	June 3, 2008	June 3, 2018
Service You Can See. Experts You Can Trust.	5313687	October 17, 2017	NONE (DUE October 17, 2027)
V Valvoline Instant Oil Change <sup>SM</sup> (Logo)	3642386	June 23, 2009	June 14, 2019
V Valvoline Instant Oil Change <sup>SM</sup> (Design)	3642387	January 23, 2009	June 24, 2019
Symbol "V" <sup>SM</sup> (Color Design)	3564645	January 20, 2009	December 12, 2018
Valvoline <sup>SM</sup>	3512482	October 7, 2008	October 7, 2018
Oil Can Henry's <sup>SM</sup>	1156661	June 2, 1981	June 3, 2011
Oil Can Henry's (Design) <sup>SM</sup>	1496174	July 12, 1988	February 12, 2018
Valvoline CarCam	6043005	April 28, 2020	NONE (DUE April 28, 2030)
CarCam	5880650	October 8, 2019	None (DUE October 8, 2029)
STAY IN YOUR CAR FOR A CHANGE	5,769,894	June 4, 2019	NONE (DUE June 4, 2029)
VIOC	5,800,838	July 9, 2019	NONE (DUE July 9, 2029)

All trademarks are registered on the Principal Register. As of the original issuance date of this disclosure document, VLIP has filed all required affidavits needed to maintain the registrations of the Proprietary Marks. In addition to the registered Proprietary Marks, 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 (the "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. The License Agreement is unlikely to affect the franchisee to any significant extent. The duration of the License Agreement is 20 years from the effective date (August 1, 2016). The License Agreement automatically renews upon the expiration of the 20-year initial term and

every third year thereafter for successive renewal terms of three years unless, at least 90 days prior to the expiration of the preceding term, one party gives notice to the other party of its decision not to renew the Agreement. The License Agreement may be terminated by VLIP, the licensor, by written notice, with immediate effect, for any of the following reasons:

- (1) VIOCF or its creditors or any other eligible entity shall file for VIOCF's dissolution, liquidation, bankruptcy, reorganization, compulsory composition, or if VIOCF has entered into liquidation, bankruptcy, reorganization or compulsory composition, or if VIOCF is unable to pay any debts as they become due, has explicitly or implicitly suspended payment of any debts as they became due, or has liabilities which exceed its assets, or if the creditors of VIOCF have taken over its management, or if the relevant financial institutions have suspended VIOCF's clearinghouse privileges, or if any material or significant part of VIOCF's undertaking, property or assets shall be expropriated or confiscated by action of any government.
- (2) There shall at any time occur any change in the ownership or control of VIOCF which VLIP deems material.
- (3) In the event that VIOCF is in breach or violation of any of the duties, covenants, or undertakings of the License Agreement.
- (4) Under certain circumstances under the force majeure provision of the License Agreement.

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

TITLE	Registration No.	Registration Date
Super-Pro Training System assistant manager's study guide: SVIOC-406.	VA0000856151	1996-12-27
Super-Pro Training System assistant manager's training guide: SVIOC-405	VA0000856153	1996-12-27
TITLE	Registration No.	Registration Date
Super-Pro Training System customer representative's study guide: SVIOC-422.	VA0000856148	1996-12-27
Super-Pro Training System customer service representative's trainer's guide: SVIOC-401	VA0000856145	1996-12-27
Super-Pro Training System orientation trainer's guide: SVIOC-404	VA0000856150	1996-12-27
Super-Pro Training System senior technician's study guide: SVIOC-408	VA0000856147	1996-12-27
Super-Pro Training System senior technician's trainer's guide: SVIOC-407	VA0000856146	1996-12-27
Super-Pro Training System technician's manual: SVIOC-409	VA0000856149	1996-12-27
Super-Pro Training System trainer's guide: SVIOC-403	VA0000856154	1996-12-27
Super-Pro Training System welcome to VIOC: SVIOC-400	VA0000856152	1996-12-27

Valvoline holds the above US Copyright Registrations. 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 or its affiliates 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). You may 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 the minimum number of days and times required by VIOCF. As of the original issuance date of this disclosure document, a Center must be open Monday through Saturday, from 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.**

<u>Provision</u>	<u>Section in Development Agreement ("DA") License Agreement ("LA")</u>	<u>Summary</u>
a. Length of the franchise term	DA – Section 4 LA – Section 2	DA – Subject to negotiation LA -15 years
b. Renewal or extension of the term	DA – Not Applicable LA - Section 2	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	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 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	*These provisions are subject to state law.
e. Termination by VIOCF without cause	Not Applicable	Not applicable
f. Termination by VIOCF with cause	DA – Sections 7.2.2 and 7.6 LA - Section 16.3.10 and 16.6	DA & LA - VIOCF can terminate if licensee or developer defaults  Under the DA: if any of developer's License Agreements or any other

<u>Provision</u>	<u>Section in Development Agreement ("DA") License Agreement ("LA")</u>	<u>Summary</u>
		<p>agreement between developer and VIOCF or VIOCF's affiliates is terminated because of breach or default by developer, VIOCF may terminate the DA without opportunity to cure.</p> <p>Under the DA: a default under the DA is not a default under a LA between developer and VIOCF unless the action or inaction giving rise to the default under the DA also gives rise to a default under a LA.</p> <p>Under the LA: Licensee may be deemed in default of the LA and the LA terminated without opportunity to cure if the DA or any other agreement between licensee and VIOCF or an affiliate of VIOCF is terminated because of a default by licensee.</p> <p>Under the LA: A material default by licensee under the LA can be deemed a default under any other agreement between VIOCF (and/or VIOCF's affiliates) and licensee. A material default by licensee under any other agreement or obligation between VIOCF (and/or VIOCF's affiliates) and licensee is a default under the LA.</p>
g. "Cause" defined-defaults which can be cured	DA – Section 7.3 LA - Section 16.4 & 16.5	<p>DA – 15 days after written notice for all defaults, except for the list of defaults that cannot be cured in row "h." below (the list of incurable defaults includes, among other things, if any of developer's license agreements or any other agreement between developer and VIOCF or its affiliates is terminated due to breach or default by developer).</p> <p>LA - 5 days after written notice for defaults of payments of fees and 30 day cure period for all other defaults, except for the list of defaults that cannot be</p>

<u>Provision</u>	<u>Section in Development Agreement ("DA") License Agreement ("LA")</u>	<u>Summary</u>
		cured in row "h" below (the list of incurable defaults includes, among other things the termination of any other agreement between licensee and VIOCF or an affiliate of VIOCF, including any DA).
h. "Cause" defined-defaults which cannot be cured	DA – Section 7.1-7.2 and 7.2 LA - Section 16.1 - 16.4	<p>DA – Bankruptcy, appointment of receiver, insolvency, general assignment for benefit of your creditors, your company dissolves, execution levied on property, sale of personal property after levy, appointment of custodian by court, proceedings for composition with creditors, unsatisfied judgements that remain unpaid, failure to comply with development schedule, default by you under any License Agreement or any other agreement, felony conviction or crime involving moral turpitude, repeated defaults, unapproved transfer, maintaining false books or submitting false reports; if developer's LA or any other agreement between developer and VIOCF or its affiliates) is terminated due to developer's default.</p> <p>LA - Bankruptcy, appointment of receiver, insolvency, general assignment for benefit of creditors, appointment of custodian by court, proceedings for composition of creditors, unsatisfied judgements that remain unpaid, your company dissolves, execution levied on property, levy against your business or property, real or personal property sold after levy, felony conviction or conviction of crime of moral turpitude, repeated defaults, failure to submit site approval or open the Center within required time period, unapproved transfer abandonment, loss of premises, keep or submit false reports, understates payments, failure to</p>



<u>Provision</u>	<u>Section in Development Agreement ("DA") License Agreement ("LA")</u>	<u>Summary</u>
		maintain insurance, reveal confidential information; if LA terminated because of termination of DA or any other agreement between licensee and VIOCF or its affiliates or subsidiaries; failure to complete training; fail to comply with non-competition provisions; or fail to comply with provisions regarding our marks.
i. Your obligations on termination/non-renewal	DA – Section 6.5 LA - Section 17	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	No restriction on VIOCF’s right to assign
k. “Transfer” by you-definition	DA – Not Applicable LA - Section 15.2	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	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	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	VIOCF can match any offer
o. Our option to purchase your business	DA – Section 6.5.7 LA - Section 17.9	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
p. Your death or disability	DA – Not Applicable LA - Section 15.5	Franchise must be transferred to an approved transferee within 1 year

<u>Provision</u>	<u>Section in Development Agreement ("DA") License Agreement ("LA")</u>	<u>Summary</u>
q. Non-competition covenants during the term of the license	DA – Not Applicable LA - Section 18	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	Cannot be involved in similar business for 2 years within 25-mile radius of any Center*
s. Modification of the agreement	DA – Section 11.5 LA - Section 24	Made only in writing with prior approval by VIOCF
t. Integration / merger clause	DA – Not Applicable LA - Section 24	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	
v. Choice of forum	DA – Section 11.7 LA - Section 26	Litigation must be in Kentucky. *These provisions are subject to state law.
w. Choice of law	DA – Section 11.7 LA - Section 26	Kentucky law applies. These provisions are subject to state law.

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

ITEM 18  
PUBLIC FIGURES

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

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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. There is no assurance you will sell or earn as much.**

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

**Section A – VIOC Company Operated Stores**

The following financial performance representation consists of historical data for company operated stores. We compiled this information for company operated stores for the fiscal years ended September 30, 2019, September 30, 2020, and September 30, 2021. Any company operated stores not open the full 12 months of the fiscal year have been excluded from the data.

Fiscal 2019		Based on Average Net Sales		
Average Unit Data:	All Stores	High	Mid	Low
Number of Stores	438	110	218	110
% of Total Number of Stores	100%	25%	50%	25%
% of Aggregate Store Sales	100%	36%	48%	16%
Average Unit Net Sales (AUNS)	\$1,113,823	\$1,580,902	\$1,080,269	\$737,434
Number of Units Above AUNS	194	46	114	59
Number of Units Below AUNS	244	64	104	51
Median - Net Sales	\$1,077,854			
Median - Above Units	219			
Median - Below Units	219			
Net Sales - Highest Unit	\$2,320,810			
4% Royalty	\$92,832			
Net Sales - Lowest Unit	\$501,403			
4% Royalty	\$20,056			
Contribution - Highest Unit	\$862,750			
Contribution less 4% Royalty	\$769,918			
Contribution - Lowest Unit	\$46,605			
Contribution less 4% Royalty	\$26,549			
Average Oil Changes	14,227	19,927	13,788	9,396
Median Oil Changes	13,733			
Average Oil Change Per Day	46.3	64.9	44.9	30.6
Median Oil Change Per Day	44.7			
Average Ticket	\$78.29	\$79.33	\$78.35	\$78.48
Median Average Ticket	\$81.04			
% Premium Oil Changes	66.0%	66.3%	65.8%	66.3%
Median % Premium Oil Changes	64.0%			

<b>Average Financial Performance:</b>				
Gross Sales	\$1,331,152	\$1,894,217	\$1,291,593	\$875,447
Sales Tax	\$71,166	\$106,263	\$68,822	\$42,309
Adjusted Gross Sales	\$1,259,986	\$1,787,954	\$1,222,771	\$833,138
Sales Deductions	\$146,162	\$207,052	\$142,502	\$95,704
Net Sales	\$1,113,824	\$1,580,901	\$1,080,269	\$737,434
Product	\$302,882	\$424,517	\$294,664	\$204,070
Labor	\$319,947	\$430,466	\$308,565	\$238,704
Gross Profit	\$490,995	\$725,918	\$477,040	\$294,660
Store Expenses	\$97,121	\$119,303	\$96,211	\$78,699
Advertising	\$56,738	\$75,018	\$56,518	\$40,091
Contribution	\$337,136	\$531,597	\$324,311	\$175,870
Royalties 6% of net sales	\$66,829			
Contribution less royalties	\$270,307			
<b>Median Financial Performance:</b>				
Gross Sales	1,288,433			
Sales Tax	68,892			
Adjusted Gross Sales	1,219,670			
Sales Deductions	138,276			
Net Sales	1,077,854			
Product	292,404			
Labor	306,095			
Gross Profit	474,719			
Store Expenses	94,549			
Advertising	52,185			
Contribution	318,595			
Royalties 6% of net sales	64,671			
Contribution less royalties	253,924			
<b>Fiscal 2020</b>		<b>Based on Average Net Sales</b>		
<b>Average Unit Data:</b>	<b>All Stores</b>	<b>High</b>	<b>Mid</b>	<b>Low</b>
Number of Stores	462	116	230	116
% of Total Number of Stores	100%	25%	50%	25%
% of Aggregate Store Sales	100%	36%	48%	16%
Average Unit Net Sales (AUNS)	\$1,133,824	\$1,611,352	\$1,095,162	\$732,953
Number of Units Above AUNS	205	47	111	64
Number of Units Below AUNS	257	69	119	52
Median - Net Sales	\$1,096,502			
Median - Above Units	231			
Median - Below Units	231			
Net Sales - Highest Unit	\$2,192,278			
4% Royalty	\$87,691			
Net Sales - Lowest Unit	\$357,907			
4% Royalty	\$14,316			
Contribution - Highest Unit	\$849,955			
Contribution less 4% Royalty	\$762,264			
Contribution - Lowest Unit	(\$2,824)			
Contribution less 4% Royalty	(\$17,140)			
Average Oil Changes	13,922	19,566	13,492	9,132
Median Oil Changes	13,801			

Average Oil Change Per Day	45.2	63.6	43.8	29.6
Median Oil Change Per Day	44.8			
Average Ticket	\$81.44	\$82.54	\$81.43	\$80.60
Median Average Ticket	\$79.45			
% Premium Oil Changes	68.3%	74.4%	68.1%	62.4%
Median % Premium Oil Changes	68.0%			
<b>Average Financial Performance:</b>				
Gross Sales	\$1,350,460	\$1,921,117	\$1,305,008	\$869,922
Sales Tax	\$73,109	\$106,315	\$71,508	\$43,076
Adjusted Gross Sales	\$1,277,351	\$1,814,802	\$1,233,500	\$826,846
Sales Deductions	\$143,527	\$203,449	\$138,338	\$93,894
Net Sales	\$1,133,824	\$1,611,352	\$1,095,162	\$732,952
Product	\$303,574	\$428,136	\$293,334	\$199,315
Labor	\$342,916	\$469,094	\$325,668	\$250,934
Gross Profit	\$487,334	\$714,122	\$476,160	\$282,703
Store Expenses	\$100,764	\$124,085	\$98,541	\$81,851
Advertising	\$56,537	\$73,708	\$56,175	\$40,088
Contribution	\$330,033	\$516,329	\$321,444	\$160,764
Royalties 6% of net sales	\$68,029			
Contribution less royalties	\$262,004			
<b>Median Financial Performance:</b>				
Gross Sales	\$1,301,896			
Sales Tax	\$75,559			
Adjusted Gross Sales	\$1,234,525			
Sales Deductions	\$136,273			
Net Sales	\$1,096,502			
Product	\$293,384			
Labor	\$321,831			
Gross Profit	\$474,986			
Store Expenses	\$97,328			
Advertising	\$51,637			
Contribution	\$320,247			
Royalties 6% of net sales	\$65,790			
Contribution less royalties	\$254,457			

Fiscal 2021		Based on Average Net Sales		
Average Unit Data:	All Stores	High	Mid	Low
Number of Stores	514	128	258	128
% of Total Number of Stores	100%	25%	50%	25%
% of Aggregate Store Sales	100%	36%	48%	16%
Average Unit Net Sales (AUNS)	\$1,320,761	\$1,886,335	\$1,270,884	\$855,723
Number of Unites Above AUNS	219	55	145	75
Number of Units Below AUNS	295	73	113	53
Median - Net Sales	\$1,274,389			
Median - Above Units	257			
Median - Below Units	257			
Net Sales - Highest Unit	\$2,655,802			

4% Royalty	\$106,232			
Net Sales - Lowest Unit	\$175,397			
4% Royalty	\$7,016			
Contribution - Highest Unit	\$1,036,320			
Contribution less 4% Royalty	\$930,088			
Contribution - Lowest Unit	(\$154,861)			
Contribution less 4% Royalty	(\$161,877)			
Average Oil Changes	15,277	21,461	14,829	9,995
Median Oil Changes	15,019			
Average Oil Change Per Day	49.6	69.7	48.1	32.5
Median Oil Change Per Day	44.8			
Average Ticket	\$86.46	\$87.90	\$85.70	\$85.61
Median Average Ticket	\$85.85			
% Premium Oil Changes	71.6%	77.4%	71.6%	65.6%
Median % Premium Oil Changes	71.7%			
<b>Average Financial Performance:</b>				
Gross Sales	\$1,583,346			\$1,022,398
Sales Tax	\$85,658	\$2,262,462	\$1,524,719	\$49,789
Adjusted Gross Sales	\$1,497,688	\$125,561	\$83,656	\$972,609
Sales Deductions	\$176,927	\$2,136,901	\$1,441,063	\$116,887
Net Sales	\$1,320,761	\$250,566	\$170,179	\$855,722
Product	\$367,719	\$1,886,334	\$1,270,884	\$241,915
Labor	\$382,061	\$519,239	\$354,961	\$274,847
Gross Profit	\$570,981	\$528,683	\$362,509	\$338,960
Store Expenses	\$145,472	\$838,412	\$553,414	\$131,062
Advertising	\$66,407	\$167,842	\$141,522	\$45,537
Contribution	\$359,102	\$92,452	\$63,839	\$162,361
Royalties 6% of net sales	\$79,246	\$578,118	\$348,053	
Contribution less royalties	\$279,856			
<b>Median Financial Performance:</b>				
Gross Sales	\$1,524,235			
Sales Tax	\$82,792			
Adjusted Gross Sales	\$1,438,762			
Sales Deductions	\$168,264			
Net Sales	\$1,274,389			
Product	\$352,524			
Labor	\$356,199			
Gross Profit	\$556,304			
Store Expenses	\$138,676			
Advertising	\$63,956			
Contribution	\$347,190			
Royalties 6% of net sales	\$76,463			
Contribution less royalties	\$270,727			

<sup>1</sup> Sales bands were determined by ranking all company operated 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. The following number of stores were excluded from the

data in these charts because those stores were not in operation the entire fiscal year are 77 for 2019, 110 for 2020, and 193 Centers for 2021. The number of stores that were excluded because they closed in same year of opening are 0 for 2019, 0 for 2020, and 0 for 2021.

- <sup>2</sup> Store expenses exclude operating leases, market overhead, corporate overhead, and depreciation. Company stores do not pay royalties.
- <sup>3</sup> Total advertising budget is allocated across all stores and is not necessarily the actual amount spent by store.
- <sup>4</sup> 90% - 92% of car counts include an oil change.
- <sup>5</sup> Rows listing royalties have been added to the charts for the average and median store to indicate how much the Contribution would have been reduced had the average and median company operated store paid royalties to us. Royalties range from 4 to 6%; therefore, both are presented in the tables above.
- <sup>6</sup> For purposes of the charts in this Item 19, “Gross Sales” are calculated as all revenues of the store before taking any deductions or applying customer coupons; “Net Sales” are calculated as Gross Sales less deductions (including coupons), discounts given to customers, fleet discounts, and customer refunds; and “Contribution” is calculated as Net Sales less the cost of product, labor, advertising and store expenses, but before reduction for taxes, depreciation and corporate administration.

### 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, 2019, September 30, 2020, and September 30, 2021. Any Center not open the full 12 months of the relevant fiscal year has been excluded from the data. This data excludes 88 Centers for 2019, 96 Centers for 2020, 88 Centers for 2021 that did not operate the entire year. The number of Centers that were excluded because they closed in the same year of opening are 0 Centers for each of 2019, 2020 and 2021. 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. There is no assurance you will sell or earn as much.**

FY 2019					
	Total # of Stores	Range		Average Store	# Stores at or above average
		Low	High		
Net Sales	672	\$226,953	\$2,803,743	\$1,103,191	282
Oil Changes per day	672	9.59	102.35	43.56	298
Average Ticket	672	\$58.21	\$125.64	\$82.50	326
Premium Oils	672	40.16%	83.92%	65.46%	319

Median Financial Performance:	
Net Sales	\$1,032,281
Oil Changes per day	40.80
Average Ticket	\$82.06
Premium Oils	65.13%

FY 2020					
	Total # of Stores	Range		Average Store	# Stores at or above average
		Low	High		
Net Sales	682	\$252,894	\$3,057,587	\$1,126,997	300
Oil Changes per day	682	11.20	101.40	41.66	309
Average Ticket	682	\$60.06	\$127.86	\$86.79	341
Premium Oils	682	47.0%	87.5	68.2%	347

Median Financial Performance:	
Net Sales	\$1,060,077
Oil Changes per day	39.51
Average Ticket	\$86.76
Premium Oils	68.4%

FY 2021					
	Total # of Stores	Range		Average Store	# Stores at or above average
		Low	High		
Net Sales	686	\$285,871	\$4,203,975	\$1,351,506	300
Oil Changes per day	686	11.87	128.71	46.90	306
Average Ticket	686	\$62.36	\$134.61	\$93.70	301
Premium Oils	686	53.36%	94.42%	73.60%	323

Median Financial Performance:	
Net Sales	\$1,254,810
Oil Changes per day	44.19
Average Ticket	\$92.14
Premium Oils	73.39%

## 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 historically seen in our franchisee-owned stores. 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 prospective franchisee could earn in the future if it meets the average service penetration levels as historically seen in existing franchise stores. **The figures represented in the conversion model are estimates only of what we think you may sell. Your individual results may differ. There is no assurance you will sell as much.**

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 2019, FY 2020, and FY 2021, that are used in store conversion model financial projections for prospective franchisees that have existing quick lube stores. Visual Services include the following: engine air filter, cabin air filter, vehicle lights, wiper blades, battery, and air conditioning service. OEM Services include the following: automatic transmission fluid exchange, radiator service, gear box services (including front differential, rear differential, and transfer case), manual transmission fluid replacement, serpentine belt, tire rotation, diesel exhaust fluid, power steering flush, and fuel filter replacement. VAL Recommended Services include the following: complete fuel system treatment, fuel injector cleaner, and entire fuel system cleaning. Service Penetration rates are from historical data from 2019, 2020, and 2021 and include calculations from franchise stores that were open for the entire 12 month reporting period. Stores that were not open for the entire 12-month period have been excluded as described above under the heading “Section B – VIOCF Franchisee Operated Stores”.

<b>FY 2019 – Conversion Model</b>				
	<u>Total # Of Stores</u>	<u>% Penetration Range</u>	<u>Service Penetration Rate (average)</u>	<u>Service Penetration Rate (median)</u>
<b>Visual Services</b>	672	12.8% to 70.7%	39.3%	39.1%
<b>OEM Services</b>	672	0.5% to 36.8%	8.9%	8.6%
<b>VAL Recommended Services</b>	672	0.0% to 13.9%	1.9%	1.2%

<b>FY 2020 – Conversion Model</b>				
	<u>Total # Of Stores</u>	<u>% Penetration Range</u>	<u>Service Penetration Rate (average)</u>	<u>Service Penetration Rate (median)</u>
<b>Visual Services</b>	682	12.6% to 68.2%	39.8%	39.6%
<b>OEM Services</b>	682	0.7% to 28.6%	9.1%	8.6%
<b>VAL Recommended Services</b>	682	0.01% to 10.6%	2.2%	1.7%

<b>FY 2021 – Conversion Model</b>				
	<u>Total # Of Stores</u>	<u>% Penetration Range</u>	<u>Service Penetration Rate (average)</u>	<u>Service Penetration Rate (median)</u>
<b>Visual Services</b>	686	13.5% to 64.4%	38.8%	38.5%
<b>OEM Services</b>	686	0.3% to 23.1%	9.2%	8.3%
<b>VAL Recommended Services</b>	686	0.01% to 12.9%	2.4%	1.7%

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 1.9% for Val Recommended Services, you would expect to perform 19 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. The rate 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).

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.

### 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. Our direct parent, Valvoline LLC, operates company-owned service centers that offer similar services and products of those provided by Valvoline Instant Oil Change Center franchisees. These service centers operated by Valvoline LLC 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 Valvoline company-owned Valvoline Instant Oil Change service centers as of the end of its 2019, 2020 and 2021 fiscal years:

TABLE NO. 1  
SYSTEM-WIDE OUTLET SUMMARY\*  
FOR FISCAL YEARS 2019/2020/2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	708	760	+52
	2020	760	772	+12
	2021	772	774	+2
Company-Owned	2019	462	515	+53
	2020	515	578	+63
	2021	578	709	+131
Total Outlets	2019	1170	1275	+105
	2020	1275	1350	+75
	2021	1350	1483	+133

\* 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 original issuance date of this disclosure document, VIOCF has entered into nineteen 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 2019, 2020 and 2021 fiscal years:

TABLE NO. 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN THE FRANCHISOR)  
FOR FISCAL YEARS 2019/2020/2021

State	Year	Number of Transfers
California	2019	0
	2020	4
	2021	10
Colorado	2019	1
	2020	3
	2021	0
Florida	2019	0
	2020	0
	2021	2
Illinois	2019	1
	2020	0
	2021	0

State	Year	Number of Transfers
Mississippi	2019	0
	2020	7
	2021	0
Minnesota	2019	0
	2020	0
	2021	3
Nebraska	2019	0
	2020	0
	2021	3
South Carolina	2019	1
	2020	0
	2021	0
TOTAL	2019	3
	2020	14
	2021	18

Following is information on Valvoline Instant Oil Change Center franchises as of the end of its 2019, 2020 and 2021 fiscal years:

TABLE NO. 3  
STATUS OF FRANCHISED OUTLETS\*  
FOR FISCAL YEARS 2019/2020/2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Arizona	2019	9	1	0	0	0	0	9
	2020	9	0	0	0	2	0	7
	2021	7	0	0	0	0	0	7
Arkansas	2019	1	1	0	0	0	0	2
	2020	2	7	0	0	0	0	9
	2021	9	2	0	0	0	0	11
California	2019	101	26	0	0	0	0	127
	2020	127	5	0	0	0	2	130
	2021	130	4	0	0	0	1	133
Colorado	2019	15	1	0	0	0	0	16
	2020	16	0	0	0	4	0	12
	2021	12	0	0	0	0	0	12

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Connecticut	2019	31	0	0	0	0	0	31
	2020	31	0	0	0	0	0	31
	2021	31	0	0	0	0	0	31
Delaware	2019	4	1	0	0	0	0	5
	2020	5	1	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Florida	2019	59	2	0	0	0	1	60
	2020	60	6	0	0	0	0	66
	2021	66	10	0	0	0	1	75
Georgia	2019	5	0	0	0	0	0	5
	2020	5	1	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Illinois	2019	11	4	0	0	0	0	15
	2020	15	4	0	0	0	0	15
	2021	15	0	0	0	0	0	15
Indiana	2019	5	0	0	0	0	0	5
	2020	5	1	0	0	0	0	6
	2021	6	2	0	0	0	0	8
Iowa	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Kansas	2019	6	3	0	0	0	0	9
	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	9	0	0
Kentucky	2019	22	0	0	0	0	0	22
	2020	22	1	0	0	1	0	22
	2021	22	0	0	0	6	0	16
Louisiana	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Maryland	2019	17	1	0	0	0	0	17
	2020	17	2	0	0	0	0	19
	2021	19	2	0	0	0	0	21
Massachusetts	2019	42	2	0	0	0	0	44
	2020	44	0	0	0	1	0	43
	2021	43	2	0	0	0	0	45
Michigan	2019	3	0	0	0	1	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Mississippi	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Missouri	2019	12	0	0	0	0	0	12
	2020	12	0	0	0	0	0	12
	2021	12	4	0	0	12	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Minnesota	2019	13	0	0	0	0	0	13
	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	0	13
Montana	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Nebraska	2019	6	0	0	0	0	0	6
	2020	6	1	0	0	0	0	7
	2021	7	0	0	0	0	1	6
Nevada	2019	3	0	0	0	3	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Hampshire	2019	13	0	0	0	0	0	13
	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	0	13
New Jersey	2019	26	7	0	0	0	0	33
	2020	33	1	0	0	0	0	34
	2021	34	0	0	0	0	0	34
New Mexico	2019	9	0	0	0	0	0	9
	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
New York	2019	54	0	0	0	0	1	53
	2020	53	0	0	0	0	0	53
	2021	53	2	0	0	0	0	55
North Carolina	2019	41	3	0	0	0	1	43
	2020	43	4	0	0	0	1	46
	2021	46	10	0	0	0	0	56
North Dakota	2019	3	0	0	0	0	0	3
	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Ohio	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	2	0	4
	2021	4	0	0	0	0	0	4
Oklahoma	2019	10	0	0	0	0	0	12
	2020	12	0	0	0	0	0	12
	2021	12	0	0	0	0	0	12
Oregon	2019	12	0	0	0	0	0	12
	2020	12	0	0	0	6	0	6
	2021	6	0	0	0	2	0	4
Pennsylvania	2019	23	1	0	0	0	0	24
	2020	24	0	0	0	0	0	24
	2021	24	4	0	0	0	0	28
Rhode Island	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
South Carolina	2019	12	3	0	0	0	0	15
	2020	15	2	0	0	0	0	17
	2021	17	1	0	0	0	0	18
South Dakota	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Tennessee	2019	11	0	0	0	0	0	11
	2020	11	0	0	0	0	0	11
	2021	11	0	0	0	0	0	11
Texas	2019	38	0	0	0	0	0	38
	2020	38	0	0	0	6	0	32
	2021	32	0	0	0	16	0	16
Utah	2019	3	2	0	0	0	0	5
	2020	5	2	0	0	0	0	7
	2021	7	2	0	0	0	0	9
Vermont	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Virginia	2019	8	0	0	0	0	0	8
	2020	8	2	0	0	0	0	10
	2021	10	0	0	0	0	0	10
Washington	2019	9	0	0	0	1	0	8
	2020	8	0	0	0	2	0	6
	2021	6	0	0	0	0	0	6
Wisconsin	2019	30	0	0	0	0	0	30
	2020	30	0	0	0	0	0	30
	2021	30	4	0	0	0	0	34
West Virginia	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Wyoming	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TOTAL	2019	708	60	0	0	5	3	760
	2020	760	39	0	0	23	4	772
	2021	772	50	0	0	45	3	774

\* 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 2019, 2020 and 2021 fiscal years:

TABLE NO. 4  
STATUS OF COMPANY-OWNED OUTLETS  
FOR FISCAL YEARS 2019/2020/2021

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
Arizona	2019	2	1	0	0	0	3
	2020	3	4	0	0	0	7
	2021	7	2	0	0	0	9
California	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Colorado	2019	0	0	0	0	0	0
	2020	0	0	4	0	0	4
	2021	4	1	0	0	0	5
Georgia	2019	2	1	0	0	0	3
	2020	3	5	0	0	0	8
	2021	8	5	0	0	0	13
Idaho	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	12	0	0	0	15
Illinois	2019	13	3	0	0	0	16
	2020	16	0	0	0	0	16
	2021	16	2	0	0	0	18
Indiana	2019	8	2	0	0	0	10
	2020	10	4	0	0	0	14
	2021	14	4	0	0	0	18
Kansas	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	9	0	0	9
Kentucky	2019	44	0	0	0	0	44
	2020	44	4	1	0	0	49
	2021	49	0	6	1	0	54
Louisiana	2019	13	0	0	0	0	13
	2020	13	0	0	0	0	13
	2021	13	0	0	0	0	13
Michigan	2019	47	3	1	0	0	51
	2020	51	0	0	0	0	51
	2021	51	2	0	0	0	53
Minnesota	2019	45	0	0	0	0	45
	2020	45	1	0	0	0	46
	2021	46	3	0	0	0	49
Mississippi	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3



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
Missouri	2019	27	0	0	0	0	27
	2020	27	1	0	0	0	28
	2021	28	2	12	0	0	42
Nevada	2019	3	11	0	0	0	14
	2020	14	0	0	0	0	14
	2021	14	0	0	0	0	14
New York	2019	25	0	0	0	0	25
	2020	25	0	0	0	0	25
	2021	25	0	0	0	0	25
Ohio	2019	90	1	0	0	0	91
	2020	91	0	2	0	0	93
	2021	93	4	0	0	0	97
Oregon	2019	33	0	0	0	0	33
	2020	33	0	6	0	0	39
	2021	39	0	2	1	0	40
Pennsylvania	2019	9	0	0	0	0	9
	2020	9	0	0	0	0	9
	2021	9	1	0	0	0	10
Tennessee	2019	45	1	0	0	0	46
	2020	46	2	0	0	0	48
	2021	48	6	0	0	0	54
Texas	2019	26	13	0	0	0	39
	2020	39	8	0	0	0	53
	2021	53	38	16	0	0	107
Virginia	2019	2	10	0	0	0	12
	2020	12	10	0	0	0	22
	2021	22	2	0	0	0	24
Washington	2019	23	1	1	0	0	25
	2020	25	4	2	0	0	31
	2021	31	4	0	0	0	35
Wisconsin	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
TOTAL	2019	462	48	5	0	2	515
	2020	515	40	23	0	0	578
	2021	578	88	45	2	0	709

Following is information on VIOCF's projections for new Valvoline Instant Oil Change franchised and company owned outlets during its 2021 fiscal year (October 1, 2020 through September 30, 2021):

TABLE NO. 5  
PROJECTED OPENINGS AS OF SEPTEMBER 30, 2021

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
Alabama	0	0	0	2
Alaska	0	0	0	0
Arizona	0	0	0	3
Arkansas	0	0	0	0
California	0	11	0	0
Colorado	0	0	0	2
Connecticut	0	0	0	0
Delaware	0	0	0	0
Florida	0	10	0	0
Georgia	0	0	0	5
Idaho	0	0	0	12
Illinois	0	20	0	2
Indiana	0	1	0	7
Iowa	0	0	0	0
Kansas	0	0	0	1
Kentucky	0	1	0	3
Louisiana	0	0	0	0
Maryland	0	2	0	0
Massachusetts	0	2	0	0
Michigan	0	0	0	9
Minnesota	0	0	0	0
Mississippi	0	0	0	0
Missouri	0	0	0	1
Montana	0	0	0	0
Nebraska	0	0	0	0
Nevada	0	1	0	0
New Hampshire	0	0	0	0
New Jersey	0	3	0	0
New Mexico	0	0	0	0
New York	0	0	0	1
North Carolina	0	3	0	0
North Dakota	0	1	0	0
Ohio	0	0	0	5
Oklahoma	0	4	0	0
Oregon	0	0	0	1
Pennsylvania	0	0	0	1
Rhode Island	0	0	0	0
South Carolina	0	2	0	0
South Dakota	0	1	0	0

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
Tennessee	0	0	0	6
Texas	0	0	0	8
Utah	0	3	0	0
Virginia	0	1	0	7
Washington	0	0	0	6
West Virginia	0	0	0	0
Wisconsin	0	0	0	0
Wyoming	0	0	0	0
TOTAL	0	66	0	82

\* 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 as well as the rights under Development Agreements.

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 three (3) 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 original 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 one (1) 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 our most recently completed fiscal year end until the original 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 eighteen (18) franchisees who transferred their franchise during our prior fiscal year to another individual or business entity (other than VIOCF or its affiliates), as well as the name, address, city and state of the franchised location, and current business telephone number of the individual or business entity that acquired the franchise.

In addition, Exhibit G lists the name, city and state, and the current business telephone numbers (or, if unknown, the last known home telephone numbers) of the twenty-four (24) franchisees who transferred their franchise from the date of our most recently completed fiscal year end until the original 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.

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 Association of VIOC Franchisees, Inc., Matthew P. McKeown, 8000 Tower Point Drive, Charlotte, North Carolina 28227, (704) 655-1018, mpmckeown@ncvioc.com

ITEM 21  
FINANCIAL STATEMENTS

The consolidated financial statements of Valvoline (our ultimate parent company) and consolidated subsidiaries as of September 30, 2021 and for each of the three years in the period ended September 30, 2021, are included in Exhibit D. Also included in Exhibit D are the condensed consolidated unaudited financial statements of Valvoline and consolidated subsidiaries, including: statements of comprehensive income and statements of cash flows, for the three months ended December 31, 2021 and December 31, 2020; statements of stockholders' equity (deficit) for the three months ended December 31, 2021; and balance sheets for the periods ending December 31, 2021 and September 30, 2021.

Our ultimate parent company, 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 (state addenda to the License Agreement, 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, state addenda to the Development Agreement and Terms and Conditions of VIOC Bounty Program).

ITEM 23  
RECEIPTS

The last pages of this disclosure document at Exhibit K are two copies of the Receipt page acknowledging your receipt of this disclosure document. Please sign one of the two copies of the Receipt and return it to us. If these pages or other pages or exhibits are missing from your copy or if you need assistance on how to submit your signed signature page, please contact Valvoline Instant Oil Change Franchising, Inc. at this address, email or phone number:

Valvoline Instant Oil Change Franchising, Inc.  
100 Valvoline Way  
Lexington, Kentucky 40509  
Attention: Leslie Salyers  
(859) 357-7129  
Leslie.salyers@valvoline.com  
www.vioc.com

CENTER NO.:

LICENSE AGREEMENT

Between

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.

(as Licensor)

and

(as Licensee)

Dated:

EXHIBIT A-1

LICENSE AGREEMENT

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EXHIBIT A-1

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 100 Valvoline Way, Lexington, Kentucky, 40509 ("Licensor"), and \_\_\_\_\_, a \_\_\_\_\_ limited liability company, 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.



## EXHIBIT A-1

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. GRANT

1.1. Licensors 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."

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### 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, refurbishing, 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 all 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, refurbishing, 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.

## EXHIBIT A-1

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.

## EXHIBIT A-1

### 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:

4.1.1. 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 entered into by Licensee with Licensor shall be paid in two equal installments, with the first payable upon the execution hereof and the second payable 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 for this Agreement is \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_).

4.1.2. If this Agreement is entered into pursuant to the employee program ("Employee Program"), then Licensor shall waive the license fee for the first License Agreement entered into by Licensee with Licensor. For subsequent License Agreements, Licensee shall pay Licensor a license fee of (i) Twenty Thousand Dollars (\$20,000.00) for the first newly constructed Center or (ii) Five Thousand Dollars (\$5,000.00) for the first acquired/converted Center. The license fee shall be paid in full upon execution hereof. The license fee due for this Agreement 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 (\$\_\_\_\_\_).

4.1.4. 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.

## EXHIBIT A-1

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 (20<sup>th</sup>) day of each calendar month. If the twentieth (20<sup>th</sup>) 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 eighth (8<sup>th</sup>) day of each calendar month. In the event Licensor does not receive the reports or statements by the eighth (8<sup>th</sup>) business day, Licensor may, at its discretion, 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, with the exception of the royalty report, which will be sent electronically by the 13<sup>th</sup> day of the month. 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 within 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.

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### 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

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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.

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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.



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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.

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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 (10) 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 (10) 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.

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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

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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

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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 (10) 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 Valvoline, 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 20<sup>th</sup> 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 Valvoline, 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.

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### 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

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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. CONFIDENTIAL OPERATING MANUAL

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.

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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.



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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 Valvoline, 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'

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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

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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:

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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.

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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 be 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

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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. INSURANCE

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

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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 Valvoline 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 Valvoline. 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 Valvoline.

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 Valvoline 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

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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



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"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.

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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

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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

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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.

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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.

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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.

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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.

16.5.5. 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

## EXHIBIT A-1

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



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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. Intentionally Reserved.

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

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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. LICENSEE AS A BUSINESS ORGANIZATION

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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:

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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

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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

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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.

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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.  
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

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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



## EXHIBIT A-1

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. DATA PROCESSING SYSTEM

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**

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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.

## EXHIBIT A-1

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.

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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 Valvoline 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, 28.2 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

EXHIBIT A-1

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. GUARANTEE

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

## EXHIBIT A-1

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.

EXHIBIT A-1

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

By: \_\_\_\_\_  
Name:  
Title:

LICENSEE: \_\_\_\_\_  
a \_\_\_\_\_ limited liability company

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 Commissioner of Financial Protection and Innovation, 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



## EXHIBIT A-1-A

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)

**EXHIBIT A-1-A**

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: Click or tap here to enter text.

By: {{Sig\_es\_:signer2:signature}}  
Name: {{N\_es\_:signer2:fullname}}  
Title: {{Ttl2\_es\_:title}}

By: {{Sig\_es\_:signer1:signature}}  
Name: {{N\_es\_:signer1:fullname}}  
Title: {{Ttl1\_es\_:title}}

**EXHIBIT A-1-A**

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," 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:

“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 Hawaii Franchise Investment Law.”

2. Section 15, "Transfer of Interest," 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 total 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, but 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 for this Agreement \_\_\_\_\_ Thousand 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.

## **EXHIBIT A-1-A**

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.

**[signature page follows]**

**EXHIBIT A-1-A**

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: Click or tap here to enter text.

By: {{Sig\_es\_:signer2:signature}}  
Name: {{N\_es\_:signer2:fullname}}  
Title: {{Ttl2\_es\_:title}}

By: {{Sig\_es\_:signer1:signature}}  
Name: {{N\_es\_:signer1:fullname}}  
Title: {{Ttl1\_es\_:title}}

**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.

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: Click or tap here to enter text.

By: {{Sig\_es\_:signer2:signature}}  
Name: {{N\_es\_:signer2:fullname}}  
Title: {{Ttl2\_es\_:title}}

By: {{Sig\_es\_:signer1:signature}}  
Name: {{N\_es\_:signer1:fullname}}  
Title: {{Ttl1\_es\_:title}}

EXHIBIT A-1-A

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.

EXHIBIT A-1-A

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.

Click or tap here to enter text.

By: {{Sig\_es\_:signer2:signature}}  
Name: {{N\_es\_:signer2:fullname}}  
Title: {{Ttl2\_es\_:title}}

LICENSEE: Click or tap here to enter text.

By: {{Sig\_es\_:signer1:signature}}  
Name: {{N\_es\_:signer1:fullname}}  
Title: {{Ttl1\_es\_:title}}



**EXHIBIT A-1-A**

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," 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:

"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," 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", 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."

**EXHIBIT A-1-A**

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 all fees 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.”

(signature page follows)

**EXHIBIT A-1-A**

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: Click or tap here to enter text.

By: {{Sig\_es\_:signer2:signature}}  
Name: {{N\_es\_:signer2:fullname}}  
Title: {{Ttl2\_es\_:title}}

By: {{Sig\_es\_:signer1:signature}}  
Name: {{N\_es\_:signer1:fullname}}  
Title: {{Ttl1\_es\_:title}}

## EXHIBIT A-1-A

CENTER NO. \_\_\_\_\_

### AMENDMENT TO LICENSE 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 AGREEMENT (the "Agreement") agree as follows:

1. Section 2., "Term and Renewal," 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:

"2.3.7. 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 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," 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 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."

## EXHIBIT A-1-A

5. Section 16., "Default and Termination," of the Agreement and Item 17 "Renewal, Termination, Transfer, and Dispute Resolution" of the Franchise Disclosure Document shall be supplemented by the addition of a new Section 16.7., as follows:

"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," Section 26.1. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following 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."

**EXHIBIT A-1-A**

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]

**EXHIBIT A-1-A**

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 Click or tap here to enter text.

By: {{Sig\_es\_:signer2:signature}}  
Name: {{N\_es\_:signer2:fullname}}  
Title: {{Ttl2\_es\_:title}}

By: {{Sig\_es\_:signer1:signature}}  
Name: {{N\_es\_:signer1:fullname}}  
Title: {{Ttl1\_es\_:title}}

**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", Section 2.3.7. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following 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", 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", Section 10.4. of the Agreement, shall be deleted in its entirety, and shall have no force or effect; and the following 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", Section 15.2.2.3. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following 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



EXHIBIT A-1-A

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", 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", Section 26.1. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following 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,

EXHIBIT A-1-A

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", Section 26.3. of the Agreement shall be amended by adding the following immediately after Section 26.3:

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.

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: Click or tap here to enter text.

By: {{Sig\_es\_:signer2:signature}}  
Name: {{N\_es\_:signer2:fullname}}  
Title: {{Ttl2\_es\_:title}}

By: {{Sig\_es\_:signer1:signature}}  
Name: {{N\_es\_:signer1:fullname}}  
Title: {{Ttl1\_es\_:title}}

**AMENDMENT TO LICENSE AGREEMENT  
REQUIRED BY STATE OF RHODE ISLAND  
EFFECTIVE AS OF \_\_\_\_\_**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. LICENSE AGREEMENT (the "License 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 modified by adding the following to the end thereof:

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

- 5. 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.

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: Click or tap here to enter text.

By: {{Sig\_es\_:signer2:signature}}  
Name: {{N\_es\_:signer2:fullname}}  
Title: {{Ttl2\_es\_:title}}

By: {{Sig\_es\_:signer1:signature}}  
Name: {{N\_es\_:signer1:fullname}}  
Title: {{Ttl1\_es\_:title}}

**EXHIBIT A-1-A**

CENTER CODE \_\_\_\_\_

**AMENDMENT TO LICENSE AGREEMENT  
REQUIRED BY STATE OF SOUTH DAKOTA  
EFFECTIVE AS OF \_\_\_\_\_**

In recognition of the requirements of the South Dakota Codified Law, Section SDCL 37-5B-5, the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. LICENSE AGREEMENT (the "Agreement") agree as follows:

1. Section 4.1. of the License Agreement is hereby deleted in its entirety and following substituted therefor:

"4.1.1. Licensee shall pay Licensor a total 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, but 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 for this Agreement \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_)."

Notwithstanding this Section 4.1.1. and Section 4.1.2., the State of South Dakota Securities Regulation Division of Insurance 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."

(signature page follows)

**EXHIBIT A-1-A**

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: Click or tap here to enter text.

By: {{Sig\_es\_:signer2:signature}}  
Name: {{N\_es\_:signer2:fullname}}  
Title: {{Ttl2\_es\_:title}}

By: {{Sig\_es\_:signer1:signature}}  
Name: {{N\_es\_:signer1:fullname}}  
Title: {{Ttl1\_es\_:title}}

**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", 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:

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 Section 2.4., as follows:

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. The second paragraph of Section 4.1.1 of the Agreement shall be modified to provide that in lieu of an impound of franchise fees, the Licensor will not require or accept the payment of any initial franchise fees until the Licensee has (a) received all pre-opening and initial training obligations that it is entitled to under the license agreement or offering circular, and (b) is open for business.

4. Section 15., "Transfer of Interest", 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.

5. Section 16., "Default and Termination", of the Agreement shall be supplemented by addition of a new Section 16.7., as follows:

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.

EXHIBIT A-1-A

6. Section 17., "Obligations Upon Termination or Expiration", Section 17.9. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following 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.

7. Section 26., "Applicable Law", Section 26.1. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following 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.

EXHIBIT A-1-A

8. The Agreement shall be supplemented by addition of a new Section 30 to provide as follows:
- 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 or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
  - c. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
  - d. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
  - e. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
  - f. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
  - g. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

[Signature Page Follows]



EXHIBIT A-1-A

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: Click or tap here to enter text.

By: {{Sig\_es\_:signer2:signature}}  
Name: {{N\_es\_:signer2:fullname}}  
Title: {{Ttl2\_es\_:title}}

By: {{Sig\_es\_:signer1:signature}}  
Name: {{N\_es\_:signer1:fullname}}  
Title: {{Ttl1\_es\_:title}}

CENTER NO. \_\_\_\_\_

EXHIBIT A-2

LICENSEE SIGN AND EQUIPMENT LEASE

Between

VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.

(as LESSOR)

and

\_\_\_\_\_,

(as LESSEE)

Dated: \_\_\_\_\_

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 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 tenth (10<sup>th</sup>) 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. Starting on the Rental Commencement Date 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

LICENSEE:  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

GUARANTOR:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

GUARANTOR:

\_\_\_\_\_  
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:

<u>Qty.</u>	<u>Description</u>
_____	_____
_____	_____

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: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A-3

CENTER NO.:

LICENSEE SUPPLY AGREEMENT

Between

VALVOLINE LLC

and

(as Buyer)

Dated:

## EXHIBIT A-3

CENTER NO.:

### LICENSEE SUPPLY AGREEMENT

THIS LICENSEE SUPPLY AGREEMENT ("Agreement") is made and entered into as of \_\_\_ day of \_\_\_\_\_, between Valvoline LLC., ("Valvoline"), a Delaware limited liability company, with a mailing address of 100 Valvoline Way, Lexington, Kentucky, 40509 and \_\_\_\_\_, a \_\_\_\_\_ limited liability company/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

## EXHIBIT A-3

Requirements are defined as the applicable product necessary for services actually performed and products actually sold to customers of the Center's services.

<u>Product</u>	Unit of Measure	Minimum Percentage of <u>Center Requirements</u>
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.

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- 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

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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

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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



## EXHIBIT A-3

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

## EXHIBIT A-3

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:

EXHIBIT A-3

- 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 LLC  
a Delaware limited liability company

BUYER:  
a \_\_\_\_\_ corporation

By: \_\_\_\_\_  
Name: Thomas A. Gerrald  
Title: Sr. Vice President, Core North America

\_\_\_\_\_  
By:  
Title:

## 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 100 Valvoline Way, Lexington, KY 40509 ("VIOCF").

#### WITNESSETH:

WHEREAS, \_\_\_\_\_ ("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; or

(b) 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(b) 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.

COVENANTOR:

\_\_\_\_\_  
Name: \_\_\_\_\_, signing in his/her  
individual capacity

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**

<b>CUSTOMER INFORMATION</b>	Customer Name		Valvoline Account Number	
	Address		City	State      Zip Code
	Accounting Contact		Telephone No. (        )	

\_\_\_\_\_ (“Customer”) does hereby authorize Valvoline Inc. (“Valvoline”), 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.

<b>BANK INFORMATION</b>	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 Valvoline, 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 Valvoline. 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 Valvoline to 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 Valvoline, to its General Counsel (with a copy to its Assistant Treasurer - Cash Manager) at 100 Valvoline Way, Lexington, Kentucky 40509.

All credit and other terms and requirements between Customer and VALVOLINE remain 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 Valvoline and Customer.

\_\_\_\_\_  
CUSTOMER

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

VALVOLINE INC.

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

**\*\*Please attach a voided check from your corresponding bank account.**



**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.)**

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 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:

<u>IF ALL OF LICENSEE'S CENTER'S PREVIOUS YEAR'S (Oct. 1 - Sept. 30) ADJUSTED GROSS REVENUE IS AT LEAST:</u>	<u>THEN THE APPLICABLE ROYALTY FEE PERCENTAGE FOR THE FOLLOWING YEAR (Oct. 1 - Sept. 30) SHALL BE:</u>
\$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%

EXHIBIT A-8

\$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

LICENSEE:  
a

\_\_\_\_\_  
By:  
Its:

\_\_\_\_\_  
By:  
Its:

**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



Exhibit A-9

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 Council) 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: \_\_\_\_\_

Exhibit A-9

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, during the period commencing on the date hereof and continuing for a period of \_\_ years ending on \_\_[DATE]\_\_ (the “Maturity Date”), no interest shall accrue on the unpaid principal balance outstanding under this Promissory Note.

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 in the amount which fully amortizes the unpaid principal balance of this Promissory Note 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 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), and second, 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, Default 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, Default 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.

In connection with BORROWER’S construction of, or purchase and conversion of an existing quick lube facility to, a Valvoline Instant Oil Change facility, VIOCF is advancing the monies evidenced hereby to BORROWER (collectively, the “Incentive Payment”). Per the terms and conditions applicable to the Incentive Payment, VIOCF and BORROWER will adjust/“true up” the Incentive Payment on the second (2<sup>nd</sup>) anniversary of the opening of such quick lube facility as a Valvoline Instant Oil Change facility (the “Opening”) based on the actual oil changes performed by the facility in the second (2<sup>nd</sup>) year after the Opening relative to the projected number of oil changes for the facility. It is understood and agreed that this Promissory Note shall be amended and restated within sixty (60) days following the second anniversary of the Opening to reflect (i) an updated principal/face amount, with any “true-up” monies paid by VIOCF to BORROWER being added to the original principal/face amount and any “true-up” monies paid by

## EXHIBIT A-10

BORROWER to VIOCF being deducted from the original principal/face amount and (ii) an updated Schedule A that details the amortization of the revised principal/face amount (including any “true-up” monies).

### 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 a legal, valid and binding obligation 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

## EXHIBIT A-10

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, 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, 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 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 ("Default Interest") 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<sup>th</sup>) 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.

**EXHIBIT A-10**

**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.

**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 BORROWER 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 BORROWER:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **EXHIBIT A-10**

### **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 Default Interest) 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.



**EXHIBIT A-10**

**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, Valvoline LLC, Valvoline 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.

BORROWER

By: \_\_\_\_\_

Title: \_\_\_\_\_

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 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 100 Valvoline Way, Lexington, Kentucky 40509 ("Valvoline LLC"), and Valvoline Inc., a Kentucky corporation with a mailing address of 100 Valvoline Way, Lexington, Kentucky 40509 ("Valvoline Inc."; Valvoline LLC and Valvoline Inc. are collectively referred to herein as "Valvoline"), are 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) (the "New Center Requirement") 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.

1.1.1 It is understood and agreed that Developer will meet the New Center Requirement through a combination of constructing Ground-Up Centers and acquiring/developing Converted Centers. Developer and Grantor will work together to determine the ideal mix of Ground-Up Centers and Converted Centers in the Development Area. In the event that the parties are unable to determine the appropriate Center mix in the Development Area, such mix shall be determined by Grantor in its reasonable discretion.

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 Developer's completion of its obligations hereunder and 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 the 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 (a) \$[\_\_\_\_\_] multiplied by the number of actual oil changes performed by the Converted Center in the \_\_\_\_\_ (\_\_) months preceding Developer's acquisition thereof (each such payment, a "POS-Based Converted Center Bounty Payment") or (b) in the event that there is no \_\_\_-month trailing point of sale data for the Converted Center, \$\_\_\_\_\_ per Converted Center opened by Developer in the Development Area (each, a "Standard 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 POS-Based Converted Center Bounty Payment, each Standard Converted Center Bounty Payment and each Ground-Up Center Bounty Payment (each such Payment, an "Actual Bounty Payment"). Each such promissory note shall be for a \_\_\_-year term and 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 POS-Based Converted Center Bounty Payment is based on the number of oil changes performed by the Converted Center in the \_\_\_\_\_ (\_\_) months preceding its acquisition by Developer, (ii) each Standard Converted Center Bounty Payment is based on such Center performing at least [\_\_\_\_\_] oil changes (the basis of each POS-Based Converted Center Bounty Payment and each Standard Converted Center Bounty Payment, the "Projected Number of Converted Center Oil Changes") in the twelve (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 is open for 18 months, a "Mature Converted Center") and (ii) each Ground-Up Center Bounty Payment is based on such Center performing at least [\_\_\_\_\_] oil changes (the "Projected Number of Ground-Up Center Oil Changes") in the twelve (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 is open for 24 months, a "Mature Ground-Up Center").

3.3 With respect to each POS-Based Converted Center Bounty Payment and each Standard 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 actual 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 \$\_\_ 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 \_\_,000 is the Actual Number of Converted Center Oil Changes and \_\_,000 is the Projected Number of Converted Center Oil Changes for a given Center, Grantor shall pay an additional \$\_\_,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 \$\_\_ 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 \_\_,000 is the Projected Number of Converted Center

Oil Changes and \_\_,000 is the Actual Number of Converted Center Oil Changes for a given Center, Developer shall repay \$ \_\_,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 \$ \_\_ 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 \_\_,000 is the Actual Number of Ground-Up Center Oil Changes and \_\_,000 is the Projected Number of Ground-Up Center Oil Changes for a given Center, Grantor shall pay an additional \$ \_\_,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 \$ \_\_ 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 \_\_,000 is the Projected Number of Ground-Up Center Oil Changes and \_\_,000 is the Actual Number of Ground-Up Center Oil Changes for a given Center, Developer shall repay \$ \_\_,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. Developer may repay any amounts due under this Section 3 by directing Grantor to offset such amounts against any monies due from Grantor to Developer.

3.7 In the event that a Ground-Up Center Bounty Payment is made with respect to a New Center for which physical construction is commenced and such New Center never opens for business, Developer shall repay the Ground-Up Center Bounty Payment upon Grantor’s demand. 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. Developer may repay any amounts due under this Section 3 by directing Grantor to offset such amounts against any monies due from Grantor to Developer.

#### 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 – INTENTIONALLY RESERVED.

7. DEFAULT, TERMINATION AND EXPIRATION

7.1. Developer shall 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 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, 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

7.2.7. 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.

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. TRANSFER OF INTEREST

8.1. Transfer by Grantor

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. Transfer by Developer

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.  
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; provided, however, nothing in this or in any related agreement is intended to disclaim the representations Grantor made in the franchise disclosure document furnished to Developer. 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: \_\_\_\_\_

Valvoline Inc.

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	Open New Center on or before**:
1 <sup>st</sup>	XX
2 <sup>nd</sup>	XX
3 <sup>rd</sup>	XX
4 <sup>th</sup>	XX
5 <sup>th</sup>	XX
6 <sup>th</sup>	XX
7 <sup>th</sup>	XX
8 <sup>th</sup>	XX
9 <sup>th</sup>	XX
10 <sup>th</sup>	XX

ATTACHMENT B  
TO DEVELOPMENT AGREEMENT

The Development Area, as described above, is depicted on the map set forth below. Any disputes regarding the exact boundaries of the Development Area, including, without limitation, any disputes pertaining to (i) the placement of Grantor or Grantor franchisee centers on or near the boundaries of the Development Area or (ii) the Acquisition of existing quick lube facilities on or near the boundaries of the Development Area by the Grantor Group, shall be resolved by Grantor in its sole and absolute discretion subject to Developer's territorial protections (2 mile radius) under the relevant license agreements.

**EXHIBIT A-11**

**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. DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

- 1. Section 12., "Miscellaneous", Paragraph 12.7 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:

12.7. 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.

- 2. Section 2.1 of the Development Agreement is modified to provide that the due date for the Development Fee shall be deferred until the first franchise under the Development Agreement opens.
- 3. Section 2.2 of the Development Agreement is modified to provide that the payment of the license fee shall be due and payable at such time as required pursuant to the terms of the applicable License Agreement, including any applicable fee deferral period required under Maryland law.
- 4. Section 2.3 of the Development Agreement is modified to provide that to the extent the payment of the Additional Fee is required pursuant to the terms of Section 2.3, the Developer will pay to the Grantor the Additional Fee upon the earlier of the date upon which the first franchise under the Development Agreement opens, or (ii) the date the Development Agreement is terminated by the Grantor due to Developer's default under the Development 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.

LICENSEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT A-11**

**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. 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 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 12.7. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following Paragraph 26.1 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 Development Agreement on the day and year first above written.

VALVOLINE INSTANT OIL CHANGE  
FRANCHISING, INC.

LICENSEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A-11**

**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 1.1. of the Agreement shall be amended by deleting the last sentence of Paragraph 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.

- 2. Section 12., "Miscellaneous," Paragraph 12.7. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following Paragraph 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 Development Agreement as of the day and year first above written.

VALVOLINE INSTANT OIL CHANGE  
FRANCHISING, INC.

LICENSEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A-11**

**AMENDMENT TO DEVELOPMENT AGREEMENT  
REQUIRED BY STATE OF RHODE ISLAND  
EFFECTIVE AS OF \_\_\_\_\_**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC. DEVELOPMENT AGREEMENT (the "Development 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, Paragraph 12.7 of the Development Agreement is hereby modified by adding the following to the end thereof:

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

- 5. 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.

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

VALVOLINE INSTANT OIL CHANGE  
FRANCHISING, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LICENSEE: \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A-11****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. DEVELOPMENT AGREEMENT (the "Agreement") agree as follows:

1. Section 2 of the Agreement shall be modified to provide that because the Licensor has material pre-opening obligations with respect to each licensed business Licensee opens under the Development Agreement, payment of the license fee will be released proportionally with respect to each license outlet opened and until Licensor has met all its pre-opening obligations under the Agreement and Licensee is open for business with respect to such location.

2. Section 7., "Default and Termination", Paragraph 7.5.7. of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following Paragraph 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.

3. Section 7., "Default and Termination," of the Agreement shall be supplemented by adding a new Paragraph 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.

4. Section 12., "Miscellaneous," Paragraph 12.7 of the Agreement shall be deleted in its entirety and shall have no force or effect; and the following Paragraph 12.7 shall be substituted in lieu thereof:

**EXHIBIT A-11**

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 laws 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.

5. Section 12., "Miscellaneous," of the Agreement shall be supplemented by adding a new Paragraph 12.9 as follows:

- 12.9. (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 or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
- (c) In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- (d) A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
- (e) Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
- (f) Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the

**EXHIBIT A-11**

franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

- (g) RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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.

LICENSEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**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”).

In the case of a Ground-Up Center, VIOC will pay incentive monies based on VIOC’s projection, as determined solely by VIOC, of the number of oil changes that will be performed by that Center on an annualized basis as of the 2-year anniversary of the store opening (“VIOC Oil Change Projection”). The amount of the incentive payment will be equal to (i) \$\_\_.00 multiplied by (ii) the number of oil changes forecasted by the VIOC Oil Change Projection.

In the case of a Converted Center, VIOC will pay incentive monies based on (a) documentation of the historical number of oil changes performed in the last 12 months preceding purchase (the “Historical Number of Oil Changes”) or, if no such documentation is available, (b) VIOC’s projection, as determined solely by VIOC, of the number of oil changes that will be performed by that Center on an annualized basis as of the 18-month anniversary of the store opening (the “VIOC Conversion Oil Change Projection”). The amount of the incentive payment will be equal to (i) \$\_\_.00 multiplied by (ii) the Historical Number of Oil Changes or the number of oil changes forecasted by the VIOC Conversion Oil Change Projection.

All incentive payments will be structured as no payback loans with a term of fifteen (15) years. Incentive payments are generally made within thirty (30) days of the opening of a given Center.

VIOC will measure the actual number of oil changes to “true-up” the incentive payment made with respect to the Center at the end of (a) at least eighteen (18) months after the opening of a Converted Center and (b) at least twenty-four (24) months after the opening of a Ground-Up Center. The number of actual oil changes performed by the Center in the six (6) months preceding the applicable measurement date will be annualized and compared against the number of oil changes for the Center used to determine the amount of the incentive payment made to the franchisee. If VIOC overpaid the franchisee, such franchisee will be required to repay us the overpayment within thirty (30) days of the determination date. If VIOC underpaid the franchisee based on the actual number of oil changes, VIOC will pay the franchisee the shortfall amount within thirty (30) days of the determination date.

In the event that a franchisee opens multiple centers that mature on the same applicable measurement date, any and all true-up adjustments made as of that date shall be aggregated and netted out as of that date.

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.

*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 Valvoline Instant Oil Change Franchising, Inc. and Valvoline LLC, 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.

*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, 100 Valvoline Way, Lexington, Kentucky 40509



EXHIBIT B

LIST OF ADMINISTRATORS

California

Commissioner of Financial Protection and  
Innovation  
Department of Financial Protection and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, CA 90013-2344  
ask.dfpi@dfpi.ca.gov

Hawaii

State of Hawaii  
Hawaii Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 205  
Honolulu, HI 96813  
(808) 586-2744

Illinois

Office Of the Illinois Attorney General  
Franchise Bureau  
500 South Second Street  
Springfield, Illinois 62701  
(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  
(410) 576-6360

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) 335-7567

Minnesota

Minnesota Department Of Commerce  
Securities Unit  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

New York

NYS Department of Law  
Investor Protection Bureau  
28 Liberty St., 15<sup>th</sup> Floor  
New York, New York 10005  
(212) 416-8236

North Dakota

Franchise Examiner  
Securities Department  
600 East Boulevard Avenue  
State Capital, 5<sup>th</sup> Floor  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

Rhode Island

State Of Rhode Island Department Of Business Regulation  
Securities Division  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9500

South Dakota

Division of Insurance  
Securities Regulation  
124 S. Euclid, 2<sup>nd</sup> Floor  
Pierre, South Dakota 57501  
(605) 773-3563

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  
(804) 371-9051

Wisconsin

Franchise Registration  
Division Of Securities  
Dept. Of Financial Institutions  
4822 Madison Yards Way, North Tower, 4<sup>th</sup> Floor  
Madison, Wisconsin 53705  
(608) 266-0448

EXHIBIT C

AGENTS FOR SERVICE OF PROCESS

Alabama

The Corporation Company  
2000 Interstate Park Drive, Suite 204  
Montgomery, AL 36109

Arizona

C T Corporation System  
2394 East Camelback Road  
Phoenix, AZ 85016

California

C T Corporation System  
818 West 7<sup>th</sup> Street  
Los Angeles, CA 90017

Commissioner of Financial Protection and  
Innovation  
Department of Financial Protection and  
Innovation  
2101 Arena Boulevard  
Sacramento, California 95834

Connecticut

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Juneau, AK 99801

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Colorado

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Denver, CO 80202

Delaware

The Corporation Trust Company  
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Minnesota Commissioner of Commerce  
Department of Commerce  
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New York Department Of State  
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Business Regulation  
Securities Division  
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Securities Division  
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Wisconsin Department Of Financial Institutions  
Division Of Securities  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors of  
Valvoline Inc. and Consolidated Subsidiaries

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Valvoline Inc. and Consolidated Subsidiaries (the Company) as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income, stockholders' equity (deficit) and cash flows for each of the three years in the period ended September 30, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated November 19, 2021, expressed an unqualified opinion thereon.

### **Adoption of New Accounting Standard**

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for accounting for leases in 2020.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

## **Valuation of Employee Benefit Obligations**

*Description of the Matter* At September 30, 2021, the Company's aggregate defined benefit pension and other postretirement obligations (together, the "Employee Benefit Obligations") were \$2,252 million and exceeded the fair value of pension plan assets of \$2,055 million, resulting in unfunded net Employee Benefit Obligations of \$197 million. As explained in Note 10 of the consolidated financial statements, the Company recognizes the change in the 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 to reflect the updated actuarial assumptions. The remaining components of pension and other postretirement benefits cost are recorded ratably throughout the year.

Auditing the valuation of the Employee Benefit Obligations was complex due to the judgmental nature of the actuarial assumptions (e.g., discount rate and mortality rate) used in the measurement process. These assumptions have a significant effect on the projected benefit obligations.

### *How We Addressed the Matter in Our Audit*

We tested controls that address the risks of material misstatements related to the valuation of the Employee Benefit Obligations. For example, we tested controls over management's review of the significant actuarial assumptions and the completeness and accuracy of the data inputs provided to the actuary. Where judgment was exercised by management, our audit procedures included testing controls over management's evaluation of the assumptions used in developing the Employee Benefit Obligations, including reviews of the selected mortality and discount rates with the Company's independent actuary.

To test the Employee Benefit Obligations, our audit procedures included, among others, evaluating the methodology used, the significant actuarial assumptions discussed above, and the underlying data used by the Company. We compared the actuarial assumptions used by management to its historical accounting practices and evaluated the change in the Employee Benefit Obligations from the prior year due to the change in service cost, interest cost, actuarial gains and losses, benefit payments, contributions and other activities. In addition, we involved an actuarial specialist to assist with our procedures. For example, the discount rate reflects the rates at which benefits could effectively be settled and is based on current investment yields of high-quality corporate bonds. The Company uses an actuarially-developed full yield curve approach in establishing its discount rate. We evaluated management's methodology for determining the discount rate that reflects the maturity and duration of the benefit payments. As part of this assessment, we tested the underlying securities used to develop the yield curve to evaluate whether they were appropriate for use in a yield curve and whether the provided yield curve reasonably followed from those securities. To evaluate the mortality rate, we assessed whether the information was consistent with publicly available information, and whether any market data adjusted for entity-specific adjustments were applied. We also tested the completeness and accuracy of the underlying data, including the participant data.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.

Cincinnati, Ohio  
November 19, 2021

# Valvoline Inc. and Consolidated Subsidiaries

## Consolidated Statements of Comprehensive Income

(In millions, except per share amounts)	Years ended September 30		
	2021	2020	2019
Sales	\$ 2,981	\$ 2,353	\$ 2,390
Cost of sales	2,001	1,490	1,580
<b>Gross profit</b>	<b>980</b>	<b>863</b>	<b>810</b>
Selling, general and administrative expenses	520	442	449
Net legacy and separation-related (income) expenses	(24)	(30)	3
Equity and other income, net	(44)	(34)	(40)
<b>Operating income</b>	<b>528</b>	<b>485</b>	<b>398</b>
Net pension and other postretirement plan (income) expenses	(126)	(59)	60
Net interest and other financing expenses	111	93	73
<b>Income before income taxes</b>	<b>543</b>	<b>451</b>	<b>265</b>
Income tax expense	123	134	57
<b>Net income</b>	<b>\$ 420</b>	<b>\$ 317</b>	<b>\$ 208</b>
<b>NET EARNINGS PER SHARE</b>			
Basic	\$ 2.30	\$ 1.70	\$ 1.10
Diluted	\$ 2.29	\$ 1.69	\$ 1.10
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>			
Basic	182	187	189
Diluted	183	188	189
<b>COMPREHENSIVE INCOME</b>			
Net income	\$ 420	\$ 317	\$ 208
Other comprehensive income (loss), net of tax			
Currency translation adjustments	7	7	(12)
Amortization of pension and other postretirement plan prior service credits	(9)	(9)	(9)
Unrealized gain (loss) on cash flow hedges	2	(1)	—
Other comprehensive loss	—	(3)	(21)
Comprehensive income	<b>\$ 420</b>	<b>\$ 314</b>	<b>\$ 187</b>

See Notes to Consolidated Financial Statements.

# Valvoline Inc. and Consolidated Subsidiaries

## Consolidated Balance Sheets

(In millions, except per share amounts)	As of September 30	
	2021	2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 230	\$ 760
Receivables, net	496	433
Inventories, net	258	199
Prepaid expenses and other current assets	53	46
Total current assets	1,037	1,438
<b>Noncurrent assets</b>		
Property, plant and equipment, net	817	613
Operating lease assets	307	261
Goodwill and intangibles, net	775	529
Equity method investments	47	44
Deferred income taxes	14	34
Other noncurrent assets	194	132
Total noncurrent assets	2,154	1,613
<b>Total assets</b>	<b>\$ 3,191</b>	<b>\$ 3,051</b>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 17	\$ —
Trade and other payables	246	189
Accrued expenses and other liabilities	306	255
Total current liabilities	569	444
<b>Noncurrent liabilities</b>		
Long-term debt	1,677	1,962
Employee benefit obligations	258	317
Deferred income taxes	26	1
Operating lease liabilities	274	231
Other noncurrent liabilities	252	172
Total noncurrent liabilities	2,487	2,683
Commitments and contingencies		
<b>Stockholders' equity (deficit)</b>		
Preferred stock, no par value, 40 shares authorized; no shares issued and outstanding	—	—
Common stock, par value \$0.01 per share, 400 shares authorized, 180 and 185 shares issued and outstanding at September 30, 2021 and 2020, respectively	2	2
Paid-in capital	35	24
Retained earnings (deficit)	90	(110)
Accumulated other comprehensive income	8	8
Total stockholders' equity (deficit)	135	(76)
<b>Total liabilities and stockholders' equity (deficit)</b>	<b>\$ 3,191</b>	<b>\$ 3,051</b>

See Notes to Consolidated Financial Statements.

## Valvoline Inc. and Consolidated Subsidiaries Consolidated Statements of Stockholders' Equity (Deficit)

(In millions, except per share amounts)	Common stock		Paid-in capital	Retained (deficit) earnings	Accumulated other comprehensive income	Totals
	Shares	Amount				
<b>Balance at September 30, 2018</b>	188	\$ 2	\$ 7	\$ (399)	\$ 32	\$ (358)
Net income	—	—	—	208	—	208
Dividends paid, \$0.424 per common share	—	—	—	(80)	—	(80)
Stock-based compensation, net of issuances	—	—	6	—	—	6
Cumulative effect of adoption of new revenue standard, net of tax	—	—	—	(13)	—	(13)
Other comprehensive loss, net of tax	—	—	—	—	(21)	(21)
<b>Balance at September 30, 2019</b>	188	2	13	(284)	11	(258)
Net income	—	—	—	317	—	317
Dividends paid, \$0.452 per common share	—	—	—	(84)	—	(84)
Stock-based compensation, net of issuances	—	—	11	—	—	11
Repurchase of common stock	(3)	—	—	(60)	—	(60)
Cumulative effect of adoption of new leasing standard, net of tax	—	—	—	1	—	1
Other comprehensive loss, net of tax	—	—	—	—	(3)	(3)
<b>Balance at September 30, 2020</b>	185	2	24	(110)	8	(76)
Net income	—	—	—	420	—	420
Dividends paid, \$0.500 per common share	—	—	1	(91)	—	(90)
Stock-based compensation, net of issuances	—	—	10	—	—	10
Repurchase of common stock	(5)	—	—	(127)	—	(127)
Cumulative effect of adoption of new credit losses standard, net of tax	—	—	—	(2)	—	(2)
<b>Balance at September 30, 2021</b>	180	\$ 2	\$ 35	\$ 90	\$ 8	\$ 135

See Notes to Consolidated Financial Statements.

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## Valvoline Inc. and Consolidated Subsidiaries

### Consolidated Statements of Cash Flows

(In millions)	Years ended September 30		
	2021	2020	2019
<b>Cash flows from operating activities</b>			
Net income	\$ 420	\$ 317	\$ 208
Adjustments to reconcile to cash flows from operations			
Loss on extinguishment of debt	36	19	—
Depreciation and amortization	92	66	61
Deferred income taxes	48	92	23
Pension contributions	(5)	(11)	(10)
(Gain) loss on pension and other postretirement plan remeasurements	(72)	(22)	69
Stock-based compensation expense	14	12	9
Other, net	4	(5)	(5)
Change in assets and liabilities			
Receivables	(65)	(11)	(30)
Inventories	(53)	(1)	(10)
Payables and accrued liabilities	95	(3)	37
Other assets and liabilities	(110)	(81)	(27)
Total cash provided by operating activities	404	372	325
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	(144)	(151)	(108)
Notes receivable, net of repayments of \$3 million in 2020	17	(31)	(2)
Acquisitions of businesses, net of cash acquired	(282)	(40)	(78)
Other investing activities, net	9	—	—
Total cash used in investing activities	(400)	(222)	(188)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	555	1,558	752
Payments of debt issuance costs and discounts	(7)	(16)	(2)
Repayments on borrowings	(829)	(929)	(734)
Premium paid to extinguish debt	(26)	(15)	—
Repurchases of common stock	(127)	(60)	—
Cash dividends paid	(91)	(84)	(80)
Other financing activities	(11)	(4)	(7)
Total cash (used in) provided by financing activities	(536)	450	(71)
Effect of currency exchange rate changes on cash, cash equivalents, and restricted cash	2	2	(3)
<b>(Decrease) increase in cash, cash equivalents and restricted cash</b>	<b>(530)</b>	<b>602</b>	<b>63</b>
Cash, cash equivalents and restricted cash - beginning of year	761	159	96
<b>Cash, cash equivalents and restricted cash - end of year</b>	<b>\$ 231</b>	<b>\$ 761</b>	<b>\$ 159</b>
<b>Supplemental disclosures</b>			
Interest paid	\$ 62	\$ 65	\$ 67
Income taxes paid	\$ 72	\$ 44	\$ 25

See Notes to Consolidated Financial Statements.

# Valvoline Inc. and Consolidated Subsidiaries

## Notes to Consolidated Financial Statements

### NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

#### Description of business

Valvoline Inc. (“Valvoline” or the “Company”) is a global vehicle and engine care company that powers the future of mobility through innovative services and products for electric, hybrid, and internal combustion powertrains. Established in 1866, Valvoline’s heritage spans 155 years, during which it has developed recognition across multiple service and product channels. Valvoline’s services performed at its retail stores, Valvoline-branded passenger car motor oils, and complementary products are designed to serve evolving maintenance needs and improve vehicle and engine performance and lifespan.

Valvoline operates and franchises approximately 1,600 service center locations and is the second and third largest chain in the United States (“U.S.”) and Canada, respectively, by number of stores. With sales in more than 140 countries and territories, Valvoline’s solutions are available for every engine and powertrain, including high-mileage and heavy-duty applications, and are offered at more than 80,000 locations worldwide.

#### Basis of presentation and consolidation

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 Securities and Exchange Commission (“SEC”) regulations. The financial statements are presented on a consolidated basis for all periods presented and include the operations of the Company and its majority-owned and controlled subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Certain prior period amounts have been reclassified in the accompanying consolidated financial statements and notes thereto to conform to the current period presentation.

### 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 periods presented, except when otherwise disclosed, are described below.

#### Use of estimates, risks and uncertainties

The preparation of the consolidated 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 matters. 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.

Valvoline has substantially maintained its operations throughout the novel coronavirus (“COVID-19”) pandemic to-date and has continued precautionary measures to protect the Company’s employees and customers and manage through the currently known impacts on its business. Given the unprecedented nature of the pandemic, the extent of future impacts cannot be reasonably estimated at this time due to numerous uncertainties, including the ultimate duration and severity of the pandemic.

#### Cash and cash equivalents

All short-term, highly liquid investments having original maturities of three months or less are considered to be cash equivalents.

## Receivables and allowance for credit losses

Valvoline invoices customers and recognizes a receivable within its Consolidated Balance Sheets once the Company performs a service or transfers control of a product, at which point its right to consideration becomes unconditional and only the passage of time is required before payment of that consideration is due. As the majority of the Company's performance obligations are satisfied at a point in time and customers typically do not make material payments in advance, nor does Valvoline have a right to consideration in advance of control transfer, the Company has no contract assets or contract liabilities.

Valvoline adopted guidance in fiscal 2021 that changes the recognition of credit losses from an incurred or probable loss methodology to a current expected credit loss model, which results in the immediate recognition of losses that are expected to occur over the life of the financial instruments, principally trade and other receivables. Allowances are maintained to estimate expected lifetime credit losses that are based on a broad range of reasonable and supportable information and factors, including the length of time receivables are past due, the financial health of its customers, macroeconomic conditions, and historical collection experience. 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 receivables against the allowance when collection efforts have been exhausted and/or any legal action taken by the Company has concluded.

## Inventories

Inventories are primarily carried at the lower of cost or net realizable value using the weighted average cost method. In addition, certain lubricants are valued at the lower of cost or market using the last-in, first-out ("LIFO") method to provide matching of revenues with current costs. Inventory costs include materials, labor and manufacturing overhead related to the purchase and production of inventories. The Company regularly reviews inventory quantities on hand and the estimated utilization of inventory. Excess and obsolete reserves are established when inventory is estimated to not be usable based on forecasts, product demand, life cycle, or utility.

## Property, plant and equipment

Property, plant and equipment is recorded at cost and is depreciated using the straight-line method over the estimated useful lives of the assets. Buildings generally have useful lives of ten to twenty-five years and machinery and equipment typically have two to thirty year useful lives, dependent on the nature and utility of the assets. Building and leasehold improvements are depreciated over the shorter of their estimated useful lives or the period from which the date the assets are placed in service to the end of the lease term, as appropriate. Depreciation expense is recognized in Cost of sales or Selling, general and administrative expenses within the Consolidated Statements of Comprehensive Income based on the function the underlying asset supports. Property, plant and equipment is relieved of the cost and related accumulated depreciation when assets are disposed of or otherwise retired. Gains or losses on the dispositions of property, plant and equipment are included in the Consolidated Statements of Comprehensive Income and generally reported in Equity and other income, net.

Property, plant and equipment carrying values are evaluated for recoverability at the lowest level of identifiable cash flows when impairment indicators are present. Such indicators could include, among other factors, operating losses, unused capacity, market value declines and technological obsolescence. Recorded values of asset groups of long-lived assets that are not expected to be recovered through undiscounted future net cash flows are written down to 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).

## Leases

Certain of the properties Valvoline utilizes, including its retail service center stores, offices, blending and warehouse facilities, in addition to certain equipment, are leased, with a small portion subleased primarily to Valvoline's franchisees. In fiscal 2020, Valvoline adopted new guidance related to leases using the optional transition approach, with prospective application from adoption on October 1, 2019 and the financial statements prior to



adoption reported in accordance with the previous guidance. Valvoline's policies under the new guidance are outlined below.

Valvoline determines if an arrangement contains a lease at inception primarily based on whether or not the Company has the right to control the asset during the contract period. For all agreements where it is determined that a lease exists, the related lease assets and liabilities are recognized within the Consolidated Balance Sheets as either operating or finance leases at the commencement date.

The lease liability is measured based on the present value of future payments over the lease term, and the right-of-use asset is measured as the lease liability, adjusted for prepaid lease payments, lease incentives, and initial direct costs (e.g., commissions). Valvoline's leases generally have terms ranging from less than one year to more than 20 years, and leases with an initial term of 12 months or less are included in the measurement of its right-of-use asset and lease liability balances. The lease term includes options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

Fixed rental payments, including variable payments based on a rate or index, are included in the determination of the lease liability. Many leases also require the payment of taxes, insurance, operating expenses, and maintenance. In instances where these other components are fixed, they are included in the measurement of the lease liability due to Valvoline's election to combine lease and non-lease components and account for them as a single component. Otherwise, these components are recognized along with other variable lease payments in the Consolidated Statements of Comprehensive Income in the period in which the obligation for those payments is incurred.

As most leases do not provide the rate implicit in the lease, the Company estimates its incremental borrowing rate to best approximate the rate of interest that Valvoline would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Valvoline applies the incremental borrowing rate to groups of leases with similar lease terms in determining the present value of future payments. In determining the incremental borrowing rate, the Company considers information available at the commencement date, including lease term, interest rate yields for specific interest rate environments and the Company's credit spread.

## **Business combinations**

The Company allocates the purchase consideration to the identifiable assets acquired and liabilities assumed in business combinations based on their acquisition-date fair values. The excess of the purchase consideration over the amounts assigned to the identifiable assets and liabilities is recognized as goodwill, or if the fair value of the net assets acquired exceeds the purchase consideration, a bargain purchase gain is recorded. Factors giving rise to goodwill generally include operational synergies that are anticipated as a result of the business combination and growth expected to result in economic benefits from access to new customers and markets. The fair values of identifiable intangible assets acquired in business combinations are generally determined using an income approach, requiring financial forecasts and estimates as well as market participant assumptions.

The incremental financial results of the businesses that Valvoline has acquired are included in the Company's consolidated financial results from the respective dates of each acquisition.

## **Goodwill and other intangible assets**

Valvoline evaluates goodwill for impairment annually as of July 1 or when events and circumstances indicate an impairment may have occurred. This assessment consists of evaluating each reporting unit's fair value compared to its carrying value. Valvoline's historical reporting units were evaluated as a result of the realignment of its global operations during the third quarter of fiscal 2021. As a result, Valvoline determined its reporting units were Retail Services and Global Products, consistent with its realigned operating and reportable segments. In connection with the identification of its current operating and reportable segments and reporting units, goodwill balances and activity presented herein were reclassified to conform to the current presentation and were subject to assessment for goodwill impairment at the reporting unit level.

In evaluating goodwill for impairment, Valvoline has the option to first perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value

of a reporting unit to its carrying amount, including goodwill. Under the qualitative assessment, the Company is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. Qualitative factors considered include macroeconomic conditions, industry and market conditions, cost factors, and overall financial performance, among others.

Under the quantitative assessment, if the fair value of a reporting unit is less than its carrying amount, then the amount of the impairment loss, if any, is measured as the excess of the carrying value of the reporting unit's goodwill over its fair value, not to exceed the total goodwill allocated to the reporting unit. Fair values of the reporting units are estimated using a weighted methodology considering the output from both the income and market approaches. The income approach incorporates the use of a discounted cash flow ("DCF") analysis, and a number of significant assumptions and estimates are involved in the application of the DCF model to forecast operating cash flows, including markets and market shares, sales volumes and prices, costs to produce, tax rates, capital spending, discount rate, weighted average cost of capital, terminal values, and working capital changes. Several of these assumptions vary among reporting units, and the cash flow forecasts are generally based on approved strategic operating plans. The market approach is performed using the Guideline Public Companies method based on earnings multiple data. The Company also performs a reconciliation between market capitalization and the estimated aggregate fair value of the reporting units, including consideration of a control premium.

Valvoline performed a quantitative assessment during fiscal 2021 and determined that the fair values of the Company's reporting units were substantially in excess of carrying values and no impairment existed.

Acquired finite-lived intangible assets principally consist of certain trademarks and trade names, reacquired franchise rights, and customer relationships. Intangible assets acquired in an asset acquisition are carried at cost, less accumulated amortization. For intangible assets acquired in a business combination, the estimated fair values of the assets acquired are used to establish the carrying values, which are determined using assumptions from the perspective of a market participant and generally an income approach. These intangible assets are amortized on a straight-line basis over their estimated useful lives. Valvoline evaluates 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 assets not expected to be recovered through undiscounted future net cash flows are written down to current fair value.

## **Equity method investments**

Investments in companies, including joint ventures, where Valvoline has the ability to exert significant influence over, but not control, operating and financial policies of the investee are accounted for using the equity method of accounting. Judgment regarding the level of influence over each investment includes considering key factors such as the Company's ownership interest, representation on the board of directors, and participation in policy-making decisions. The Company's proportionate share of the net income or loss of these companies is included within Equity and other income, net in the Consolidated Statements of Comprehensive Income.

The Company evaluates equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Factors considered by the Company when reviewing an equity method investment for other-than-temporary impairment include the length of time and extent to which the fair value of the equity method investment has been less than its carrying amount, the investee's financial condition and near-term prospects, and the intent and ability to hold the investment for a period of time sufficient to allow for anticipated recovery. An impairment that is other-than-temporary is recognized in the period identified.

## **Pension and other postretirement benefit plans**

Valvoline sponsors defined benefit pension and other postretirement plans in the U.S and in certain other countries. The Company's U.S. pension plans are closed to new participants and the accrual of pension benefits has been frozen since September 30, 2016. In addition, most international pension plans are closed to new participants while those that remain open relate to areas where local laws require such plans. Valvoline also sponsors retiree healthcare and life insurance plans for certain qualifying participants with amendments effective in fiscal 2017 to limit annual per capita costs.

Valvoline recognizes the funded status of each applicable plan within the Consolidated Balance Sheets whereby each unfunded plan is recognized as a liability and each funded plan is recognized as either an asset or liability based on its funded status. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation. Changes in the fair value of plan assets and net actuarial gains or losses are recognized upon remeasurement as of September 30, the annual measurement date, and whenever a remeasurement is triggered. The remaining components of pension and other postretirement benefits income or expense are recorded ratably throughout the year.

The fair value of plan assets represents the current market value of assets held by irrevocable trust funds for the sole benefit of participants, and the benefit obligation is the actuarial present value of the benefits expected to be paid upon retirement, death, or other distributable event based on estimates. 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, rate of compensation increases, interest rates and mortality rates. Actuarial gains and losses may be related to actual results that differ from assumptions as well as changes in assumptions, which may occur each year.

Due to the freeze of U.S. pension benefits effective September 30, 2016, continuing service costs are limited to certain international pension plans, and are reported in the same caption of the Consolidated Statements of Comprehensive Income as the related employee costs. All components of net periodic benefit income or costs other than service cost are recognized below operating income within Net pension and other postretirement plan (income) expenses in the Consolidated Statements of Comprehensive Income.

## **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 loss can be reasonably estimated. Legal costs such as outside counsel fees and expenses are charged to expense in the period incurred and are recorded in Selling, general and administrative expenses in the Consolidated Statements of Comprehensive Income.

## **Revenue recognition**

Revenue is recognized for the amount that reflects the consideration the Company is expected to be entitled to receive based on when control of the promised good or service is transferred to the customer. Revenue recognition is evaluated through the following five steps: (i) identification of the contract(s) with a customer; (ii) identification of the performance obligation(s) in the contract(s); (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligation(s) in the contract(s); and (v) recognition of revenue when or as a performance obligation is satisfied.

## **Nature of goods and services**

Valvoline generates all revenues from contracts with customers, primarily as a result of the sale and service delivery of engine and automotive maintenance products to its customers. Valvoline derives its sales from its broad line of products and complementary services through the following three principal activities managed across its two reportable segments: (i) engine and automotive maintenance products, (ii) company-operated service center operations, and (iii) franchised service center operations. Valvoline's sales are generally to mass market and auto parts retail, installer, industrial, distributor, franchise, and end consumers to facilitate vehicle and equipment preventive maintenance.

Valvoline's sales are predominantly comprised of products and services sold at a point in time with approximately 98% recognized either through ship-and-bill performance obligations or company-operated service center operations. The remainder of the Company's sales generally relate to franchise fees, including royalties, transferred over time. The following table summarizes Valvoline's sales by timing of revenue recognized for the fiscal years ended September 30:

(In millions)	2021	2020	2019
Sales at a point in time	\$ 2,931	\$ 2,313	\$ 2,347
Franchised revenues transferred over time	50	40	43
Total consolidated sales	<u>\$ 2,981</u>	<u>\$ 2,353</u>	<u>\$ 2,390</u>

Below is a summary of the key considerations for Valvoline's material revenue-generating activities:

### ***Engine and automotive maintenance products***

Engine and automotive maintenance products primarily include lubricants, antifreeze, chemicals, filters, and other complementary products for use across a wide array of vehicles and engines. The Company's customers typically enter into a sales agreement which outlines a framework of terms and conditions that apply to all current and future purchase orders for the customer submitted under such sales agreement. In these situations, the Company's contract with the customer is the sales agreement combined with the customer purchase order as specific products and quantities are not indicated until a purchase order is submitted. As the Company's contract with the customer is typically for a single purchase order under the supply agreement to be delivered at a point in time, the duration of the contract is almost always one year or less.

The Company's products are distinct and separately identifiable on customer purchase orders, with each product sale representing a separate performance obligation that is generally delivered simultaneously. The Company has elected to not disclose information about remaining performance obligations as substantially all of the Company's product sales contracts have a duration of one year or less. Valvoline is the principal to these contracts as the Company has control of the products prior to transfer to the customer. Accordingly, revenue is recognized on a gross basis.

The Company determines the point in time at which control is transferred and the performance obligation is satisfied by considering when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits of the product, which generally coincides with the transfer of title and risk of loss to the customer and is typically determined based on delivery terms within the underlying contract.

Customer payment terms vary by region and customer and are generally 30 to 60 days after delivery. Valvoline does not provide extended payment terms greater than one year and therefore, does not adjust the promised amount of consideration for the effects of a significant financing component.

### ***Company-operated service center operations***

Performance obligations related to company-operated service center operations primarily include the sale of engine and automotive maintenance products and related services. These performance obligations are distinct and are delivered simultaneously at a point in time. Accordingly, sales from company-operated service center operations is recognized when payment is tendered at the point of sale, which coincides with the completion of product and service delivery and the transfer of control and benefits from the performance obligations to the customer.

### ***Franchised service center operations***

The primary performance obligations related to franchised service center operations include product sales as described above and the license of intellectual property, which provides access to the Valvoline brand and proprietary information to operate service center stores over the term of a franchise agreement. Other franchise performance obligations do not result in material revenue. Each performance obligation is distinct, and franchisees generally receive and consume the benefits provided by the Company's performance over the course of the franchise agreement, which typically ranges from 10 to 15 years. Billings and payments occur monthly. Variable consideration is not disclosed as remaining performance obligations qualify for the sales-based royalty and usage-based exemptions.

In exchange for the license of Valvoline intellectual property, franchisees generally remit initial fees upon opening a service center store and royalties at a contractual rate of the applicable service center store sales over the term of the franchise agreement. The license provides access to the intellectual property over the term of the franchise agreement and is considered a right-to-access license of symbolic intellectual property as substantially all of its

utility is derived from association with the Company's past and ongoing activities. The license granted to operate each franchised service center store is the predominant item to which the royalties relate and represents a distinct performance obligation which is recognized over time as the underlying sales occur, as this is the most appropriate measure of progress toward complete satisfaction of the performance obligation.

### **Variable consideration**

The Company only offers an assurance-type warranty with regard to the intended functionality of products sold, which does not represent a distinct performance obligation within the context of the contract. Product returns and refunds are generally not material and are not accepted unless the item is defective as manufactured. Estimated product returns are recorded as a reduction in reported revenues at the time of sale based upon historical product return experience and is adjusted for known trends to arrive at the amount of consideration to which Valvoline expects to receive.

The nature of Valvoline's contracts with customers often give rise to variable consideration consisting primarily of promotional rebates and customer pricing discounts based on achieving certain levels of sales activity that generally decrease the transaction price. The Company determines the transaction price as the amount of consideration it expects to be entitled to in exchange for fulfilling the performance obligations, including the effects of any variable consideration, or amounts payable to the customer when there is a basis to reasonably estimate the amount and it is probable there will not be a significant reversal. Variable consideration is recorded as a reduction of the transaction price at the time of sale and is primarily estimated utilizing the most likely amount method that is expected to be earned as the Company is able to estimate the anticipated discounts within a sufficiently narrow range of possible outcomes based on its extensive historical experience with certain customers, similar programs and management's judgment with respect to estimating customer participation and performance levels. Variable consideration is reassessed at each reporting date and adjustments are made, when necessary.

The reduction of transaction price due to customer incentives was \$402 million, \$332 million, and \$346 million in the Consolidated Statements of Comprehensive Income for the years ended September 30, 2021, 2020, and 2019, respectively. Reserves for these customer programs and incentives were \$71 million and \$64 million as of September 30, 2021 and 2020, respectively, and are recorded within Accrued expenses and other liabilities in the Consolidated Balance Sheets.

### **Allocation of transaction price**

In each contract with multiple performance obligations, Valvoline allocates the transaction price, including variable consideration, to each performance obligation on a relative standalone selling price basis, which is generally determined based on the directly observable data of the Company's standalone sales of the performance obligations in similar circumstances to similar customers. The amount allocated to each performance obligation is recognized as sales commensurate with the transfer of control to the customer.

Shipping and handling activities that occur after the customer has obtained control are treated as fulfillment activities (i.e., an expense) rather than as a performance obligation. Accordingly, amounts billed for shipping and handling are a component of the transaction price included in net sales, while costs incurred are included in cost of sales. Shipping and handling costs recorded in sales were \$10 million in fiscal 2021, \$9 million in fiscal 2020, and \$10 million in fiscal 2019. Furthermore, the Company excludes taxes collected from customers from sales, which are reflected in accrued expenses until remitted to the appropriate governmental authority.

Incremental direct costs of obtaining a contract, primarily sales commissions, are expensed when incurred due to the short-term nature of individual contracts, which would result in amortization periods of one year or less. These costs are not material and are recorded within Selling, general and administrative expenses in the Consolidated Statements of Comprehensive Income.

### **Expense recognition**

Cost of sales are expensed as incurred and include costs associated with operation of the Company's plants, distribution network and retail service center stores, including depreciation, occupancy, labor and benefits, material and production, inbound and outbound freight, purchasing and receiving, inspection, warehousing, and all other distribution network costs. Selling, general and administrative expenses are recognized as incurred and include

sales and marketing costs, research and development costs, advertising, customer support, and other administrative costs. Advertising costs were \$90 million in fiscal 2021, \$72 million in fiscal 2020 and \$73 million in fiscal 2019, and research and development costs were \$15 million in fiscal 2021 and \$13 million in both fiscal 2020 and 2019.

## **Stock-based compensation**

The Company recognizes expense related to stock-based compensation, net of actual forfeitures, over the requisite vesting period based on the grant date fair value of new or modified awards. The Company's outstanding stock-based compensation awards are primarily classified as equity, with a small portion of liability-classified awards based on award terms and conditions.

## **Income taxes**

Income tax expense is provided based on income before income taxes. The Company estimates its tax expense based on current tax laws in the statutory jurisdictions in which it operates. These estimates include judgments about the recognition and realization of deferred tax assets and liabilities resulting from the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be recovered or settled. As changes in tax laws or rates occur, deferred tax assets and liabilities are adjusted in the period changes are enacted through income tax expense. Valvoline records valuation allowances related to its deferred income tax assets when it is more likely than not that some portion or all of the deferred income tax assets will not be realized.

Valvoline records estimated incremental withholding taxes on undistributed earnings to account for certain of its non-U.S. subsidiaries as being immediately subject to tax, while certain other outside basis differences restricted by regulations, operational or investing needs for non-U.S. subsidiaries are indefinitely reinvested. If these outside basis differences were no longer to be indefinitely reinvested in the future, the Company may be subject to additional income and withholding taxes, which are not practicable to estimate.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being sustained upon examination by authorities. Interest and penalties related to unrecognized tax benefits are recognized as part of the provision for income taxes and are accrued beginning in the period that such interest and penalties would be applicable under relevant tax law and until such time that the related tax benefits are recognized. Interest and penalties were not material to any of the periods presented herein.

## **Derivatives**

Valvoline's derivative instruments consist of currency exchange and interest rate swap agreements, each of which is described further below.

### **Currency derivatives**

The Company's currency exchange contracts are used to manage non-functional currency denominated balance sheet exposures and exchange on currency for another at a fixed rate on a future date of generally a month or less. These contracts are not designated as hedging instruments and are accounted for as either assets or liabilities in the Consolidated Balance Sheets at fair value with the resulting gains or losses recognized as adjustments to earnings within Selling, general and administrative expenses in the Consolidated Statements of Comprehensive Income. Gains and losses are recognized as exchange rates change the fair value of these instruments and upon settlement to offset the remeasurement gain or loss on the related currency-denominated exposures in the same period. The Company classifies its cash flows related to currency exchange contracts as investing activities in the Consolidated Statements of Cash Flows.



## Interest rate swap agreements

The Company's interest rate swap agreements effectively modify its exposure to interest rate risk by converting floating rate debt to a fixed rate for the term of the swap agreements, reducing the impact of interest rate changes on future interest expense. These agreements involve the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

Valvoline's interest rate swap agreements are designated as cash flow hedges with effectiveness of the hedges assessed at inception and quarterly thereafter. To the extent the hedging relationship is highly effective, the unrealized gains or losses on the swaps are recorded in Accumulated other comprehensive income and reclassified into earnings within Net interest and other financing expenses when the payments occur. The Company classifies its cash flows related to interest rate swap agreements as operating activities in the Consolidated Statements of Cash Flows.

The fair values of the interest rate swaps are reflected as an asset or liability in the Consolidated Balance Sheets and the change in fair value is reported in Accumulated other comprehensive income. The fair values of the interest rate swaps are estimated as the net present value of projected cash flows based upon forward interest rates at the balance sheet date. The Company does not offset fair value amounts recognized in its Consolidated Balance Sheets for presentation purposes.

## Fair value measurements

Fair value is defined as an exit price, representing an amount that would be received to sell an asset or the amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance prioritizes the inputs used to measure fair value into the following three-tier fair value hierarchy for which an instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement:

- **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 in 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 the Valvoline's 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 may include the Company's own financial data, such as internally developed pricing models, DCF methodologies, as well as instruments for which the fair value determination requires significant management judgment.

Certain investments which measure fair value using the net asset value ("NAV") per share practical expedient are not classified within the fair value hierarchy and are separately disclosed.

Valvoline measures its financial assets and financial liabilities at fair value based on one or more of the following three valuation techniques:

- **Market approach:** Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities
- **Cost approach:** Amount that would be required to replace the service capacity of an asset (replacement cost)
- **Income approach:** Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option pricing and excess earnings models)

The Company generally uses a market approach, when practicable, in valuing financial instruments. In certain instances, when observable market data is lacking, the Company uses valuation techniques consistent with the income approach whereby future cash flows are converted to a single discounted amount. The Company uses multiple sources of pricing as well as trading and other market data in its process of reporting fair values.

The fair values of accounts receivables and accounts payable approximate their carrying values due to the relatively short-term nature of the instruments. Valvoline's notes receivable primarily consist of variable-rate interest term loans extended to franchisees to provide financial assistance as a response to the COVID-19 pandemic. These notes bear interest comparable with the market rates within Valvoline's variable rate borrowings, and accordingly, their carrying amounts approximate fair value.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement.

## **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 income and are included in net earnings only upon sale or substantial liquidation of the underlying non-U.S. subsidiary or affiliated company.

## **Earnings per share**

Basic earnings per share ("EPS") is calculated by dividing net income by the weighted-average number of common shares outstanding during the reported period. Diluted EPS is calculated similar to basic EPS, except that the weighted-average number of shares outstanding includes the number of shares that would have been outstanding had potentially dilutive common shares been issued. Potentially dilutive securities include stock appreciation rights and nonvested stock-based awards. Nonvested market and performance-based share awards are included in the weighted-average diluted shares outstanding each period if established market or performance criteria have been met at the end of the respective periods.

## **Share repurchases**

Shares that are repurchased are retired and returned to the status of authorized, unissued shares. The excess of the repurchase price over the par value of shares acquired is recognized in Retained earnings.

## **Recent accounting pronouncements**

The following standards relevant to Valvoline were either issued or adopted in the current year, or are expected to have a meaningful impact on Valvoline in future periods.

### **Recently adopted**

In June 2016, the Financial Accounting Standards Board ("FASB") issued updated guidance that changes the recognition of credit losses from an incurred or probable loss methodology to a current expected credit loss model that results in the immediate recognition of credit losses that are expected to occur over the life of the financial instruments that are within the scope of the guidance, principally trade and other receivables for Valvoline. The new credit loss guidance was adopted on October 1, 2020 using the required modified retrospective approach. Under this approach, the new accounting guidance is applied prospectively from the date of adoption through a cumulative effect adjustment in retained deficit, while prior period financial statements continue to be reported in accordance with the previous guidance. Adoption did not have a material impact on the Company's consolidated financial statements and resulted in a \$2 million, net of tax, cumulative effect of accounting change that increased retained



deficit and allowances for credit losses. Refer to Note 16 for additional information regarding the Company's trade and other receivables and its allowances for credit losses.

### **Issued but not yet adopted**

In March 2020, the FASB issued guidance regarding the effects of reference rate reform on financial reporting. This guidance provides temporary optional expedients and exceptions to accounting guidance for certain contract modifications and hedging arrangements to ease financial reporting burdens as the market transitions from the London Interbank Offered Rate ("LIBOR") and other interbank reference rates to alternative reference rates. The Company has interest rate swap hedging arrangements and long-term debt as described in Notes 3 and 8 in the Notes to Consolidated Financial Statements, respectively, for which existing payments are LIBOR-based. This guidance is available to be adopted on a prospective basis through the end of calendar 2022 to simplify the accounting for arrangements modified for the transition to alternative reference rates. The Company expects to adopt this guidance to the extent its arrangements are modified for the underlying reference rate prior to the end of calendar 2022 and does not expect adoption will have a material impact on its condensed consolidated financial statements.

The FASB issued other accounting guidance during the period that is not currently applicable or not expected to have a material impact on Valvoline's financial statements, and therefore, is not described above.

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## NOTE 3 – FAIR VALUE MEASUREMENTS

### Recurring fair value measurements

The Company's financial assets and liabilities accounted for at fair value on a recurring basis are summarized below by level within the fair value hierarchy:

(In millions)	As of September 30, 2021				
	Total	Level 1	Level 2	Level 3	NAV <sup>(a)</sup>
<b>Cash and cash equivalents</b>					
Money market funds	\$ 13	\$ 13	\$ —	\$ —	\$ —
Time deposits	87	—	87	—	—
<b>Prepaid expenses and other current assets</b>					
Currency derivatives	3	—	3	—	—
<b>Other noncurrent assets</b>					
Non-qualified trust funds	11	—	4	—	7
Interest rate swap agreements	2	—	2	—	—
<b>Total assets at fair value</b>	<b>\$ 116</b>	<b>\$ 13</b>	<b>\$ 96</b>	<b>\$ —</b>	<b>\$ 7</b>

<b>Accrued expenses and other liabilities</b>					
Currency derivatives	\$ 3	\$ —	\$ 3	\$ —	\$ —
Interest rate swap agreements	1	—	1	—	—
<b>Other noncurrent liabilities</b>					
Deferred compensation obligations	24	—	—	—	24
<b>Total liabilities at fair value</b>	<b>\$ 28</b>	<b>\$ —</b>	<b>\$ 4</b>	<b>\$ —</b>	<b>\$ 24</b>

(In millions)	As of September 30, 2020				
	Total	Level 1	Level 2	Level 3	NAV <sup>(a)</sup>
<b>Cash and cash equivalents</b>					
Money market funds	\$ 296	\$ 296	\$ —	\$ —	\$ —
Time deposits	139	—	139	—	—
<b>Prepaid expenses and other current assets</b>					
Currency derivatives	3	—	3	—	—
<b>Other noncurrent assets</b>					
Non-qualified trust funds	16	—	8	—	8
<b>Total assets at fair value</b>	<b>\$ 454</b>	<b>\$ 296</b>	<b>\$ 150</b>	<b>\$ —</b>	<b>\$ 8</b>

<b>Accrued expenses and other liabilities</b>					
Currency derivatives	\$ 2	\$ —	\$ 2	\$ —	\$ —
Interest rate swap agreements	1	—	1	—	—
<b>Other noncurrent liabilities</b>					
Deferred compensation obligations	25	—	—	—	25
<b>Total liabilities at fair value</b>	<b>\$ 28</b>	<b>\$ —</b>	<b>\$ 3</b>	<b>\$ —</b>	<b>\$ 25</b>

(a) Funds measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy.

### Money market funds

Money market funds trade in an active market and are valued using quoted market prices, which are Level 1 inputs.

## **Time deposits**

Time deposits are balances held with financial institutions at face value plus accrued interest, which approximates fair value and are categorized as Level 2.

## **Currency derivatives**

The Company had outstanding currency forward contracts with notional values of \$137 million and \$149 million as of September 30, 2021 and 2020, respectively. The fair value of these outstanding contracts are recorded as assets and liabilities on a gross basis measured using readily observable market inputs to estimate the fair value for similar derivative instruments and are classified as Level 2. Gains and losses recognized related to these instruments were not material in any period presented herein.

## **Non-qualified trust funds**

The Company maintains a non-qualified trust that is utilized to fund benefit payments for certain of its U.S. non-qualified pension plans. This trust is primarily invested in fixed income U.S. government bonds and mutual funds that are measured at fair value based upon Level 2 inputs corroborated by observable market data and using the NAV per share practical expedient, respectively. There were no significant redemption restrictions or unfunded commitments on these mutual fund investments as of September 30, 2021. Gains and losses related to these investments are immediately recognized within Selling, general and administrative expenses in the Consolidated Statements of Comprehensive Income and were not material in any period presented herein.

## **Interest rate swap agreements**

The Company is party to four interest rate swap agreements with three to four year maturities to exchange interest rate payments on \$350 million of variable rate term loan borrowings to fixed interest rates. The Company expects these hedges to be highly effective and based on interest rates as of September 30, 2021 and current circumstances, estimates that there will not be material reclassifications into earnings over the next twelve months.

The fair value of interest rate swap agreements represents the difference in the present value of cash flows calculated at the contracted interest rates and at current market interest rates at the end of the period. The Company utilizes Level 2 observable inputs such as interest rate yield curves to estimate fair value for the interest rate swap agreements.

## **Deferred compensation obligations**

The Company has an unfunded deferred compensation plan that is valued based on the underlying participant-directed investments. The fair value of underlying investments in collective trust funds is determined using the NAV provided by the administrator of the fund as a practical expedient. The NAV is determined by each fund's trustee based upon the fair value of the underlying assets owned by the fund, less its liabilities, divided by outstanding units. There were no significant redemption restrictions or unfunded commitments on these investments as of September 30, 2021. Changes in the fair values are recognized in the Consolidated Statements of Comprehensive Income within Selling, general and administrative expenses and were not material for the periods presented herein.

## **Fair value of long-term debt**

Long-term debt is reported in the Consolidated Balance Sheets at carrying value, rather than fair value, and is therefore excluded from the disclosure above of financial assets and liabilities measured at fair value within the consolidated financial statements on a recurring basis. The fair values of the Company's outstanding fixed rate senior notes shown in the table below are based on recent trading values, which are considered Level 2 inputs within the fair value hierarchy.

(In millions)	September 30, 2021			September 30, 2020		
	Fair value	Carrying value <sup>(a)</sup>	Unamortized discounts and issuance costs	Fair value	Carrying value <sup>(a)</sup>	Unamortized discounts and issuance costs
2025 Notes	\$ —	\$ —	\$ —	\$ 827	\$ 790	\$ (10)
2030 Notes	622	593	(7)	613	592	(8)
2031 Notes	531	529	(6)	—	—	—
Total	<u>\$ 1,153</u>	<u>\$ 1,122</u>	<u>\$ (13)</u>	<u>\$ 1,440</u>	<u>\$ 1,382</u>	<u>\$ (18)</u>

(a) Carrying values shown are net of unamortized discounts and issuance costs.

Refer to Note 8 for details of these notes as well as Valvoline's other debt instruments that have variable interest rates with carrying amounts that approximate fair value.

## NOTE 4 – ACQUISITIONS AND DIVESTITURES

### Acquisitions

#### Fiscal 2021 acquisitions

The Company acquired 134 service center stores in single and multi-store transactions for an aggregate purchase price of \$282 million during fiscal 2021. These acquisitions expand Valvoline's services presence in key North American and international markets, increase the Retail Services system to more than 700 company-operated and nearly 1,600 system-wide service center stores, and included:

- Fourteen company-operated service center stores in Texas acquired from Kent Lubrication Centers Ltd. (doing business as Avis Lube) on October 1, 2020;
- Twenty-one former franchise locations converted to company-operated service center stores in Kansas and Missouri acquired from Westco Lube, Inc. on October 15, 2020;
- Twelve company-operated service center stores in Idaho acquired from L&F Enterprises (doing business as Einstein's Oilery) on October 30, 2020;
- Twenty-seven Mister Oil Change Express<sup>®</sup> locations (15 company-operated and 12 franchise-operated) across seven states acquired from Car Wash Partners, Inc. on December 11, 2020;
- Sixteen former franchise locations converted to company-operated service center stores in Texas acquired from AWC Premium Automotive Service Ltd. on April 30, 2021;
- Thirteen former franchise and fourteen former joint venture locations converted to company-operated service center stores acquired in single and multi-store transactions; and
- Eleven company-operated service center stores and six former Express Care locations acquired in single and multi-store transactions.

#### Fiscal 2020 acquisitions

During fiscal 2020, Valvoline acquired 35 service center stores in single and multi-store transactions, including 23 former franchise locations converted to company-operated service centers stores, for an aggregate purchase price of \$40 million within the Retail Services reportable segment. These acquisitions provide an opportunity to expand Valvoline's Retail Services system within key markets.

#### Fiscal 2019 acquisitions

Valvoline acquired 60 service center stores and a lubricant production company during fiscal 2019 for an aggregate purchase price of \$78 million. These acquisitions included 31 franchise service center stores in Canada acquired from Oil Changers Inc. on October 31, 2018, five former franchise locations converted to company-operated service centers stores, and 24 company-operated service center stores acquired in single and multi-store transactions within the Retail Services reportable segment. The Company also acquired an Eastern European lubricant production company, including its manufacturing facility, within the Global Products segment. These acquisitions provided an opportunity to grow Valvoline's Retail Services system within key markets and expand Valvoline's presence and supply chain capabilities in Eastern Europe.

## Summary

The following table summarizes the aggregate cash consideration paid and the total assets acquired and liabilities assumed for the years ended September 30:

(In millions)	2021	2020	2019
Inventories	\$ 3	\$ 1	\$ —
Other current assets	1	—	—
Property, plant and equipment <sup>(a)</sup>	99	6	19
Operating lease assets	38	1	—
Goodwill <sup>(b)</sup>	207	17	50
Intangible assets <sup>(c)</sup>			
Reacquired franchise rights <sup>(d)</sup>	59	20	5
Customer relationships	—	—	6
Trademarks and trade names	—	—	1
Other	3	—	2
Other current liabilities <sup>(a)</sup>	(9)	(1)	—
Operating lease liabilities	(35)	—	—
Other noncurrent liabilities <sup>(a)</sup>	(84)	(4)	(1)
Net assets acquired	282	40	82
Bargain purchase gain <sup>(e)</sup>	—	—	(4)
Consideration transferred	\$ 282	\$ 40	\$ 78

- (a) Includes \$84 million of finance lease assets in property, plant and equipment and finance lease liabilities of \$4 million and \$80 million in other current and noncurrent liabilities, respectively, for leases acquired during the year ended September 30, 2021.
- (b) Goodwill is generally expected to be deductible for income tax purposes and is primarily attributed to the operational synergies and potential growth expected to result in economic benefits in the respective markets of the acquisitions.
- (c) Weighted average amortization period of intangible assets acquired in each period presented above is 10 years.
- (d) Prior to the acquisition of former franchise service center stores, Valvoline licensed the right to operate franchised quick lube service centers, including use of the Company's trademarks and trade name. In connection with these acquisitions, Valvoline reacquired those rights and recognized separate definite-lived reacquired franchise rights intangible assets, which are being amortized on a straight-line basis over the weighted average remaining term of approximately 10 years for the rights reacquired in fiscal 2021 and 2020 and nine years for the rights reacquired in fiscal 2019. The effective settlement of these arrangements resulted in no settlement gain or loss as the contractual terms were at market.
- (e) Recorded in Equity and other income, net within the Consolidated Statements of Comprehensive Income.

The fair values above are preliminary for up to one year from the date of acquisition as they are subject to measurement period adjustments as new information is obtained about facts and circumstances that existed as of the acquisition date. The Company does not expect any material changes to the preliminary purchase price allocations summarized above for acquisitions completed during the last twelve months.

## NOTE 5 – LEASE COMMITMENTS

The following table presents the Company's lease balances as of September 30:

(In millions)	Location in Consolidated Balance Sheets	2021	2020
<b>Assets</b>			
Operating lease assets	Operating lease assets	\$ 307	\$ 261
Finance lease assets	Property, plant and equipment, net	198	77
Amortization of finance lease assets	Property, plant and equipment, net	(21)	(10)
Total leased assets		<u>\$ 484</u>	<u>\$ 328</u>
<b>Liabilities</b>			
<b>Current</b>			
Operating lease liabilities	Accrued expenses and other liabilities	\$ 38	\$ 33
Finance lease liabilities	Accrued expenses and other liabilities	9	3
<b>Noncurrent</b>			
Operating lease liabilities	Operating lease liabilities	274	231
Finance lease liabilities	Other noncurrent liabilities	178	70
Total lease liabilities		<u>\$ 499</u>	<u>\$ 337</u>

The following table presents the components of total lease costs for the years ended September 30:

(In millions)	Location in Consolidated Statements of Comprehensive Income	2021	2020
Operating lease cost	Cost of sales and Selling, general and administrative expenses	\$ 52	\$ 45
Finance lease costs			
Amortization of lease assets	Cost of sales <sup>(a)</sup>	11	4
Interest on lease liabilities	Net interest and other financing expenses	8	3
Variable lease cost	Cost of sales and Selling, general and administrative expenses <sup>(a)</sup>	10	6
Sublease income	Equity and other income, net	(8)	(6)
Total lease cost		<u>\$ 73</u>	<u>\$ 52</u>

Other information related to the Company's leases follows for the years ended September 30:

(In millions)	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases <sup>(a)</sup>	\$ 50	\$ 43
Operating cash flows from finance leases	\$ 8	\$ 4
Financing cash flows from finance leases	\$ 6	\$ 1
Lease assets obtained in exchange for lease obligations:		
Operating leases	\$ 83	\$ 49
Finance leases	\$ 118	\$ 49

(a) Included within the change in Other assets and liabilities within the Consolidated Statements of Cash Flows offset by noncash operating lease asset amortization and liability accretion.

The following table reconciles the undiscounted cash flows for the next five fiscal years ended September 30 and thereafter to the operating and finance lease liabilities recorded within the Consolidated Balance Sheet as of September 30, 2021:

(In millions)	Operating leases		Finance leases	
2022	\$	50	\$	18
2023		46		18
2024		42		18
2025		37		18
2026		31		19
Thereafter		174		166
Total future lease payments		380		257
Imputed interest		68		70
Present value of lease liabilities	\$	312	\$	187

As of September 30, 2021, Valvoline has additional leases primarily related to its retail service center stores that have not yet commenced with approximately \$101 million in undiscounted future lease payments that are not included in the table above. These leases are expected to commence over the next twelve months and generally have lease terms of 15 years.

The weighted average remaining lease terms and interest rates as of September 30, 2021 were:

	Operating leases		Finance leases	
Weighted average remaining lease term (in years)		9.6		13.7
Weighted average discount rate		3.98 %		5.20 %

## NOTE 6 – EQUITY METHOD INVESTMENTS

Valvoline has a strategic relationship with Cummins, Inc. (“Cummins”), a leading supplier of engines and related component products, which includes co-branding products for heavy duty consumers and a 50 percent interest in joint ventures in India, China and Argentina. Valvoline also had investments in joint ventures with other partners in Latin and North America, as well as China. Valvoline’s investments in these unconsolidated affiliates were \$47 million and \$44 million as of September 30, 2021 and 2020, respectively.

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Undistributed earnings from affiliates accounted for under the equity method included in Valvoline's stockholders' equity (deficit) were \$42 million and \$39 million as of September 30, 2021 and 2020, respectively. Summarized financial information for Valvoline's equity method investments follows as of and for the years ended September 30:

(In millions)	2021		2020	
<b>Financial position</b>				
Current assets	\$	162	\$	143
Current liabilities		(89)		(75)
Working capital		73		68
Noncurrent assets		25		26
Noncurrent liabilities		(5)		(8)
Stockholders' equity	\$	93	\$	86

(In millions)	2021		2020		2019	
<b>Results of operations <sup>(a)</sup></b>						
Sales	\$	375	\$	273	\$	309
Income from operations	\$	60	\$	50	\$	59
Net income	\$	31	\$	25	\$	24

(a) Includes the results of equity method investments during the Company's period of ownership.

The Company's transactions with affiliate companies accounted for under the equity method were as follows for the years ended September 30:

(In millions)	2021		2020		2019	
Equity income <sup>(a)</sup>	\$	15	\$	12	\$	12
Distributions received	\$	14	\$	5	\$	9
Royalty income <sup>(a)</sup>	\$	10	\$	8	\$	9
Sales to <sup>(b)</sup>	\$	33	\$	7	\$	12
Purchases from <sup>(b)</sup>	\$	14	\$	7	\$	4

(a) Equity and royalty income from affiliates accounted for under the equity method of accounting are recognized in Equity and other income, net in the Consolidated Statements of Comprehensive Income and are primarily related to the Global Products reportable segment.

(b) Transactions with affiliates accounted for under the equity method of accounting are eliminated commensurate with Valvoline's ownership percentage until realized through sale to an independent third party.

Transactions with affiliate companies accounted for under the equity method resulted in the following balances within the Consolidated Balance Sheets as of September 30:

(In millions)	2021		2020	
Accounts receivable <sup>(a)</sup>	\$	13	\$	4
Notes receivable <sup>(b)</sup>	\$	—	\$	5
Trade and other payables	\$	1	\$	1

(a) Included in Receivables, net within the Consolidated Balance Sheets.

(b) Included in Other noncurrent assets within the Consolidated Balance Sheets.



## NOTE 7 – INTANGIBLE ASSETS

### Goodwill

The following summarizes the changes in the carrying amount of goodwill for each reportable segment and in total during fiscal 2021 and 2020:

(In millions)	Retail Services	Global Products	Total
<b>Balance at September 30, 2019<sup>(a)</sup></b>	\$ 301	\$ 129	\$ 430
Acquisitions	17	—	17
Currency translation	1	—	1
Dispositions <sup>(b)</sup>	(3)	—	(3)
<b>Balance at September 30, 2020<sup>(a)</sup></b>	<b>316</b>	<b>129</b>	<b>445</b>
Acquisitions <sup>(c)</sup>	205	2	207
Currency translation	2	—	2
Dispositions <sup>(b)</sup>	(10)	—	(10)
<b>Balance at September 30, 2021</b>	<b>\$ 513</b>	<b>\$ 131</b>	<b>\$ 644</b>

(a) Goodwill balances as of September 30, 2019 and 2020 have been recast to conform to the current period presentation. Refer to Note 15 for further details regarding the Company's change in reportable segments during fiscal 2021.

(b) Derecognition of goodwill as a result of the sale of service center stores to franchisees, which included 12 company-owned, franchise-operated locations in fiscal 2021 and six company-owned and operated locations in fiscal 2020.

(c) Includes acquisitions within the Retail Services reportable segment of 120 service center stores and a former joint venture in the Global Products reportable segment. Refer to Note 4 for additional details.

### Other intangible assets

Valvoline's purchased intangible assets were specifically identified when acquired, have finite lives, and are reported in Goodwill and intangibles, net within the Consolidated Balance Sheets. The following summarizes the gross carrying amounts and accumulated amortization of the Company's intangible assets as of September 30:

(In millions)	2021			2020		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
<b>Definite-lived intangible assets</b>						
Trademarks and trade names	\$ 30	\$ (8)	\$ 22	\$ 30	\$ (6)	\$ 24
Reacquired franchise rights	116	(25)	91	57	(14)	43
Customer relationships	23	(9)	14	22	(7)	15
Other intangible assets	6	(2)	4	3	(1)	2
<b>Total definite-lived intangible assets</b>	<b>\$ 175</b>	<b>\$ (44)</b>	<b>\$ 131</b>	<b>\$ 112</b>	<b>\$ (28)</b>	<b>\$ 84</b>

The table that follows summarizes amortization expense (actual and estimated) for the Company's current intangible assets for the years ended September 30:

(In millions)	Actual		Estimated			
	2021	2022	2023	2024	2025	2026
Amortization expense	\$ 16	\$ 17	\$ 17	\$ 16	\$ 14	\$ 11

## NOTE 8 – DEBT

The following table summarizes Valvoline's debt as of September 30:

(In millions)	2021	2020
2031 Notes	\$ 535	\$ —
2030 Notes	600	600
2025 Notes	—	800
Term Loan	475	475
Trade Receivables Facility	59	88
China Construction Facility	39	18
Debt issuance costs and discounts	(14)	(19)
Total debt	1,694	1,962
Current portion of long-term debt	17	—
Long-term debt	\$ 1,677	\$ 1,962

### Senior Notes

The Company's outstanding fixed rate senior notes as of September 30, 2021 consist of 3.625% senior unsecured notes due 2031 with an aggregate principal amount of \$535 million (the "2031 Notes") and 4.250% senior unsecured notes due 2030 with an aggregate principal amount of \$600 million (the "2030 Notes" and collectively with the 2031 Notes, the "Senior Notes"). The Senior Notes are subject to customary events of default for similar debt securities, which if triggered may accelerate payment of principal, premium, if any, and accrued but unpaid interest. If a change of control repurchase event occurs, Valvoline may be required to offer to purchase the Senior Notes from the holders thereof. The Senior 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 maturity in the manner specified in the governing indentures.

### 2031 and 2025 Notes

In January 2021, Valvoline issued the 2031 Notes in a private offering for net proceeds of \$528 million (after deducting initial purchasers' discounts and debt issuance costs). The net proceeds, along with cash and cash equivalents on hand, were used to redeem in full Valvoline's 4.375% senior unsecured notes due 2025 with an aggregate principal amount of \$800 million (the "2025 Notes"), including an early redemption premium of \$26 million, accrued and unpaid interest, as well as related fees and expenses for an aggregate redemption price of approximately \$840 million. A loss on extinguishment of the 2025 Notes of \$36 million was recognized in Net interest and other financing expenses in the Consolidated Statements of Comprehensive Income during the year ended September 30, 2021, comprised of the early redemption premium and the write-off of related unamortized debt issuance costs and discounts.

### 2030 Notes

In February 2020, Valvoline issued the 2030 Notes in a private offering for net proceeds of \$592 million (after deducting initial purchasers' discounts and debt issuance costs). A portion of the net proceeds were used to redeem in full Valvoline's 5.500% senior unsecured notes due 2024 at the aggregate principal amount of \$375 million (the "2024 Notes"), plus an early redemption premium of \$15 million, accrued and unpaid interest, as well as related fees and expenses for an aggregate redemption price of \$394 million. A loss on extinguishment of the 2024 Notes of \$19 million was recognized in Net interest and other financing expenses in the Consolidated Statements of Comprehensive Income during the year ended September 30, 2020, comprised of the early redemption premium and the write-off of related unamortized debt issuance costs and discounts.

A portion of the net proceeds from the offering of the 2030 Notes were also utilized to prepay \$100 million of indebtedness from the Company's term loan facility under the Senior Credit Agreement, with the remainder of the

net proceeds used for general corporate purposes. In response to the COVID-19 pandemic, the Company preserved the remaining proceeds during fiscal 2020 to maintain its liquidity.

## Senior Credit Agreement

### Key terms and conditions

The Senior Credit Agreement provides an aggregate principal amount of \$1,050 million in senior secured credit facilities, comprised of (i) a five-year \$575 million term loan facility (the “Term Loan”) and (ii) a five-year \$475 million revolving credit facility (the “Revolver”), including a \$100 million letter of credit sublimit.

The outstanding principal balance of the Term Loan is required to be repaid in quarterly installments, with the balance due at maturity in April 2024, and prepayment of the net cash proceeds due from certain events. Amounts outstanding under the Senior Credit Agreement may be prepaid at any time, and from time to time, in whole or part, without premium or penalty. At Valvoline’s option, amounts outstanding under the Senior Credit Agreement bear interest at either LIBOR or an alternate base rate, in each case plus the applicable interest rate margin. The interest rate fluctuates between LIBOR plus 1.375% per year and LIBOR plus 2.000% per year (or between the alternate base rate plus 0.375% per year and the alternate base rate plus 1.000% per year), based upon Valvoline’s corporate credit ratings or its consolidated net leverage ratio, whichever yields the lowest rate.

### Summary of activity

As of September 30, 2021 and 2020, the Term Loan had an outstanding balance of \$475 million, and there were no amounts outstanding under the Revolver. The total borrowing capacity remaining under the Revolver was \$470 million as of September 30, 2021, due to a reduction of \$5 million for letters of credit outstanding.

Following the Term Loan prepayment in fiscal 2020 with a portion of the proceeds from the offering of the 2030 Notes, quarterly principal payments will resume with \$1 million due on June 30, 2022 and approximately \$14 million due each quarter beginning with September 30, 2022 through maturity.

## Trade Receivables Facility

### Key terms and conditions

In April 2021, Valvoline amended its \$175 million trade receivables securitization facility (the “Trade Receivables Facility”), to extend its maturity to April 2024 and modify the eligibility requirements for certain receivables. The amendment also reduced the minimum required borrowing to the lesser of (i) 33 percent of the total facility limit or (ii) the borrowing base from the availability of eligible receivables, in addition to permitting up to a 30 consecutive day annual exemption from this requirement. The Trade Receivables Facility is subject to customary default and termination provisions.

Under the Trade Receivables Facility, Valvoline sells and/or transfers a majority of its U.S. trade receivables to a wholly-owned, bankruptcy-remote subsidiary as they are originated. Advances by the lenders to that subsidiary (in the form of cash or letters of credit) are secured by its trade receivables. The assets of this financing subsidiary are restricted as collateral for the payment of its obligations under the Trade Receivables Facility, and its assets and credit are not available to satisfy the debts and obligations owed to the Company’s other creditors. The Company includes the assets, liabilities and results of operations of this financing subsidiary in its consolidated financial statements.

The financing subsidiary pays customary fees to the lenders, and advances by a lender under the Trade Receivables Facility accrue interest for which the weighted average interest rates were 1.0% and 1.4% for the years ended September 30, 2021 and 2020, respectively.

### Summary of activity

The Trade Receivables Facility had an outstanding balance of \$59 million and \$88 million as of September 30, 2021 and 2020, respectively. During fiscal 2021, Valvoline made payments of \$29 million, resulting in \$116 million of

borrowing capacity remaining as of September 30, 2021. The financing subsidiary owned \$301 million and \$267 million of outstanding accounts receivable as of September 30, 2021 and 2020, respectively, which are reported in Receivables, net in the Company's Consolidated Balance Sheets.

## **China Construction Facility**

In May 2020, the Company entered into a five-year credit agreement for approximately \$40 million to finance the preparation of the blending and packaging plant in China for production (the "China Construction Facility"). The China Construction Facility had an outstanding balance of \$39 million and \$18 million as of September 30, 2021 and 2020, respectively. Borrowings bear interest at the local prime rate less the applicable interest rate margin, which was 4.35% for the years ended September 30, 2021 and 2020. The proceeds from the China Construction Facility are restricted to finance capital expenditures associated with the preparation of the blending and packaging plant in China for production at capacity, and borrowings are secured by the assets underlying the project. Borrowings are required to be repaid in semiannual installments, which total approximately \$2 million in fiscal 2022, \$4 million in fiscal 2023, and \$7 million in fiscal 2024, with the remaining balance due in fiscal 2025.

## **China Working Capital Facility**

In November 2020, the Company entered into a revolving credit facility with a two-year term for approximately \$23 million to finance working capital needs for the blending and packaging plant in China (the "China Working Capital Facility"). Borrowings will bear interest at the local prime rate less the applicable interest rate margin with interest due monthly and repayment of borrowings due at maturity. As of September 30, 2021, the China Working Capital Facility had no outstanding borrowings, leaving its full borrowing capacity of approximately \$23 million remaining.

## **Covenants and guarantees**

The Company is required to satisfy certain covenants pursuant to its long-term borrowings. These covenants contain customary limitations, including limitations on liens, additional indebtedness, investments, restricted payments, asset sales, mergers, and affiliate transactions. The maintenance of financial covenants as of the end of each fiscal quarter is required, as defined in the Senior Credit Agreement, including: i) a maximum net leverage ratio of 4.5, which is calculated as net debt divided by Adjusted EBITDA and ii) a minimum interest coverage ratio of 3.0, which is calculated as Adjusted EBITDA divided by net interest expense. Cross-default provisions also exist between certain debt instruments. As of September 30, 2021 and 2020, the Company was in compliance with all debt covenants.

Valvoline's existing and future subsidiaries (other than certain immaterial subsidiaries, joint ventures, special purpose financing subsidiaries, regulated subsidiaries, non-U.S. subsidiaries and certain other subsidiaries) guarantee obligations under the Senior Credit Agreement, which is also 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 non-U.S. subsidiaries, and in certain cases, a portion of the equity interests of other non-U.S. subsidiaries. Valvoline's subsidiaries that guarantee obligations under its Senior Credit Agreement also guarantee the Senior Notes, which have not been and are not expected to be registered in exchange offers as debt securities.

## **Long-term debt maturities**

The future maturities of debt outstanding as of September 30, 2021, excluding debt issuance costs and discounts, are as follows:

(In millions)	
Years ending September 30	
2022	\$ 17
2023	61
2024	468
2025	27
2026	—
Thereafter	1,135
<b>Total</b>	<b>\$ 1,708</b>

## NOTE 9 – INCOME TAXES

### Components of income tax expense

Income tax expense consisted of the following for the years ended September 30:

(In millions)	2021	2020	2019
<b>Current</b>			
Federal	\$ 36	\$ 16	\$ 10
State	14	11	5
Non-U.S.	25	15	19
	<u>75</u>	<u>42</u>	<u>34</u>
<b>Deferred</b>			
Federal	42	62	24
State	8	26	—
Non-U.S.	(2)	4	(1)
	<u>48</u>	<u>92</u>	<u>23</u>
<b>Income tax expense</b>	<b>\$ 123</b>	<b>\$ 134</b>	<b>\$ 57</b>

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The following presents pre-tax income and the principal components of the reconciliation between the effective tax rate and the U.S. federal statutory income tax rate in effect for the years ended September 30:

(In millions)	2021	2020	2019
Income before income taxes			
United States	\$ 483	\$ 399	\$ 212
Non-U.S.	60	52	53
Total income before income taxes	\$ 543	\$ 451	\$ 265
<i>U.S. statutory tax rate</i>	21.0 %	21.0 %	21.0 %
Income taxes computed at U.S. statutory tax rate	\$ 114	\$ 95	\$ 56
(Decrease) increase in amount computed resulting from:			
Unrecognized tax benefits	(5)	1	5
State taxes, net of federal benefit	19	16	9
International rate differential	3	2	2
Permanent items	(6)	(4)	(3)
Remeasurement of net deferred taxes	—	1	(4)
Return-to-provision adjustments	—	(2)	(6)
Change in valuation allowances	1	29	(4)
Tax Matters Agreement activity	(6)	(6)	1
Other	3	2	1
Income tax expense	\$ 123	\$ 134	\$ 57
<i>Effective tax rate</i>	22.7 %	29.7 %	21.5 %

The lower income tax expense and effective tax rate in fiscal 2021 from the prior year was principally driven by tax benefits recognized during the year as a result of audit settlements. This decrease in expense coupled with prior year income tax expense recognized to establish a \$30 million valuation allowance on certain legacy tax attributes led to a lower effective tax rate in fiscal 2021.

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## Deferred taxes

A summary of the deferred tax assets and liabilities included in the Consolidated Balance Sheets follows as of September 30:

(In millions)	2021	2020
<b>Deferred tax assets</b>		
Non-U.S. net operating loss carryforwards <sup>(a)</sup>	\$ 2	\$ 2
State net operating loss carryforwards <sup>(b)</sup>	18	18
Employee benefit obligations	46	79
Compensation accruals	29	26
Credit carryforwards <sup>(c)</sup>	12	11
Operating lease liabilities	98	69
Other	23	17
Valuation allowances <sup>(d)</sup>	(32)	(30)
Net deferred tax assets	<u>196</u>	<u>192</u>
<b>Deferred tax liabilities</b>		
Goodwill and other intangibles	16	11
Property, plant and equipment	109	75
Operating lease assets	78	67
Undistributed earnings	5	6
Total deferred tax liabilities	<u>208</u>	<u>159</u>
Total net deferred tax (liabilities) assets <sup>(e)</sup>	<u>\$ (12)</u>	<u>\$ 33</u>

(a) Gross non-U.S. net operating loss carryforwards of \$7 million expire in fiscal years 2023 to 2040.

(b) Apportioned gross state net operating loss carryforwards of \$361 million expire in fiscal years 2023 through 2034.

(c) Credit carryforwards consist primarily of U.S. tax credits that generally expire in fiscal years 2025 through 2036.

(d) Valuation allowances at September 30, 2021 primarily relate to state net operating loss carryforwards and certain other federal legacy tax attributes that are not expected to be realized or realizable.

(e) Balances are presented in the Consolidated Balance Sheets based on the net position of each tax jurisdiction.

## Tax Matters Agreement

### Background

Prior to its initial public offering (the "IPO") in September 2016, the Valvoline business operated as a wholly-owned subsidiary of Ashland Global Holdings Inc. (which together with its predecessors and consolidated subsidiaries is referred to herein as "Ashland"). In advance of the IPO, the Valvoline business and certain other legacy Ashland assets and liabilities were transferred from Ashland to Valvoline as a reorganization of entities under common Ashland control (the "Contribution"). In connection with the IPO, Ashland retained 83% of the total outstanding shares of Valvoline's common stock. On May 12, 2017, Ashland distributed its interest in Valvoline to Ashland stockholders through a pro rata dividend on shares of Ashland common stock outstanding (the "Distribution"), which marked the completion of Valvoline's separation from Ashland.

For the periods prior to the Distribution, Valvoline was included in Ashland's consolidated U.S. and state income tax returns and in the income tax returns of certain Ashland international subsidiaries (collectively, the "Ashland Group Returns"). For the taxable periods that began on and after the Distribution, Valvoline files tax returns that include only Valvoline and its subsidiaries.

## Key terms and conditions

An agreement (the "Tax Matters Agreement") was entered into in September 2016 between Valvoline and Ashland, that generally provides that Valvoline indemnify Ashland for the following items:

- The utilization of certain legacy tax attributes transferred from Ashland as the result of the Contribution;
- 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 that arise on audit or examination and are not directly attributable to either the Valvoline business or the Ashland chemicals business;
- Taxes of Valvoline for the period between the IPO and Distribution that are not attributable to Ashland Group Returns (as defined above);
- Taxes of Valvoline for all taxable periods that begin on or after the day after the date of the Distribution; and
- Certain taxes and expenses resulting from the failure of the Contribution or Distribution to qualify for the intended tax-free treatment.

## Summary of activity

Adjustments to the net obligations to Ashland under the Tax Matters Agreement are recorded within Net legacy and separation-related (income) expenses, with any resulting impacts to Valvoline's stand-alone income tax provision recorded in Income tax expense within the Consolidated Statements of Comprehensive Income. The Company reduced its indemnity obligations to Ashland under the Tax Matters Agreement by \$33 million during fiscal 2021, principally due to settlement of the fiscal 2014 to 2016 federal audit examinations. This reduction resulted in pre-tax income of \$27 million, and the remaining benefit of \$6 million was recognized in income tax expense for matters attributable to the Valvoline stand-alone business.

During fiscal 2020, the Company determined it did not expect to utilize certain tax attributes that were transferred from Ashland as a result of the Contribution. Accordingly, the Company recognized income tax expense of \$30 million to establish a valuation allowance for these tax attributes with an offsetting reduction in its indemnity obligation, the combined effects of which had no impact on net income in the fiscal year ended September 30, 2020.

Total liabilities related to obligations owed to Ashland under the Tax Matters Agreement are primarily recorded in Other noncurrent liabilities in the Consolidated Balance Sheets and were \$1 million and \$34 million as of September 30, 2021 and 2020, respectively. Given the indemnification of Ashland for periods in which Valvoline was included in Ashland Group Returns, a portion of the Company's liability for unrecognized tax benefits is included in the Tax Matters Agreement obligation. The periods under indemnity that currently remain open to examination include certain U.S. state jurisdictions from fiscal 2011.

## Unrecognized tax benefits

The aggregate changes in the balance of gross unrecognized tax benefits were as follows for the years ended September 30:

(In millions)	2021	2020	2019
Gross unrecognized tax benefits as of October 1	\$ 15	\$ 14	\$ 10
Increases related to tax positions from prior years	2	1	5
Decreases related to tax positions from prior years	(1)	—	—
Increases related to tax positions taken during the current year	1	1	—
Settlements with tax authorities	(4)	—	—
Lapses of statutes of limitation	(1)	(1)	(1)
Gross unrecognized tax benefits as of September 30 <sup>(a)</sup>	\$ 12	\$ 15	\$ 14

(a) These unrecognized tax benefits would favorably impact the effective income tax rate, if recognized. Accruals for interest and penalties were \$2 million as of September 30, 2021 and 2020.



The Company's U.S. federal income tax returns and certain U.S. state jurisdictions remain open to examination from fiscal 2017 forward. Fiscal years including and after 2010 remain open to examination by certain non-U.S. taxing authorities.

Because Valvoline is routinely under examination by various taxing authorities, it is reasonably possible that the amount of unrecognized tax benefits will change during fiscal 2022. Due to the complexity and number of open years, it is not practical to estimate the amount or range of such change at this time. Based on current information available, management does not expect a material change to the Company's gross unrecognized tax benefits within fiscal 2022.

## NOTE 10 – EMPLOYEE BENEFIT PLANS

### Pension and other postretirement plans

The components of pension and other postretirement plans net periodic benefit (income) costs and the assumptions used in this determination are summarized below for the years ended September 30:

(In millions)	Pension benefits			Other postretirement benefits		
	2021	2020	2019	2021	2020	2019
<b>Net periodic benefit (income) costs</b>						
Service cost	\$ 2	\$ 3	\$ 2	\$ —	\$ —	\$ —
Interest cost	43	61	81	1	1	2
Expected return on plan assets	(86)	(87)	(80)	—	—	—
Amortization of prior service credit <sup>(a)</sup>	—	—	—	(12)	(12)	(12)
Actuarial (gain) loss	(72)	(24)	61	—	2	8
Net periodic benefit (income) costs	<u>\$ (113)</u>	<u>\$ (47)</u>	<u>\$ 64</u>	<u>\$ (11)</u>	<u>\$ (9)</u>	<u>\$ (2)</u>
<b>Weighted-average plan assumptions <sup>(b)</sup></b>						
Discount rate for service cost	1.55%	1.49%	2.92%	3.03%	3.12%	3.98%
Discount rate for interest cost	1.91%	2.79%	4.00%	1.83%	2.69%	3.83%
Rate of compensation increase	3.00%	3.04%	3.06%	—	—	—
Expected long-term rate of return on plan assets	4.34%	4.64%	4.66%	—	—	—

(a) Other postretirement plan amendments are amortized within this caption during all periods presented.

(b) The plan assumptions are a blended weighted-average rate for Valvoline's U.S. and non-U.S. plans. The U.S. pension plans represented approximately 97% of the total pension projected benefit obligation as of September 30, 2021. Other postretirement benefit plans are in the U.S. and Canada, with the U.S. plan representing approximately 79% of the total other postretirement projected benefit obligation as of September 30, 2021. Non-U.S. plans use assumptions generally consistent with those of U.S. plans.

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 remeasurement. These gains and losses are reported within Net pension and other postretirement plan income in the Consolidated Statements of Comprehensive Income and included a gain of \$72 million and \$22 million for the years ended September 30, 2021 and 2020, respectively, and a loss of \$69 million for the year ended September 30, 2019.

The fiscal 2021 gain was primarily attributed to higher than expected returns on plan assets and an increase in discount rates. The fiscal 2020 gain was primarily attributed to higher than expected returns on plan assets and favorable changes in mortality assumptions, which more than offset the impacts of lower discount rates.

The following table summarizes the net periodic benefit income and the amortization of prior service credits recognized during the years ended September 30:

(In millions)	Pension benefits			Other postretirement benefits		
	2021	2020	2019	2021	2020	2019
Amortization of prior service credits recognized in Accumulated other comprehensive income	\$ —	\$ —	\$ —	\$ 12	\$ 12	\$ 12
Net periodic benefit income	(113)	(47)	64	(11)	(9)	(2)
Total pre-tax amount recognized in comprehensive income	<u>\$ (113)</u>	<u>\$ (47)</u>	<u>\$ 64</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 10</u>

### Obligations and funded status

Changes in benefit obligations and the fair value of plan assets, as well as key assumptions used to determine the benefit obligations, and the amounts in the Consolidated Balance Sheets for the Company's pension and other postretirement benefit plans are summarized below as of September 30:

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(In millions)	Pension benefits		Other postretirement benefits	
	2021	2020	2021	2020
<b>Change in benefit obligations</b>				
Benefit obligations as of October 1	\$ 2,321	\$ 2,287	\$ 52	\$ 55
Service cost	2	3	—	—
Interest cost	43	61	1	1
Benefits paid	(133)	(132)	(5)	(6)
Actuarial (gain) loss	(31)	107	—	2
Currency exchange rate changes	2	1	1	—
Transfers in	3	3	—	—
Settlements	(4)	(9)	—	—
Benefit obligations as of September 30	<u>\$ 2,203</u>	<u>\$ 2,321</u>	<u>\$ 49</u>	<u>\$ 52</u>
<b>Change in plan assets</b>				
Fair value of plan assets as of October 1	\$ 2,045	\$ 1,943	\$ —	\$ —
Actual return on plan assets	128	218	—	—
Employer contributions	14	22	5	6
Benefits paid	(133)	(133)	(5)	(6)
Currency exchange rate changes	2	1	—	—
Settlements	(4)	(9)	—	—
Transfers in	3	3	—	—
Fair value of plan assets as of September 30	<u>\$ 2,055</u>	<u>\$ 2,045</u>	<u>\$ —</u>	<u>\$ —</u>
Unfunded status of the plans as of September 30	<u>\$ 148</u>	<u>\$ 276</u>	<u>\$ 49</u>	<u>\$ 52</u>
<b>Amounts in the Consolidated Balance Sheets</b>				
Noncurrent benefit assets <sup>(a)</sup>	\$ 72	\$ 1	\$ —	\$ —
Current benefit liabilities <sup>(b)</sup>	9	10	5	5
Noncurrent benefit liabilities <sup>(c)</sup>	211	267	44	47
Total benefit liabilities	220	277	49	52
Net liabilities recognized	<u>\$ 148</u>	<u>\$ 276</u>	<u>\$ 49</u>	<u>\$ 52</u>
<b>Balance in Accumulated other comprehensive loss</b>				
Prior service cost (credit)	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (21)</u>	<u>\$ (33)</u>
<b>Weighted-average plan assumptions</b>				
Discount rate	2.70%	2.59%	2.67 %	2.39 %
Rate of compensation increase	3.00%	3.00%	—	—
Healthcare cost trend rate <sup>(d)</sup>	—	—	6.4 %	6.7 %

(a) Noncurrent benefit assets are recorded in Other noncurrent assets within the Consolidated Balance Sheets.

(b) Current benefit liabilities are recorded in Accrued expenses and other liabilities within the Consolidated Balance Sheets.

(c) Noncurrent benefit liabilities are recorded in Employee benefit obligations within the Consolidated Balance Sheets.

(d) The assumed pre-65 health care cost trend rate continues to be reduced to 4.0% in 2040 and thereafter.

## Accumulated benefit obligation

The accumulated benefit obligation for all pension plans was \$2.2 billion and \$2.3 billion as of September 30, 2021 and 2020, respectively. Information for pension plans with a benefit obligation in excess of the fair value of plan assets follows for the Company's plans as of September 30:

(In millions)	2021		2020	
	Benefit obligation	Plan assets	Benefit obligation	Plan assets
Plans with projected benefit obligation in excess of plan assets	\$ 1,607	\$ 1,386	\$ 2,275	\$ 1,998
Plans with accumulated benefit obligation in excess of plan assets	\$ 1,593	\$ 1,374	\$ 2,253	\$ 1,978

## Plan assets

Pension plan asset investments and their level within the fair value hierarchy is summarized below as of:

(In millions)	September 30, 2021				
	Total fair value	Level 1	Level 2	Level 3	Assets measured at NAV
Cash and cash equivalents	\$ 136	\$ 136	\$ —	\$ —	\$ —
U.S. government securities and futures	96	—	96	—	—
Other government securities	58	—	58	—	—
Corporate debt instruments	1,371	—	1,371	—	—
Insurance contracts	58	—	—	58	—
Private equity and hedge funds	11	—	—	—	11
Collective trust funds	316	—	—	—	316
Other investments	9	\$ —	9	\$ —	—
Total assets at fair value	<u>\$ 2,055</u>	<u>\$ 136</u>	<u>\$ 1,534</u>	<u>\$ 58</u>	<u>\$ 327</u>

(In millions)	September 30, 2020				
	Total fair value	Level 1	Level 2	Level 3	Assets measured at NAV
Cash and cash equivalents	\$ 102	\$ 102	\$ —	\$ —	\$ —
U.S. government securities and futures	172	—	172	—	—
Other government securities	47	—	47	—	—
Corporate debt instruments	1,201	—	1,201	—	—
Insurance contracts	12	—	—	12	—
Private equity and hedge funds	13	—	—	—	13
Collective trust funds	497	—	—	—	497
Other investments	1	—	1	—	—
Total assets at fair value	<u>\$ 2,045</u>	<u>\$ 102</u>	<u>\$ 1,421</u>	<u>\$ 12</u>	<u>\$ 510</u>

## Cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value.

### **Government securities**

Government securities are valued based on Level 2 inputs, which include yields available for comparable securities of issuers with similar credit ratings.

### **Corporate debt instruments**

Corporate debt instruments are valued based on Level 2 inputs that are observable in the market or may be derived principally from, or corroborated by, recently executed transactions, observable market data such as pricing for similar securities, cash flow models with yield curves, counterparty credit ratings, and credit spreads applied using the maturity and coupon interest rate terms of the debt instrument.

### **Insurance contracts**

Insurance contracts are arrangements with insurance companies that guarantee the payment of the pension entitlements and are valued based on Level 3 inputs, which are neither quoted prices nor observable inputs for pricing. Insurance contracts are valued at cash surrender value, which approximates fair value.

### **Private equity and hedge funds**

Private equity and hedge funds primarily represent alternative investments not traded on an active market which are valued at the NAV per share determined by the manager of the fund based on the fair value of the underlying net assets owned by the fund divided by the number of shares or units outstanding.

### **Collective trust funds**

Collective trust funds are comprised of a diversified portfolio of investments across various asset classes, including U.S. and international equities, fixed-income securities, commodities and currencies. The collective trust funds are valued using a NAV provided by the manager of each fund, which is based on the underlying net assets owned by the fund, divided by the number of shares outstanding.

The following reconciles the beginning and ending balances for Level 3 plan assets:

(In millions)	Total Level 3 assets
<b>Balance at September 30, 2019</b>	\$ 7
Purchases	4
Actual return on assets held at end of year	1
<b>Balance at September 30, 2020</b>	12
Purchases	48
Actual return on assets held at end of year	(2)
<b>Balance at September 30, 2021</b>	<u>\$ 58</u>

The following summarizes investments for which fair value is measured using the NAV per share practical expedient as of September 30, 2021:

(In millions)	Fair value at NAV	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Long/short hedge funds	\$ 2	\$ —	None <sup>(a)</sup>	None <sup>(a)</sup>
Relative value hedge funds	3	—	None <sup>(b)</sup>	None <sup>(b)</sup>
Event driven hedge funds	1	—	None <sup>(b)</sup>	None <sup>(b)</sup>
Collective trust funds	299	—	Daily	Up to 3 days
	9	—	Monthly	5 days
	8	—	N/A <sup>(c)</sup>	N/A <sup>(c)</sup>
Private equity	5	2	None <sup>(d)</sup>	None <sup>(d)</sup>
	<u>\$ 327</u>	<u>\$ 2</u>		

(a) These hedge funds are in the process of liquidation over the next year.

(b) These hedge funds are in the process of liquidation and the timing is unknown.

(c) These assets are held in fund investments that include a diversified portfolio across various asset classes. The time period for redemption of these assets is not determinable.

(d) These private equity instruments are estimated to be liquidated over the next 1 to 5 years.

## Investments and strategy

In developing an investment strategy for its defined benefit plans, Valvoline considered the following factors: the nature of the liabilities of the plans; the allocation of liabilities between active, deferred and retired plan participants; 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 benchmark returns 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 optimize returns and maintain an appropriate asset mix and diversification of investments.

The current target asset allocation for the U.S. plans is 83% fixed income securities and 17% equity-based securities. Fixed income securities are liability matching assets that primarily include long duration, high grade corporate debt obligations. Equity-based securities are return-seeking assets that include both traditional equities as well as a mix of non-traditional assets such as hedge and commingled funds and private equity. Investment managers may employ a limited use of futures or other derivatives to manage risk within the portfolio through efficient exposure to markets. Valvoline's pension plans hold a variety of investments designed to diversify risk and achieve an adequate net investment return to provide for future benefit payments to its participants.

Valvoline's investment strategy and management practices relative to non-U.S. plan assets are generally consistent with those for U.S. plans, except in those countries where the investment of plan assets is dictated by applicable regulations. The weighted-average asset allocations for Valvoline's plans by asset category follow as of September 30:

	Target	2021	2020
<b>Plan assets allocation</b>			
Equity securities	15-25%	11%	18%
Debt securities	65-85%	85%	80%
Other	0-20%	4%	2%
Total		<u>100%</u>	<u>100%</u>

The basis for determining the expected long-term rate of return is a combination of future return assumptions for the various asset classes in Valvoline's investment portfolio based on active management, historical analysis of previous returns, market indices, and a projection of inflation, net of plan expenses.

## Funding and benefit payments

Valvoline contributed \$14 million and \$22 million to its pension plans during fiscal 2021 and 2020, respectively. Valvoline does not plan to contribute to its U.S. qualified pension plans in fiscal 2022 and expects to contribute approximately \$12 million to its U.S. non-qualified and non-U.S. pension plans.

The following benefit payments, which reflect future service expectations, are projected to be paid in each of the next five fiscal years ended September 30 and the five fiscal years thereafter in aggregate:

(In millions)	Pension benefits		Other postretirement benefits	
2022	\$	145	\$	5
2023		145		4
2024		141		4
2025		139		3
2026		138		3
2027 - 2031		651		14
Total	\$	<u>1,359</u>	\$	<u>33</u>

## Other plans

### Defined contribution and other defined benefit plans

Valvoline sponsors certain defined contribution savings plans that provide matching contributions. Expense associated with these plans was \$19 million in fiscal 2021, \$15 million in fiscal 2020 and \$14 million in fiscal 2019.

Valvoline also sponsors various other benefit plans, some of which are required by local laws within certain countries. Total liabilities associated with these plans were \$3 million as of September 30, 2021 and 2020.

### Multiemployer pension plans

Valvoline participates in two multiemployer pension plans that provide pension benefits to certain union-represented employees under the terms of collective bargaining agreements. Valvoline assumed responsibility for contributions to these plans in connection with the separation from its former parent company. Contributions to these plans were not material for any period presented herein.

### Incentive plans

Reserves for incentive plans were \$49 million and \$39 million as of September 30, 2021 and 2020, respectively.

## NOTE 11 – LITIGATION, CLAIMS AND CONTINGENCIES

From time to time, Valvoline is party to lawsuits, claims and other legal proceedings that arise in the ordinary course of business. The Company establishes liabilities for the outcome of such matters where losses are determined to be probable and reasonably estimable. Where appropriate, the Company has recorded liabilities with respect to these matters, which were not material for the periods presented as reflected in the consolidated financial statements herein. There are certain claims and legal proceedings pending where loss is not determined to be probable or reasonably estimable, and therefore, accruals have not been made. In addition, there are currently no matters for which management believes a material loss is at least reasonably possible.

In all instances, management has assessed each matter based on current information available and made a judgment concerning its potential outcome, giving due consideration to the amount and nature of the claim and the probability of success. The Company believes it has established adequate accruals for liabilities that are probable and reasonably estimable.

Although the ultimate resolution of these matters cannot be predicted with certainty and there can be no assurances that the actual amounts required to satisfy liabilities from these matters will not exceed the amounts reflected in the consolidated financial statements, based on information available at this time, it is the opinion of management that such pending claims or proceedings will not have a material adverse effect on its consolidated financial statements.

## NOTE 12 – STOCK-BASED COMPENSATION PLANS

Valvoline has approved stock-based incentive plans that authorize 21 million shares of common stock to be issued, with approximately 12 million shares of common stock remaining available for issuance as of September 30, 2021. The Valvoline stock-based incentive plans authorize the grant of stock options, stock appreciation rights (“SARs”), and nonvested stock awards, principally in the form of restricted stock, restricted stock units, and performance share units. The following summarizes stock-based compensation expense recognized by the Company during the years ended September 30:

(In millions)	2021	2020	2019
Stock appreciation rights	\$ 1	\$ 1	\$ 1
Nonvested stock awards <sup>(a)</sup>	14	11	9
Total stock-based compensation expense, pre-tax	15	12	10
Tax benefit	(4)	(3)	(2)
Total stock-based compensation expense, net of tax	\$ 11	\$ 9	\$ 8

(a) Includes approximately \$1 million in each period presented related to certain awards that are cash-settled and liability-classified; therefore, fair value is remeasured at the end of each reporting period until settlement.

### Stock appreciation rights

SARs are granted to certain Valvoline employees to provide vested award holders with the ability to profit from the appreciation in value of a set number of shares of common stock over a period of time by receiving the differential between the value of the Company's common stock price at the grant and exercise dates. SARs typically vest and become exercisable over a period of one to three years and are subject to pre-vesting forfeiture upon service termination. Unexercised SARs generally lapse ten years after the grant date. Stock-based compensation expense for SARs is determined using the Black-Scholes option-pricing model to estimate the grant date fair value of new or modified awards.

### Nonvested stock awards

Nonvested stock awards in the form of Restricted Stock Awards (“RSAs”) and Restricted Stock Units (“RSUs”) are granted to certain Valvoline employees and directors. These awards can have service-based or both service and performance-based vesting conditions. Nonvested stock awards generally vest over a one to three-year period and are subject to forfeiture upon termination of service prior to vesting. Nonvested stock awards are primarily granted as RSUs that settle in shares upon vesting, while RSAs result in share issuance at grant, which entitles award holders to voting rights that are restricted until vesting. Nonvested stock awards with service-only vesting conditions receive dividend equivalents in the form of additional units or shares, which are subject to vesting and forfeiture provisions.

Nonvested stock awards with both service and performance conditions vest through continued employee service and upon the achievement of specific financial targets subject to adjustment relative to performance among selected industry peer groups. These awards are granted annually and subject to a three-year performance and vesting period. Each performance share unit is convertible to one share of common stock, the actual number of which is dependent upon performance compared to financial and market performance targets at the end of each performance period. Compensation cost for performance-based nonvested stock awards is recognized at fair value over the requisite service period based on the probable achievement of the financial performance conditions.



The following summarizes nonvested stock award activity during the year ended September 30, 2021:

	Number of shares (in thousands)	Weighted average grant date fair value per share
Unvested shares as of September 30, 2020	1,668	\$ 20.89
Granted	520	\$ 22.33
Performance adjustments <sup>(a)</sup>	126	\$ 22.96
Vested	(288)	\$ 22.69
Forfeited	(58)	\$ 21.85
Unvested shares as of September 30, 2021	<u>1,968</u>	\$ 21.50

(a) Adjustments based on current attainment expectations of performance targets.

The fair value of new or modified nonvested stock awards with service-only conditions was determined based on the closing market price of Valvoline common stock on the grant date, and the fair value of performance-based nonvested stock awards that include both financial and market performance conditions was determined using a Monte Carlo simulation valuation model with the following key assumptions:

	2021	2020	2019
Weighted average grant date fair value per share	\$ 21.81	\$ 23.21	\$ 21.22
Assumptions (weighted average)			
Risk-free interest rates <sup>(a)</sup>	0.2 %	1.6 %	2.8 %
Expected dividend yield	2.3 %	2.1 %	1.3 %
Expected volatility <sup>(b)</sup>	42.0 %	26.0 %	26.8 %
Expected term (in years)	3.0	3.0	3.0

(a) Based on the U.S. Treasury yield curve in effect at the time of grant or modification for the expected term of the award. The range of risk-free interest rates used for performance awards was 0.13% to 0.23% in fiscal 2021, 1.55% to 1.59% in fiscal 2020, and 2.66% to 2.82% in fiscal 2019.

(b) Expected volatility is based on historical volatilities over periods commensurate with the expected term. In recent years, Valvoline utilized its historical daily closing price over this period, and in fiscal 2019, expected volatility was determined based on the average of peer companies due to Valvoline's lack of historical data at the time.

The total grant date fair value of nonvested stock awards vested and the weighted average grant date fair value of nonvested stock awards granted follows for the years ended September 30:

(In millions, except weighted average)	2021	2020	2019
Total grant date fair value of shares vested	\$ 7	\$ 5	\$ 12
Weighted average grant date fair value	\$ 22.33	\$ 22.17	\$ 20.72

As of September 30, 2021, there was \$11 million of total unrecognized compensation costs related to nonvested stock awards, which is expected to be recognized over a weighted average period of 2.4 years. The aggregate intrinsic value of nonvested stock awards as of September 30, 2021 is \$61 million.

## NOTE 13 - EARNINGS PER SHARE

The following is the summary of basic and diluted EPS for the years ended September 30:

(In millions, except per share data)	2021	2020	2019
<b>Numerator</b>			
Net income	\$ 420	\$ 317	\$ 208
<b>Denominator</b>			
Weighted average common shares outstanding	182	187	189
Effect of potentially dilutive securities <sup>(a)</sup>	1	1	—
Weighted average diluted shares outstanding	183	188	189
<b>Earnings per share</b>			
Basic	\$ 2.30	\$ 1.70	\$ 1.10
Diluted	\$ 2.29	\$ 1.69	\$ 1.10

(a) There were approximately 1 million outstanding securities, primarily SARs, not included in the computation of diluted earnings per share in the years ended September 30, 2020 and 2019, because the effects would have been antidilutive.

## NOTE 14 - ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in Accumulated other comprehensive income by component for fiscal years 2021 and 2020 were as follows:

(In millions)	Unamortized benefit plan credits	Currency translation adjustments	Changes in fair value of cash flow hedges	Total
<b>Balance as of September 30, 2019</b>	\$ 34	\$ (23)	\$ —	\$ 11
Other comprehensive income (loss) before reclassification	—	6	(1)	5
(Gain) loss reclassified out of accumulated other comprehensive income	(12)	1	—	(11)
Tax expense	3	—	—	3
<b>Balance as of September 30, 2020</b>	25	(16)	(1)	8
Other comprehensive income before reclassification	—	7	3	10
Gains reclassified out of accumulated other comprehensive income	(12)	—	(1)	(13)
Tax expense	3	—	—	3
<b>Balance as of September 30, 2021</b>	\$ 16	\$ (9)	\$ 1	\$ 8

Amounts reclassified from Accumulated other comprehensive income follow for the years ended September 30:

(in millions)	2021	2020	2019
Amortization of pension and other postretirement plan prior service credits <sup>(a)</sup>	\$ (12)	\$ (12)	\$ (12)
Loss (gain) on liquidation of subsidiaries <sup>(b)</sup>	—	1	(1)
Gain on cash flow hedges <sup>(c)</sup>	(1)	—	—
Tax effect of reclassifications	3	3	3
Total amounts reclassified, net of tax	\$ (10)	\$ (8)	\$ (10)

(a) Amortization of unrecognized prior service credits included in net periodic benefit income for pension and other postretirement plans was reported in Net pension and other postretirement plan (income) expenses within the Consolidated Statements of Comprehensive Income.

The Company releases the income tax effects from Accumulated other comprehensive income as benefit plan credits are amortized into earnings.

- (b) Represents the realization of cumulative translation adjustments in Equity and other income, net within the Consolidated Statements of Comprehensive Income as a result of the liquidation of certain non-U.S. subsidiaries.
- (c) Represents the realization of gains from cash flow hedges reported in Net interest and other financing expenses within the Consolidated Statements of Comprehensive Income.

## NOTE 15 – REPORTABLE SEGMENT INFORMATION

During the third quarter of fiscal 2021, the Company realigned its global operations to support its strategic initiatives to transition to a services-driven business. As a result of the realignment, Valvoline now manages its business through the following two reportable segments:

- **Retail Services** - services the passenger car and light truck quick lube market in the United States and Canada with a broad array of preventive maintenance services and capabilities performed through Valvoline's retail network of Company-operated, independent franchise, and Express Care stores that service vehicles with Valvoline products.
- **Global Products** - sells engine and automotive products in more than 140 countries and territories to mass market and automotive parts retailers, installers, and commercial customers, including original equipment manufacturers, to service light- and heavy-duty vehicles and equipment.

These segments represent components of the Company for which separate financial information is available that is utilized on a regular basis by the chief operating decision maker in allocating resources and evaluating performance of the business. Adjusted EBITDA is the primary measure used in making these operating decisions, which Valvoline defines as segment operating income adjusted for depreciation and amortization and certain key items impacting comparability.

In connection with the realignment, the Company changed its allocation of certain indirect expenses for such costs to be recognized by each segment based on the estimated utilization of indirect resources. Costs to support corporate functions and certain non-operational and corporate activity that is not directly attributable to a particular segment are not included in the segment operating results regularly utilized by the chief operating decision maker. This activity is separately delineated within Corporate to reconcile to consolidated results.

Prior period segment financial information presented herein has been recast on a basis that is consistent with the realignment of Valvoline's global operations.

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## Reportable segment results

The following table presents sales and adjusted EBITDA of each reportable segment for the years ended September 30:

(In millions)	2021	2020	2019
<b>Sales</b>			
Retail Services	\$ 1,221	\$ 883	\$ 822
Global Products	1,760	1,470	1,568
Consolidated sales	<u>\$ 2,981</u>	<u>\$ 2,353</u>	<u>\$ 2,390</u>
<b>Adjusted EBITDA</b>			
Retail Services	\$ 382	\$ 247	\$ 239
Global Products	327	309	296
Total operating segments	709	556	535
Corporate <sup>(a)</sup>	(75)	(61)	(57)
Consolidated Adjusted EBITDA	634	495	478
Reconciliation to income before income taxes:			
Net interest and other financing expenses	(111)	(93)	(73)
Depreciation and amortization	(92)	(66)	(61)
Key items: <sup>(b)</sup>			
Net pension and other postretirement plan income (expenses)	126	59	(60)
Net legacy and separation-related income (expenses)	24	30	(3)
LIFO (charge) credit	(41)	15	—
Business interruption recovery (expenses)	3	2	(6)
Compensated absences benefits change	—	11	—
Acquisition and divestiture-related (costs) income	—	(2)	4
Restructuring and related expenses	—	—	(14)
Income before income taxes	<u>\$ 543</u>	<u>\$ 451</u>	<u>\$ 265</u>

(a) Corporate includes the costs of corporate functions and certain other non-operational matters and corporate activity that is not directly attributable to a particular segment.

(b) Key items represent adjustments to U.S. GAAP results and consist of non-operational matters, including pension and other postretirement plan non-service income and remeasurement adjustments, net legacy and separation-related activity, changes in the LIFO inventory reserve, and certain other corporate matters excluded from operating results, which management believes impacts the comparability of operational results between periods.

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## Disaggregation of revenue

The following table summarizes sales by category for each reportable segment for the years ended September 30:

(In millions)	2021	2020	2019
<b>Retail Services</b>			
<i>Company operations</i>			
Oil changes	\$ 657	\$ 450	\$ 407
Non-oil changes	205	141	124
<i>Non-company operations</i>			
Franchise fees	50	40	43
Product sales	309	252	248
Total Retail Services	<u>\$ 1,221</u>	<u>\$ 883</u>	<u>\$ 822</u>
<b>Global Products</b>			
Lubricants	\$ 1,570	\$ 1,287	\$ 1,364
Antifreeze	119	104	121
Filters	13	13	12
Chemicals and other	58	66	71
Total Global Products	<u>\$ 1,760</u>	<u>\$ 1,470</u>	<u>\$ 1,568</u>

Sales by primary customer channel for the Company's reportable segments are summarized below for the years ended September 30:

(In millions)	2021	2020	2019
<b>Retail Services</b>			
Company operations	\$ 862	\$ 591	\$ 531
Non-company operations	359	292	291
Total Retail Services	1,221	883	822
<b>Global Products</b>			
Do-it-Yourself	626	571	558
Installer and other	1,134	899	1,010
Total Global Products	1,760	1,470	1,568
<b>Consolidated sales</b>	<u>\$ 2,981</u>	<u>\$ 2,353</u>	<u>\$ 2,390</u>

Valvoline did not have a single customer that represented 10% or more of consolidated sales in fiscal 2021, 2020 or 2019.

Sales by reportable segment disaggregated by geographic region are summarized as follows:

(In millions)	Retail Services	Global Products	Totals
<b>Year ended September 30, 2021</b>			
North America <sup>(a)</sup>	\$ 1,221	\$ 1,052	\$ 2,273
Europe, Middle East and Africa ("EMEA")	—	219	219
Asia Pacific	—	358	358
Latin America <sup>(a)</sup>	—	131	131
Total	<u>\$ 1,221</u>	<u>\$ 1,760</u>	<u>\$ 2,981</u>
<b>Year ended September 30, 2020</b>			
North America <sup>(a)</sup>	883	\$ 945	\$ 1,828
EMEA	—	169	169
Asia Pacific	—	273	273
Latin America <sup>(a)</sup>	—	83	83
Total	<u>\$ 883</u>	<u>\$ 1,470</u>	<u>\$ 2,353</u>
<b>Year ended September 30, 2019</b>			
North America <sup>(a)</sup>	\$ 822	\$ 994	\$ 1,816
EMEA	—	181	181
Asia Pacific	—	285	285
Latin America <sup>(a)</sup>	—	108	108
Total	<u>\$ 822</u>	<u>\$ 1,568</u>	<u>\$ 2,390</u>

(a) Valvoline includes the United States and Canada in its North America region. Mexico is included within the Latin America region.

## Entity-wide disclosures

The following presents sales and net property, plant and equipment by geographic area for the years ended and as of September 30:

(In millions)	Sales from external customers <sup>(a)</sup>			Property, plant and equipment, net <sup>(b)</sup>	
	2021	2020	2019	2021	2020
United States	\$ 2,209	\$ 1,775	\$ 1,766	\$ 700	\$ 512
International	772	578	624	117	101
Total	<u>\$ 2,981</u>	<u>\$ 2,353</u>	<u>\$ 2,390</u>	<u>\$ 817</u>	<u>\$ 613</u>

(a) Sales are attributed to the geographic area where solutions are delivered.

(b) Property, plant and equipment, net is attributed to the geographic area in which assets physically reside.

## NOTE 16 – SUPPLEMENTAL BALANCE SHEET INFORMATION

### Cash, cash equivalents and restricted cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets to the totals shown within the Consolidated Statements of Cash Flows for the years ended September 30:

(In millions)	2021	2020	2019
Cash and cash equivalents	\$ 230	\$ 760	\$ 159
Restricted cash <sup>(a)</sup>	1	1	—
Total cash, cash equivalents and restricted cash	<u>\$ 231</u>	<u>\$ 761</u>	<u>\$ 159</u>

(a) Included in Prepaid expenses and other current assets within the Consolidated Balance Sheets.

### Accounts and other receivables

The following summarizes Valvoline's accounts and other receivables in the Consolidated Balance Sheets as of September 30:

(In millions)	2021	2020
<b>Current</b>		
Trade	\$ 475	\$ 409
Other	16	14
Notes receivable from franchisees	10	13
Receivables, gross	<u>501</u>	<u>436</u>
Allowance for credit losses	(5)	(3)
Receivables, net	<u>\$ 496</u>	<u>\$ 433</u>
<b>Non-current <sup>(a)</sup></b>		
Notes receivable from franchisees	\$ —	\$ 13
Other notes receivable	3	8
Noncurrent notes receivable, gross	<u>3</u>	<u>21</u>
Allowance for losses	(3)	(4)
Noncurrent notes receivable, net	<u>\$ —</u>	<u>\$ 17</u>

(a) Included in Other noncurrent assets within the Consolidated Balance Sheets.

Valvoline is party to an agreement to sell certain trade accounts receivable in the form of drafts or bills of exchange to a financial institution. Each draft constitutes an order to pay Valvoline for obligations of the customer arising from the sale of goods. The intention of the arrangement is to decrease the time accounts receivable is outstanding and increase cash flows. Valvoline sold \$15 million and \$59 million of accounts receivable to the financial institution during the years ended September 30, 2021 and 2020, respectively.

### Inventories

Inventories are primarily carried at the lower of cost or net realizable value using the weighted average cost method. In addition, certain lubricants with a replacement cost of \$129 million at September 30, 2021 and \$99 million at September 30, 2020 are valued at the lower of cost or market using the LIFO method.

The following summarizes Valvoline's inventories within the Consolidated Balance Sheets as of September 30:

(In millions)	2021	2020
Finished products	\$ 276	\$ 195
Raw materials, supplies and work in process	49	30
Reserve for LIFO cost valuation	(67)	(26)
Total inventories, net	<u>\$ 258</u>	<u>\$ 199</u>

## Property, plant and equipment

The following table summarizes the various components of property, plant and equipment within the Consolidated Balance Sheets as of September 30:

(In millions)	2021	2020
Land	\$ 130	\$ 96
Buildings	607	412
Machinery and equipment	564	494
Construction in progress	71	101
Total property, plant and equipment	<u>1,372</u>	<u>1,103</u>
Accumulated depreciation	<u>(555)</u>	<u>(490)</u>
Net property, plant and equipment	<u>\$ 817</u>	<u>\$ 613</u>

The following summarizes finance lease assets included in net property, plant and equipment as of September 30:

(In millions)	2021	2020
Land	\$ 64	\$ 34
Buildings	134	43
Total finance lease assets	<u>198</u>	<u>77</u>
Accumulated depreciation	<u>(21)</u>	<u>(10)</u>
Net finance lease assets	<u>\$ 177</u>	<u>\$ 67</u>

Non-cash transactions, including finance leases, recognized within total property, plant and equipment were \$119 million and \$51 million during the years ended September 30, 2021 and 2020, respectively.

The following summarizes expense associated with property, plant and equipment recognized within the Consolidated Statements of Comprehensive Income for the years ended September 30:

(In millions)	2021	2020	2019
Depreciation (includes finance and capital leases)	\$ 76	\$ 56	\$ 52

## NOTE 17 – SUBSEQUENT EVENTS

### Strategic separation

On October 12, 2021, Valvoline announced its intention to pursue a separation of its two reportable segments, Retail Services and Global Products. Valvoline is evaluating the alternatives to accomplish the separation, and consummation of the separation will be subject to final approval by Valvoline's Board of Directors (the "Board"). No timetable has currently been established for completion of the separation, which is expected to enable the two businesses to enhance focus on their distinct customer bases, strategies and operational needs.



## **Dividend declaration**

On November 11, 2021, the Board approved a quarterly cash dividend of \$0.125 per share of common stock. The dividend is payable December 15, 2021 to shareholders of record on November 29, 2021.

## **Share repurchases**

The Company repurchased approximately 0.5 million shares for an aggregate amount of \$16 million from October 1, 2021 through November 15, 2021 pursuant to the May 17, 2021 Board authorization to repurchase up to \$300 million of common stock through September 30, 2024 (the "2021 Share Repurchase Authorization"). The Company has \$257 million in aggregate share repurchase authority remaining under the 2021 Share Repurchase Authorization as of November 15, 2021.

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## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## **ITEM 9A. CONTROLS AND PROCEDURES**

### **Evaluation of disclosure controls and procedures**

Valvoline's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), with the assistance of management, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")), as of the end of the period covered by this Annual Report on Form 10-K (the "Evaluation Date"), and based upon such evaluation, have concluded that as of the Evaluation Date, the Company's disclosure controls and procedures were effective. These controls are designed to ensure that information required to be disclosed in the reports that are filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission ("SEC"), and that such information is accumulated and communicated to Valvoline's management, including the CEO and CFO, to allow timely decisions regarding required disclosure.

### **Management's report on internal control over financial reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2021 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the 2013 Internal Control - Integrated Framework. Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of September 30, 2021 based on those criteria. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Valvoline's independent registered public accounting firm, Ernst & Young LLP, has issued an audit report with respect to the effectiveness of the Company's internal control over financial reporting as of September 30, 2021, which appears herein.

### **Changes in internal control**

During the fourth fiscal quarter ended September 30, 2021, there were no significant changes in Valvoline's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, Valvoline's internal control over financial reporting.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of  
Valvoline Inc. and Consolidated Subsidiaries

### Opinion on Internal Control Over Financial Reporting

We have audited Valvoline Inc. and Consolidated Subsidiaries' internal control over financial reporting as of September 30, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Valvoline Inc. and Consolidated Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income, stockholders' equity (deficit) and cash flows for each of the three years in the period ended September 30, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated November 19, 2021, expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Cincinnati, Ohio  
November 19, 2021

VALVOLINE INC.  
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
For the years ended September 30, 2021, 2020 and 2019  
(In millions)

(A)	(B)	(C)		(D)	(E)
Description	Balance at beginning of period	Additions		Deductions	Balance at end of period
		Charged to expenses	Charged to other accounts		
<b>Current allowance for credit losses</b>					
Year ended September 30, 2021	\$ 3	\$ 1	\$ 1	\$ —	\$ 5
Year ended September 30, 2020	\$ 3	\$ 1	\$ (1)	\$ —	\$ 3
Year ended September 30, 2019	\$ 4	\$ —	\$ —	\$ (1)	\$ 3
<b>Allowances for loan losses</b>					
Year ended September 30, 2021	\$ 4	\$ 1	\$ (2)	\$ —	\$ 3
Year ended September 30, 2020	\$ 2	\$ 1	\$ 1	\$ —	\$ 4
Year ended September 30, 2019	\$ —	\$ —	\$ 2	\$ —	\$ 2
<b>Inventory excess and obsolete reserves</b>					
Year ended September 30, 2021	\$ 4	\$ —	\$ —	\$ —	\$ 4
Year ended September 30, 2020	\$ 3	\$ 1	\$ —	\$ —	\$ 4
Year ended September 30, 2019	\$ 3	\$ —	\$ —	\$ —	\$ 3
<b>Deferred tax asset valuation allowance</b>					
Year ended September 30, 2021	\$ 30	\$ 1	\$ 1	\$ —	\$ 32
Year ended September 30, 2020	\$ 2	\$ 29	\$ —	\$ (1)	\$ 30
Year ended September 30, 2019	\$ 7	\$ —	\$ —	\$ (5)	\$ 2

**ITEM 16. FORM 10-K SUMMARY**

None.

## **Unaudited Financial Statements**

**These financial statements are prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant had audited these figures or expressed his/her 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

(In millions, except per share amounts - unaudited)	Three Months Ended December 31	
	2021	2020
Sales	\$ 858	\$ 653
Cost of sales	614	425
<b>Gross profit</b>	<b>244</b>	<b>228</b>
Selling, general and administrative expenses	135	117
Legacy and separation-related expenses	3	1
Equity and other income, net	(15)	(14)
<b>Operating income</b>	<b>121</b>	<b>124</b>
Net pension and other postretirement plan income	(9)	(13)
Net interest and other financing expenses	17	20
<b>Income before income taxes</b>	<b>113</b>	<b>117</b>
Income tax expense	26	30
<b>Net income</b>	<b>\$ 87</b>	<b>\$ 87</b>
<b>NET EARNINGS PER SHARE</b>		
Basic	\$ 0.48	\$ 0.47
Diluted	\$ 0.48	\$ 0.47
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>		
Basic	181	185
Diluted	182	186
<b>COMPREHENSIVE INCOME</b>		
Net income	\$ 87	\$ 87
Other comprehensive income (loss), net of tax		
Currency translation adjustments	—	18
Amortization of pension and other postretirement plan prior service credits	—	(2)
Unrealized gain on cash flow hedges	1	—
Other comprehensive income	1	16
Comprehensive income	<b>\$ 88</b>	<b>\$ 103</b>

See Notes to Condensed Consolidated Financial Statements.

## Valvoline Inc. and Consolidated Subsidiaries

### Condensed Consolidated Balance Sheets

(In millions, except per share amounts - unaudited)	December 31 2021	September 30 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 152	\$ 230
Receivables, net	530	496
Inventories, net	264	258
Prepaid expenses and other current assets	55	53
Total current assets	1,001	1,037
<b>Noncurrent assets</b>		
Property, plant and equipment, net	824	817
Operating lease assets	309	307
Goodwill and intangibles, net	782	775
Equity method investments	50	47
Deferred income taxes	13	14
Other noncurrent assets	204	194
Total noncurrent assets	2,182	2,154
<b>Total assets</b>	<b>\$ 3,183</b>	<b>\$ 3,191</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 32	\$ 17
Trade and other payables	218	246
Accrued expenses and other liabilities	291	306
Total current liabilities	541	569
<b>Noncurrent liabilities</b>		
Long-term debt	1,662	1,677
Employee benefit obligations	248	258
Operating lease liabilities	276	274
Deferred income taxes	34	26
Other noncurrent liabilities	255	252
Total noncurrent liabilities	2,475	2,487
Commitments and contingencies		
<b>Stockholders' equity</b>		
Preferred stock, no par value, 40 shares authorized; no shares issued and outstanding	—	—
Common stock, par value \$0.01 per share, 400 shares authorized; 180 shares issued and outstanding at December 31, 2021 and September 30, 2021	2	2
Paid-in capital	33	35
Retained earnings	123	90
Accumulated other comprehensive income	9	8
Total stockholders' equity	167	135
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,183</b>	<b>\$ 3,191</b>

See Notes to Condensed Consolidated Financial Statements.

**Valvoline Inc. and Consolidated Subsidiaries**  
**Condensed Consolidated Statements of Stockholders' Equity (Deficit)**

(In millions, except per share amounts - unaudited)	Three months ended December 31, 2021					
	Common stock		Paid-in capital	Retained earnings	Accumulated other comprehensive income	Totals
	Shares	Amount				
<b>Balance at September 30, 2021</b>	180	\$ 2	\$ 35	\$ 90	\$ 8	\$ 135
Net income	—	—	—	87	—	87
Dividends paid, \$0.125 per common share	—	—	—	(23)	—	(23)
Stock-based compensation, net of issuances	—	—	(2)	—	—	(2)
Repurchases of common stock	—	—	—	(31)	—	(31)
Other comprehensive income, net of tax	—	—	—	—	1	1
<b>Balance at December 31, 2021</b>	<u>180</u>	<u>\$ 2</u>	<u>\$ 33</u>	<u>\$ 123</u>	<u>\$ 9</u>	<u>\$ 167</u>

(In millions, except per share amounts - unaudited)	Three months ended December 31, 2020					
	Common stock		Paid-in capital	Retained deficit	Accumulated other comprehensive income	Totals
	Shares	Amount				
<b>Balance at September 30, 2020</b>	185	\$ 2	\$ 24	\$ (110)	\$ 8	\$ (76)
Net income	—	—	—	87	—	87
Dividends paid, \$0.125 per common share	—	—	—	(23)	—	(23)
Stock-based compensation, net of issuances	—	—	1	—	—	1
Repurchases of common stock	(2)	—	—	(58)	—	(58)
Cumulative effect of adoption of credit losses standard, net of tax	—	—	—	(2)	—	(2)
Other comprehensive income, net of tax	—	—	—	—	16	16
<b>Balance at December 31, 2020</b>	<u>183</u>	<u>\$ 2</u>	<u>\$ 25</u>	<u>\$ (106)</u>	<u>\$ 24</u>	<u>\$ (55)</u>

See Notes to Condensed Consolidated Financial Statements.



## Valvoline Inc. and Consolidated Subsidiaries

### Condensed Consolidated Statements of Cash Flows

(In millions - unaudited)	Three months ended December 31	
	2021	2020
<b>Cash flows from operating activities</b>		
Net income	\$ 87	\$ 87
Adjustments to reconcile net income to cash flows from operating activities		
Depreciation and amortization	25	21
Deferred income taxes	8	—
Stock-based compensation expense	3	3
Other, net	(1)	(1)
Change in assets and liabilities		
Receivables	(37)	7
Inventories	(6)	(4)
Payables and accrued liabilities	(41)	(40)
Other assets and liabilities	(6)	6
Total cash provided by operating activities	32	79
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(35)	(35)
Repayments of notes receivable	3	9
Acquisitions of businesses	(14)	(218)
Other investing activities, net	—	(1)
Total cash used in investing activities	(46)	(245)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	30	11
Repayments on borrowings	(31)	—
Repurchases of common stock	(31)	(58)
Cash dividends paid	(23)	(23)
Other financing activities	(8)	(3)
Total cash used in financing activities	(63)	(73)
Effect of currency exchange rate changes on cash, cash equivalents and restricted cash	—	6
<b>Decrease in cash, cash equivalents and restricted cash</b>	<b>(77)</b>	<b>(233)</b>
Cash, cash equivalents and restricted cash - beginning of period	231	761
Cash, cash equivalents and restricted cash - end of period	<u>\$ 154</u>	<u>\$ 528</u>

See Notes to Condensed Consolidated Financial Statements.

EXHIBIT E

**GUARANTEE OF PERFORMANCE**

For value received, Valvoline Inc. located at 100 Valvoline Way, Lexington, Kentucky 40509, absolutely and unconditionally guarantees the performance by its subsidiary, Valvoline Instant Oil Change Franchising, Inc. located at 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 2022 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 Nov 19, 2021.

VALVOLINE INC.

By: *Matthew L. Furcolo*  
Matthew L. Furcolo  
President,  
Valvoline Instant Oil Change Franchising, Inc.

## **EXHIBIT F**

### **LIST OF VALVOLINE INSTANT OIL CHANGE FRANCHISEES (as of December 3, 2021)**

Following is a list of Valvoline Instant Oil Change franchisees who were in operation at any time during Valvoline Inc.'s most recent fiscal year (October 1, 2020 through September 30, 2021) and who were still in operation as of December 3, 2021.

Franchisees that signed a Development Agreement are identified with an asterisk (\*).

Exhibit F

Franchise Legal Entity	Center Address	City	State	Zip	Phone
Gulf Shore Lubes LLC	1610 Douglas Ave	Brewton	AL	36426-1116	(251)-867-9993
* Ozark Lubes LLC	1713 W. DeWitt Henry Drive	Beebe	AR	72012-2024	(501) 882-3511
* Ozark Lubes LLC	401 SW 14th Street	Bentonville	AR	72712	(479) 268-4683
* Ozark Lubes LLC	201 Plaza Boulevard	Cabot	AR	72023-3749	(501) 941-1023
* Ozark Lubes LLC	3460 N College Avenue	Fayetteville	AR	72703-5105	(479) 527-6445
* Ozark Lubes LLC	513 N. JP Wright Loop Road	Jacksonville	AR	72076-3342	(501) 985-2868
* Ozark Lubes LLC	6011 W. 12th Street	Little Rock	AR	72204-1501	(501) 666-2451
* Ozark Lubes LLC	107 Carnahan Drive	Maumelle	AR	72113-6727	(501) 851-7666
* Ozark Lubes LLC	3501 W. Walnut Street	Rogers	AR	72756	(479) 936-7500
* Ozark Lubes LLC	2100 W. Pleasant Grove Road	Rogers	AR	72758-8096	(479) 372-4999
* Ozark Lubes LLC	307 W. Hudson Road	Rogers	AR	72756-2469	(479) 636-7025
* Ozark Lubes LLC	112 N. Thompson Street	Springdale	AR	72764	(479) 872-7827
Hartley Enterprises	900 Cove Parkway	Cottonwood	AZ	86326-4664	(928) 639-3453
Hartley Enterprises	3883 Stockton Hill Rd	Kingman	AZ	86409-3059	(928) 757-1711
Hartley Enterprises	439 Miller Valley Rd	Prescott	AZ	86301-2925	(928) 776-9677
Hartley Enterprises	8201 E State Route 69	Prescott Valley	AZ	86314-8478	(928) 775-2336
Hartley Enterprises	1017 E Fry Blvd	Sierra Vista	AZ	85635-2667	(520) 459-5171
CPS Holding, Inc	790 E. 24th Street	Yuma	AZ	85365-2832	(928) 344-0314
CPS Holding, Inc	2549 W. 16th Street	Yuma	AZ	85364	(928) 783-0414
* Henley Pacific LLC	985 N. Weir Canyon Blvd.	Anaheim	CA	92807	(714) 453-2470
* Henley Pacific LLC	3524 W Ball Rd	Anaheim	CA	92804	(714) 409-5666
* Henley Pacific LLC	2749 Hillcrest Avenue	Antioch	CA	94531-6371	(925) 755-3055
* Henley Pacific LLC	10115 Rosedale Hwy.	Bakersfield	CA	93312	(661) 589-5823
* Henley Pacific LLC	6501 White Lane	Bakersfield	CA	93309	(661) 837-0245
* Henley Pacific LLC	3321 Coffee Rd	Bakersfield	CA	93308-5088	(661) 589-9000
* Henley Pacific LLC	1407 Columbus Street	Bakersfield	CA	93305-2131	(661) 410-6435
* Henley Pacific LLC	2821 N. Chester Avenue	Bakersfield	CA	93308-1587	(661) 410-6436
* Henley Pacific LLC	230 N Brea Blvd	Brea	CA	92821-4002	(714) 990-1900
* Henley Pacific LLC	2420 W. Olive Ave.	Burbank	CA	91506	(818) 841-8866
* Henley Pacific LLC	100 S Las Posas Rd, Ste C	Camarillo	CA	93010-8570	(805) 920-7149
* Henley Pacific LLC	20860 Sherman Way	Canoga Park	CA	91306	(818) 264-7766
* Henley Pacific LLC	903 Broadway	Chula Vista	CA	91911-1703	(619) 371-3944
* Henley Pacific LLC	1556 East H Street	Chula Vista	CA	91913-2009	(619) 678-1200
* Henley Pacific LLC	899 East H Street	Chula Vista	CA	91910-7807	(619) 494-2727
* Henley Pacific LLC	1635 W Herndon Ave	Clovis	CA	93611	(559) 712-6663
* Henley Pacific LLC	1270 E. Grand Blvd.	Corona	CA	92879	(951) 278-0591
* Henley Pacific LLC	3599 Harbor Blvd.	Costa Mesa	CA	92626	(714) 966-1647
* Henley Pacific LLC	2248 Harbor Blvd.	Costa Mesa	CA	92627	(949) 945-1440
* Henley Pacific LLC	400 E. 17th St.	Costa Mesa	CA	92627	(949) 945-1700
* Henley Pacific LLC	5380 Sepulveda Blvd.	Culver City	CA	90230	(310) 397-0288
* Henley Pacific LLC	34242 Doheny Park Rd.	Dana Point	CA	92624	(949) 661-1023
* Henley Pacific LLC	7737 Firestone Blvd.	Downey	CA	90241-4207	(562) 367-7798
* Henley Pacific LLC	610 N. 2nd Street	El Cajon	CA	92121-5848	(619) 663-9908
* Henley Pacific LLC	2926 Jamacha Road	El Cajon	CA	92019-4336	(619) 663-9924
* Henley Pacific LLC	127-B S. El Camino Real	Encinitas	CA	92024-4135	(760) 230-5113
* Henley Pacific LLC	1998 E. Valley Pkwy.	Escondido	CA	92027	(760) 466-1624
* Henley Pacific LLC	649 N. Broadway	Escondido	CA	92025-1801	(442) 777-0352
* Henley Pacific LLC	1760 Cavitt Drive	Folsom	CA	95630-6346	(916) 790-2202
* Henley Pacific LLC	9525 Warner Ave	Fountain Valley	CA	92708-2809	(714) 968-9023

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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Henley Pacific LLC	6231 N Blackstone Avenue	Fresno	CA	93710	(559) 438-3023
* Henley Pacific LLC	4002 N. Harbor Blvd.	Fullerton	CA	92835	(714) 871-9980
* Henley Pacific LLC	1140 E. Colorado St.	Glendale	CA	91205	(818) 500-9698
* Henley Pacific LLC	17175-B Colima Road	Hacienda Heights	CA	91745	(626) 346-2279
* Henley Pacific LLC	532 W. Florida Ave.	Hemet	CA	92543	(951) 766-1996
* Henley Pacific LLC	3615 W. Florida Avenue	Hemet	CA	92545-3514	(951) 502-0022
* Henley Pacific LLC	14949 Bear Valley Rd., #A	Hesperia	CA	92345	(760) 244-1234
* Henley Pacific LLC	16817 Main St	Hesperia	CA	92345-6095	(442) 267-7800
* Henley Pacific LLC	4359 W. Sunset Blvd.	Hollywood	CA	90029	(323) 345-0312
* Henley Pacific LLC	5317 W. Sunset Blvd.	Hollywood	CA	90027	(323) 790-0580
* Henley Pacific LLC	7361 Edinger Ave.	Huntington Beach	CA	92647	(714) 899-3600
* Henley Pacific LLC	7981 El Cajon Blvd.	La Mesa	CA	91942-0604	(619) 668-5602
* Henley Pacific LLC	26921 Moulton Pkwy.	Laguna Hills	CA	92656	(949) 751-3460
* Henley Pacific LLC	29295 Central Ave.	Lake Elsinore	CA	92532	(951) 253-5200
* Henley Pacific LLC	26731 Rancho Pkwy.	Lake Forest	CA	92630	(949) 465-9912
* Henley Pacific LLC	1701 Pacific Coast Hwy	Lomita	CA	90717	(310) 626-6307
* Henley Pacific LLC	7685 Carson Blvd., Suite B	Long Beach	CA	90808	(562) 249-2322
* Henley Pacific LLC	3402 Atlantic Ave.	Long Beach	CA	90807	(562) 283-0299
* Henley Pacific LLC	3543 E. Anaheim St.	Long Beach	CA	90804	(562) 597-4111
* Henley Pacific LLC	9014 National Blvd.	Los Angeles	CA	90034	(310) 202-0198
* Henley Pacific LLC	6819 La Tijera Blvd.	Los Angeles	CA	90045	(310) 337-9980
* Henley Pacific LLC	201 S. La Brea Ave.	Los Angeles	CA	90036	(323) 930-9389
* Henley Pacific LLC	6536 Melrose Ave.	Los Angeles	CA	90038	(323) 790-0333
* Henley Pacific LLC	2029 S. Sepulveda Blvd.	Los Angeles	CA	90025	(310) 696-0160
* Henley Pacific LLC	549 Pacheco Blvd	Los Banos	CA	93635	(209) 710-9095
* Henley Pacific LLC	2225 W. Cleveland Ave	Madera	CA	93637-8716	(559) 661-1483
* Henley Pacific LLC	1405 N. Sepulveda Boulevard	Manhattan Beach	CA	90266-5107	(424) 254-7633
* Henley Pacific LLC	13421 Washington Blvd.	Marina Del Rey	CA	90292	(310) 821-2517
* Henley Pacific LLC	29947 Antelope Rd	Menifee	CA	92584	(951) 599-8700
* Henley Pacific LLC	25800 Jeronimo Rd., Suite 300	Mission Viejo	CA	92691	(949) 859-9271
* Henley Pacific LLC	120 McHenry Avenue	Modesto	CA	95354-0542	(209) 526-7038
* Henley Pacific LLC	23165 Hemlock Ave.	Moreno Valley	CA	92557	(951) 247-1873
* Henley Pacific LLC	500 W El Camino Real	Mountain View	CA	94040	(650) 399-3242
* Henley Pacific LLC	40430 California Oaks Rd.	Murrieta	CA	92562	(951) 696-2882
* Henley Pacific LLC	996 Mountain Avenue	Norco	CA	92860	(951) 344-4551
* Henley Pacific LLC	10800 Riverside Dr.	North Hollywood	CA	91602	(818) 761-5696
* Henley Pacific LLC	9457 Reseda Blvd.	Northridge	CA	91324	(818) 280-0584
* Henley Pacific LLC	908 Diablo Avenue	Novato	CA	94947-7311	(415) 898-5823
* Henley Pacific LLC	2435 Main Street	Oakley	CA	94561-1864	(925) 625-1410
* Henley Pacific LLC	1942 S Coast Hwy	Oceanside	CA	92054-6433	(442) 233-4500
* Henley Pacific LLC	3232 E. Chapman Ave.	Orange	CA	92869	(714) 453-4350
* Henley Pacific LLC	3800 E. Foothill Blvd.	Pasadena	CA	91107	(626) 765-0173
* Henley Pacific LLC	8122 Masi Dr.	Rancho Cucamonga	CA	91730	(909) 484-0610
* Henley Pacific LLC	29519 S. Western Avenue	Rancho Palos Verde	CA	90275-1313	(424) 254-3982
* Henley Pacific LLC	850 W. Redlands Blvd.	Redlands	CA	92373-8010	(909) 335-8464
* Henley Pacific LLC	1700 Artesia Blvd.	Redondo Beach	CA	90278	(310) 318-8780
* Henley Pacific LLC	6761 Reseda Blvd.	Reseda	CA	91335	(818) 264-7656
* Henley Pacific LLC	5200 Squire Wells Way	Riverbank	CA	95367	(209) 863-0981
* Henley Pacific LLC	3504 Central Ave.	Riverside	CA	92506	(951) 367-0411

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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Henley Pacific LLC	7450 Mission Grove Pkwy. S.	Riverside	CA	92508	(951) 780-2500
* Henley Pacific LLC	7437 Arlington Ave.	Riverside	CA	92503	(951) 689-7805
* Henley Pacific LLC	18681 Van Buren Blvd.	Riverside	CA	92508	(951) 789-2882
* Henley Pacific LLC	3335 Iowa Ave.	Riverside	CA	92507	(951) 367-0147
* Henley Pacific LLC	3603 Rosemead Blvd	Rosemead	CA	91770	(626) 495-4715
* Henley Pacific LLC	1042 N Davis Rd	Salinas	CA	93907-1944	(831) 753-0242
* Henley Pacific LLC	915 Abbott St	Salinas	CA	93901-4361	(931) 226-1929
* Henley Pacific LLC	4055 University Pkwy.	San Bernardino	CA	92407	(909) 887-7347
* Henley Pacific LLC	525 E. Avenida Pico	San Clemente	CA	92672	(949) 940-1850
* Henley Pacific LLC	12055 Scripps Summit Dr.	San Diego	CA	92131	(858) 564-0390
* Henley Pacific LLC	12120 Carmel Mountain Rd.	San Diego	CA	92128	(858) 451-1110
* Henley Pacific LLC	4365 Genesee Ave.	San Diego	CA	92117	(858) 268-0222
* Henley Pacific LLC	3464 Midway Drive	San Diego	CA	92110	(619) 226-4111
* Henley Pacific LLC	2260 Callagan Hwy.	San Diego	CA	92136	(619) 481-3633
* Henley Pacific LLC	12472 Rancho Bernardo Rd.	San Diego	CA	92128-2144	(858) 673-1473
* Henley Pacific LLC	3911 University Ave	San Diego	CA	92105	(619) 491-6386
* Henley Pacific LLC	2585 Clairemont Drive	San Diego	CA	92117-6602	(619) 491-6392
* Henley Pacific LLC	8675 Navajo Road	San Diego	CA	92119-2003	(619) 399-2796
* Henley Pacific LLC	2002 Garnet Avenue	San Diego	CA	92109-3524	(619) 403-9562
* Henley Pacific LLC	8336 Mira Mesa Boulevard	San Diego	CA	92126-2606	(619) 436-4722
* Henley Pacific LLC	9470 Mira Mesa Boulevard	San Diego	CA	92126-4846	(619) 436-4720
* Henley Pacific LLC	6417 Mission Gorge Road	San Diego	CA	92120	(619) 483-2867
* Henley Pacific LLC	5249 El Cajon Boulevard	San Diego	CA	92115	(617) 510-8268
* Henley Pacific LLC	1799 - 19th Avenue	San Francisco	CA	94122-4509	(415) 664-5823
* Henley Pacific LLC	300 - 7th St	San Francisco	CA	94103-4030	(415) 552-5400
* Henley Pacific LLC	27201 Ortega Highway	San Juan Capistrano	CA	92675-2703	(949) 424-2505
* Henley Pacific LLC	1524 - 2nd Street	San Rafael	CA	94901-2711	(415) 457-5823
* Henley Pacific LLC	750 E. Dyer Rd.	Santa Ana	CA	92705-5614	(714) 951-5777
* Henley Pacific LLC	1757 Lincoln Blvd.	Santa Monica	CA	90404	(310) 392-2514
* Henley Pacific LLC	690 Mendocino Avenue	Santa Rosa	CA	95401-5251	(707) 575-5823
* Henley Pacific LLC	2879 S Rodeo Gulch Rd	Soquel	CA	95073-2083	(831) 475-2102
* Henley Pacific LLC	483 Sweetwater Road	Spring Valley	CA	91977	(619) 567-0421
* Henley Pacific LLC	30625 Temecula Pkwy.	Temecula	CA	92592	(951) 553-7399
* Henley Pacific LLC	5658 Rosemead Blvd.	Temple City	CA	91780	(626) 285-3826
* Henley Pacific LLC	2378 E. Thousand Oaks Boulevard	Thousand Oaks	CA	91362-3206	(805) 557-8096
* Henley Pacific LLC	24043 Hawthorne Blvd.	Torrance	CA	90505	(310) 791-8480
* Henley Pacific LLC	1645 Crenshaw Blvd.	Torrance	CA	90501	(310) 320-7585
* Henley Pacific LLC	1935 E Prosperity Ave	Tulare	CA	93274	(559) 685-1306
* Henley Pacific LLC	12972 Newport Ave.	Tustin	CA	92780	(714) 505-8092
* Henley Pacific LLC	1460 E. Foothill Blvd.	Upland	CA	91786	(909) 920-0476
* Henley Pacific LLC	1875 E. Thompson Blvd.	Ventura	CA	93001	(805) 643-0963
* Henley Pacific LLC	5424 W Cypress Ave	Visalia	CA	93277	(559) 738-1481
* Henley Pacific LLC	2222 E Main St	Visalia	CA	93292-6748	(559) 624-1240
* Henley Pacific LLC	1613 W Cameron Ave	Visalia	CA	93277-9527	(559) 372-7710
* Henley Pacific LLC	786 E. Vista Way	Vista	CA	92084	(760) 941-4004
* Henley Pacific LLC	243 Sycamore Avenue	Vista	CA	92083-7795	(442) 224-5219
* Henley Pacific LLC	1409 Main St	Watsonville	CA	95076-3755	(831) 763-9558
* Henley Pacific LLC	305 N. Citrus St.	West Covina	CA	91791	(626) 653-0710
* Henley Pacific LLC	13401 Whittier Blvd.	Whittier	CA	90605	(562) 945-6863

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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Henley Pacific LLC	15806 E Whittier Blvd	Whittier	CA	90603-2519	(562) 902-6600
* Henley Pacific LLC	32120 Clinton Keith Blvd.	Wildomar	CA	92595-8538	(951) 609-3000
* Henley Pacific LLC	21000 Ventura Blvd.	Woodland Hills	CA	91364	(818) 610-8866
* Henley Pacific LLC	17511 Yorba Linda Blvd.	Yorba Linda	CA	92886	(714) 729-0336
Hammond Oil	35126 Yucaipa Boulevard	Yucaipa	CA	92399-4339	(909) 790-0015
** QAS III, LLC	40843 US Highway 6	Avon	CO	81620	(970) 949-3232
Premier Holdings Company, LLC	7350 Rangewood Drive	Colorado Springs	CO	80920	(719) 599-4724
** QAS III, LLC	800 N Summit Boulevard	Frisco	CO	80443	(970) 368-6286
** QAS III, LLC	130 S. Plum St.	Fruita	CO	81521	(970) 858-2043
High Desert Oil, Inc	410 N. College Ave.	Ft. Collins	CO	80524	(970) 482-9096
** QAS III, LLC	2444 Patterson Rd.	Grand Junction	CO	81505	(970) 241-7722
** QAS III, LLC	2460 US Highway 6 and 50	Grand Junction	CO	81505-1108	(970) 245-2552
High Desert Oil, Inc	1061 S. Hover Road	Longmont	CO	80501	(303) 774-0852
High Desert Oil, Inc	1646 Pace St	Longmont	CO	80504-8800	(303) 772-4800
High Desert Oil, Inc	2310 - 17th Ave	Longmont	CO	80501-9764	(303) 772-4900
** QAS III, LLC	16450 S. Townsend Ave.	Montrose	CO	81401	(970) 249-5585
High Desert Oil, Inc	1231 Main St	Windsor	CO	80550-5918	(970) 686-0588
* Galena Associates, LLC	4160 Main Street	Bridgeport	CT	06606-2303	(203) 373-9200
* Galena Associates, LLC	1082 Farmington Avenue	Bristol	CT	06010-4705	(860) 584-8169
* High Line Lube, LLC	225 White Street	Danbury	CT	06810-6827	(203) 744-2511
* Galena Associates, LLC	66 Main Street	Danielson	CT	06239-2820	(860) 779-1341
* Galena Associates, LLC	8 Cranbrook Boulevard	Enfield	CT	06082-3841	(860) 741-2709
* High Line Lube, LLC	859 Tunxis Hill Road	Fairfield	CT	06825-4222	(203) 579-9272
* Galena Associates, LLC	2958 Main Street	Glastonbury	CT	06033-1027	(860) 657-2730
* High Line Lube, LLC	1091 Poquonnock Road	Groton	CT	06340-4220	(860) 445-6666
* Galena Associates, LLC	522 Boston Post Road	Guilford	CT	06437-2753	(203) 458-8895
* Galena Associates, LLC	868 Maple Avenue	Hartford	CT	06114-2344	(860) 956-7428
* Galena Associates, LLC	728 Washington Street	Middletown	CT	06457-2904	(860) 346-7777
* Galena Associates, LLC	826 Bridgeport Avenue	Milford	CT	06460	(203) 877-5883
* High Line Lube, LLC	163 Main Street, Route 25	Monroe	CT	06468-1166	(203) 261-4055
* High Line Lube, LLC	648 Rubber Avenue	Naugatuck	CT	06770-3602	(203) 729-5108
* Galena Associates, LLC	265 E. Main Street	New Britain	CT	06051	(860) 827-1500
* Galena Associates, LLC	16 Amity Road	New Haven	CT	06515-1406	(203) 387-4997
* High Line Lube, LLC	426 Colman Street	New London	CT	06320-3714	(860) 443-5800
* High Line Lube, LLC	235 Danbury Road	New Milford	CT	06776-4347	(860) 350-9397
* Galena Associates, LLC	449 Connecticut Avenue	Norwalk	CT	06854-1806	(203) 866-3039
* High Line Lube, LLC	218 Westport Avenue	Norwalk	CT	06851-4109	(203) 846-8179
* High Line Lube, LLC	300 Main Avenue	Norwalk	CT	06851-6104	(203) 846-2640
* Meadowbrook Associates, LP	150 New Britain Avenue	Plainville	CT	06062-2011	(860) 747-1766
* Galena Associates, LLC	86 Queen Street	Southington	CT	06489	(860) 426-0930
* Galena Associates, LLC	942 E. Main Street	Stamford	CT	06902	(203) 325-3171
* Galena Associates, LLC	1595 E. Main Street	Torrington	CT	06790-3518	(860) 626-8462
* Galena Associates, LLC	48 Park Road	W. Hartford	CT	06119-1821	(860) 232-5601
* Galena Associates, LLC	720-A N. Colony Road	Wallingford	CT	06492-2475	(203) 294-1345
* Galena Associates, LLC	1231 Main Street	Watertown	CT	06795-3107	(860) 945-3631
* Galena Associates, LLC	1249 Farmington Avenue	West Hartford	CT	06107-2682	(860) 521-5823
* High Line Lube, LLC	784 Campbell Avenue	West Haven	CT	06516-3714	(203) 937-5678
* High Line Lube, LLC	4A National Drive	Windsor Locks	CT	06096-1019	(860) 654-1575
* Mid-Atlantic Lubes, LLC	710 N. Dupont Highway	Dover	DE	19901-3939	(302) 730-1340

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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Mid-Atlantic Lubes, LLC	731 Middletown Warwick Road	Middletown	DE	19709	(302) 378-1939
* Mid-Atlantic Lubes, LLC	600 N. DuPont Highway	Milford	DE	19963	(302) 725-4061
* Mid-Atlantic Lubes, LLC	28569 Dupont Blvd	Millsboro	DE	19966	(302) 934-9100
* Mid-Atlantic Lubes, LLC	122 N. DuPont Highway	New Castle	DE	19720	(302) 324-1900
* Mid-Atlantic Lubes, LLC	915 Norman Elkridge Hwy	Seaford	DE	19973-1719	(302) 628-9866
* Surfside Lubes LLC	1255 E. Altamonte Dr.	Altamonte Springs	FL	32701	(407) 834-0712
* Surfside Lubes LLC	102 E. Altamonte Dr.	Altamonte Springs	FL	32701	(407) 767-8719
* Surfside Lubes LLC	2229 E. Semoran Blvd.	Apopka	FL	32703	(407) 884-8288
* Surfside Lubes LLC	328 W. Main St.	Apopka	FL	32712	(407) 464-0065
* Surfside Lubes LLC	5928 SE Abshier Blvd.	Bellevue	FL	34420-4046	(352) 307-3256
* Surfside Lubes LLC	4461 State Road 64 E	Bradenton	FL	34208	(941) 216-4068
* Surfside Lubes LLC	7105 SR 70 East	Bradenton	FL	34203-8001	(941) 752-1847
* * Sunshine Lubes LLC	3010 Del Prado Blvd. S	Cape Coral	FL	33904-7212	(239) 542-3022
* Surfside Lubes LLC	12 NE Pine Island Ave.	Cape Coral	FL	33909	(239) 772-3780
* Surfside Lubes LLC	1315 Semoran Blvd.	Casselberry	FL	32707	(407) 678-0155
Florida Fast Lubes, Inc.	1721 US Highway 27	Clermont	FL	34714	(352) 241-4403
Florida Fast Lubes, Inc.	1045 East Highway 50	Clermont	FL	34711	(352) 243-0900
* Sunshine Lubes LLC	2645 S. McCall Road	Englewood	FL	34224-8092	(941) 475-0711
* Sunshine Lubes LLC	20294 Grande Oak Shoppes Blvd	Estero	FL	33928-7738	(239) 666-2017
Florida Fast Lubes, Inc.	1000 W. Commercial Boulevard	Ft. Lauderdale	FL	33309	(954) 489-7667
* Sunshine Lubes LLC	2667 Colonial Boulevard	Ft. Myers	FL	33907-1600	(239) 939-3776
* Sunshine Lubes LLC	13730 S. Tamiami Trail	Ft. Myers	FL	33912-1626	(239) 489-4040
* Sunshine Lubes LLC	15621 San Carlos Boulevard	Ft. Myers	FL	33908	(239) 437-5111
* Sunshine Lubes LLC	3430 Forum Blvd.	Ft. Myers	FL	33905-5483	(239) 288-6868
* Surfside Lubes LLC	4670 S. US Highway 1	Ft. Pierce	FL	34982-7004	(772) 465-4257
* Surfside Lubes LLC	6482 Forest Hill Blvd.	Greenacres	FL	33415	(561) 966-3944
* Convenient Car Care, LLC	13357 Beach Boulevard	Jacksonville	FL	32246-7260	(904) 374-8957
* Convenient Car Care, LLC	8647 Blanding Blvd	Jacksonville	FL	32244-5718	(904) 379-2985
* Surfside Lubes LLC	2221 W. Indiantown Rd.	Jupiter	FL	33458-3924	(561) 575-7199
* Surfside Lubes LLC	2183 E. Irlo Bronson Memorial Hwy.	Kissimmee	FL	34744	(407) 343-7722
Florida Fast Lubes, Inc.	3500 N. Federal Highway	Lighthouse Point	FL	33064	(954) 783-2120
* Surfside Lubes LLC	2570 W State Road 434	Longwood	FL	32779-4877	(407) 682-2949
* Surfside Lubes LLC	7940 N Wickham Road	Melbourne	FL	32940	(321) 751-3577
* Surfside Lubes LLC	11680 SW 72nd St.	Miami	FL	33173	(305) 275-5510
* Surfside Lubes LLC	15203 SW 104th St.	Miami	FL	33196	(305) 388-1021
* Surfside Lubes LLC	17640 S Dixie Highway	Miami	FL	33157-5410	(786) 673-6506
* Surfside Lubes LLC	17500 US 441	Mount Dora	FL	32757	(352) 735-1818
* Surfside Lubes LLC	18631 US 441	Mount Dora	FL	32757	(352) 269-3412
* Sunshine Lubes LLC	2257 Pine Ridge Road	Naples	FL	34109-2032	(239) 566-1002
* Sunshine Lubes LLC	1891 Pine Ridge Rd.	Naples	FL	34109-2133	(239) 598-4114
* Sunshine Lubes LLC	3570 Tamiami Trail E	Naples	FL	34112-4904	(239) 774-4200
* Sunshine Lubes LLC	1470 Golden Gate Parkway	Naples	FL	34105-3126	(239) 908-6270
* Surfside Lubes LLC	1600 NE 123rd Street	North Miami	FL	33181	(305) 891-9065
* Surfside Lubes LLC	1801 SW 17th Avenue	Ocala	FL	34471-1203	(352) 690-2385
Florida Fast Lubes, Inc.	224 N. Clarke Street	Ocoee	FL	34761-2568	(407) 291-9993
* Surfside Lubes LLC	2210 S. Parrott Ave.	Okeechobee	FL	34974	(863) 467-4742
* Convenient Car Care, LLC	885 Blanding Boulevard	Orange Park	FL	32065	(904) 579-3891
Florida Fast Lubes, Inc.	12543 S. Orange Blossom Trail	Orlando	FL	32837	(407) 251-8494
Florida Fast Lubes, Inc.	14007 Town Loop Boulevard	Orlando	FL	32837	(407) 240-1737



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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Surfside Lubes LLC	2699 Delaney Ave.	Orlando	FL	32806	(407) 426-7484
* Surfside Lubes LLC	1625 S. Conway Rd.	Orlando	FL	32812	(407) 380-8808
* Surfside Lubes LLC	11804 E. Colonial Dr.	Orlando	FL	32826	(407) 482-5818
* Surfside Lubes LLC	8050 Lake Underhill Rd.	Orlando	FL	32825	(407) 273-8901
* Surfside Lubes LLC	1113 N. Semoran Blvd.	Orlando	FL	32807	(407) 306-0922
* Surfside Lubes LLC	197 S. Kirkman Rd.	Orlando	FL	32811	(407) 523-5115
* Surfside Lubes LLC	3001 W. Colonial Dr.	Orlando	FL	32808	(407) 299-1246
* Surfside Lubes LLC	6020 S. Orange Blossom Trail	Orlando	FL	32809	(407) 859-5284
* Surfside Lubes LLC	4115 Town Center Blvd.	Orlando	FL	32837	(407) 251-0955
Florida Fast Lubes, Inc.	1505 E. Mitchell Hammock Road	Oviedo	FL	32765	(407) 971-0087
* Surfside Lubes LLC	1891 W. State Road 426	Oviedo	FL	32765	(407) 359-3734
* Surfside Lubes LLC	4302 Alafaya Trail	Oviedo	FL	32765	(407) 365-7343
* Surfside Lubes LLC	1697 Georgia St. NE	Palm Bay	FL	32907	(321) 728-1919
* Surfside Lubes LLC	9012 Highway A1A Alt.	Palm Beach Gardens	FL	33403	(561) 863-7208
* Surfside Lubes LLC	18330 Pines Blvd.	Pembroke Pines	FL	33029	(954) 441-3497
* Surfside Lubes LLC	12980 S US Hwy 301	Riverview	FL	33578-7410	(813) 542-0038
* Surfside Lubes LLC	2493 S. French Ave.	Sanford	FL	32771	(407) 324-0954
* Surfside Lubes LLC	1851 Rinehart Road	Sanford	FL	32771	(407) 330-7730
* Surfside Lubes LLC	3902 S. Tamiami Trail	Sarasota	FL	34231	(941) 362-4996
* Surfside Lubes LLC	3447 US Highway 27 S	Sebring	FL	33870-5444	(863) 471-0700
* Surfside Lubes LLC	10471 Park Boulevard	Seminole	FL	33772	(727) 329-8306
Florida Fast Lubes, Inc.	2361 S.E. Ocean Boulevard	Stuart	FL	34996	(772) 781-2230
* Surfside Lubes LLC	15990 W. State Road 84	Sunrise	FL	33326	(954) 384-0205
* Surfside Lubes LLC	10001 E. Colonial Dr.	Union Park	FL	32817	(407) 384-0221
* Surfside Lubes LLC	111 N. Mount Carmel Road	Valrico	FL	33594	(813) 651-3875
* Surfside Lubes LLC	1698 Tamiami Trail S	Venice	FL	34293	(941) 492-5210
Florida Fast Lubes, Inc.	3102 W. 45th Street	West Palm Beach	FL	33407	(561) 684-1998
* Surfside Lubes LLC	1763 S. Congress Ave.	West Palm Beach	FL	33406	(561) 642-1400
* Surfside Lubes LLC	12890 W. Colonial Dr.	Winter Garden	FL	34787	(407) 654-2107
* Surfside Lubes LLC	1058 W. Fairbanks Ave.	Winter Park	FL	32789	(407) 644-5744
* Surfside Lubes LLC	7625 University Park Boulevard	Winter Park	FL	32792	(321) 280-9193
DDEC, LLC	334-C Bullsboro Drive	Newnan	GA	30263	(770) 304-0039
DDEC, LLC	949 Crosstown Road	Peachtree City	GA	30269-2926	(770) 487-6420
DDEC, LLC	1001 Georgian Park	Peachtree City	GA	30269-6967	(770) 632-5866
QAS III, LLC	141 Tanger Outlet Boulevard	Pooler	GA	31322	(912) 450-1166
QAS III, LLC	7209 Waters Avenue	Savannah	GA	31406	(912) 349-3360
* Red Hills Quality Auto Inc	1441 Remington Avenue	Thomasville	GA	31792-4885	(229) 227-6087
* Ivy Lane Corporation	102 S. Ankeny Blvd.	Ankeny	IA	50023-3527	(515) 964-2744
* Ivy Lane Corporation	2871 Devils Glen Road	Bettendorf	IA	52722-3365	(563) 332-6095
* Ivy Lane Corporation	2150 NW 100th Street	Clive	IA	50325-5347	(515) 309-5363
* Ivy Lane Corporation	3900 N. Pine St.	Davenport	IA	52806-4944	(563) 388-5233
* Ivy Lane Corporation	3401 SE 14th Street	Des Moines	IA	50320-1335	(515) 953-6917
* Ivy Lane Corporation	1917 Grand Avenue	West Des Moines	IA	50265-4223	(515) 221-9177
* Ivy Lane Corporation	12245 S. Pulaski Road	Alsip	IL	60803-1404	(708) 926-2167
* Ivy Lane Corporation	731 S. Route 59	Bartlett	IL	60103-1652	(630) 736-1020
Oilswell Auto Care Corporation	2076 West Main Street	Batavia	IL	60510-7608	(630) 406-7956
* Ivy Lane Corporation	8240 S. Harlem Avenue	Bridgeview	IL	60455-1617	(708) 496-3358
* A. D. Kenwood Company	24361 W. Eames Street	Channahon	IL	60410	(815) 521-2185
* A. D. Kenwood Company	4846 S. Archer Avenue	Chicago	IL	60632	(773) 847-3398

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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Ivy Lane Corporation	11328 South Halsted Street	Chicago	IL	60628-4713	(773) 928-1600
* A. D. Kenwood Company	311 W. Lincoln Highway	Chicago Heights	IL	60411	(708) 755-7222
* Ivy Lane Corporation	2615 Sycamore Road	DeKalb	IL	60115	(815) 758-0303
Oilswell Auto Care Corporation	175 S. Randall Road	Elgin	IL	60123-5551	(847) 697-1485
* Ivy Lane Corporation	5501 Willow Springs Road	La Grange	IL	60525-3473	(708) 937-9500
* Ivy Lane Corporation	1012 Ogden Avenue	Lisle	IL	60532	(630) 493-1795
* Ivy Lane Corporation	2216 Mannheim Road	Melrose Park	IL	60164	(847) 451-1771
Oilswell Auto Care Corporation	71 S. Mclean Boulevard	South Elgin	IL	60177	(847) 841-7030
* Ivy Lane Corporation	1927 E. Roosevelt Rd.	Wheaton	IL	60187-6956	(630) 462-8080
* Big River Quality Auto Inc	12925 US 41 North	Evansville	IN	47725	(812) 550-1520
* Big River Quality Auto Inc	3417 N Green River Road	Evansville	IN	47715-1349	(812) 550-1723
* Big River Quality Auto Inc	3500 N. First Avenue	Evansville	IN	47710-3320	(812) 205-2051
* Big River Quality Auto Inc	410 N. Burkhardt Road	Evansville	IN	47715-2734	(812) 471-0448
Lakeshore Oil, Inc.	110 Meijer Drive	Michigan City	IN	46360	(219) 872-5823
* Big River Quality Auto Inc	8077 State Route 66 (aka 8066 Bell Oaks Dr)	Newburgh	IN	47630-2597	(812) 727-5574
* A. D. Kenwood Company	5625 US Highway 6	Portage	IN	46368	(219) 841-9063
* A. D. Kenwood Company	2019 E. Ireland Road	South Bend	IN	46614	(574) 400-0067
* Loweco Lube, Inc.	6513 U.S. Route 60	Ashland	KY	41102-9604	(606) 928-4899
* Big River Quality Auto Inc	144 Plaza Drive	Berea	KY	40403	(859) 986-3539
* Big River Quality Auto Inc	120 Casey Street	Campbellsville	KY	42718	(270) 789-0559
* Big River Quality Auto Inc	14652 US Highway 25	Corbin	KY	40701	(606) 258-0611
* Convenient Car Care, LLC	1100 S. Main Street	Franklin	KY	42134	(270) 253-3291
* Big River Quality Auto Inc	1408 North Green Street	Henderson	KY	42420	(270) 826-8999
* Big River Quality Auto Inc	189 N. Garden Mile Road	Henderson	KY	42420	(270) 830-7040
* Convenient Car Care, LLC	2307 Ft. Campbell Blvd	Hopkinsville	KY	42240	(270) 881-4776
* Big River Quality Auto Inc	101 Scenic Hill Avenue	Lebanon	KY	40033-8253	(270) 692-6111
* Big River Quality Auto Inc	101 Wendon Way	London	KY	40741	(606) 877-2624
* Convenient Car Care, LLC	14855 Ft. Campbell Boulevard	Oak Grove	KY	42262-8304	(270) 697-1147
* Convenient Car Care, LLC	1504 Bosley Road	Owensboro	KY	42301	(270) 926-8736
* Convenient Car Care, LLC	3330 Fairview Drive	Owensboro	KY	42303	(270) 691-1117
* Convenient Car Care, LLC	3425 Frederica Street	Owensboro	KY	42301	(270) 684-2270
* Convenient Car Care, LLC	5470 Old US Hwy. 60	Paducah	KY	42001	(270) 443-3492
* Big River Quality Auto Inc	13005 Frogtown Connector Rd	Walton	KY	41094	(859) 485-6001
* Henley Gulf Coast LLC	1735 Saint Charles Avenue	New Orleans	LA	70130-5257	(504) 510-2411
* Henley Gulf Coast LLC	913 S Clearview Pkwy, Ste A	New Orleans	LA	70121-3121	(504) 500-2218
* Henley Enterprises, Inc.	222 Brighton Avenue	Allston	MA	02134	(617) 782-6515
* Henley Enterprises, Inc.	82 Mystic Street	Arlington	MA	02474	(781) 648-5157
* Henley Enterprises, Inc.	740 Amer Legion Hwy	Boston	MA	02131	(617) 325-1662
* Henley Enterprises, Inc.	640 Oak Street	Brockton	MA	02301-1105	(508) 583-0770
* Henley Enterprises, Inc.	275 Boylston Street	Brookline	MA	02445-7639	(617) 739-2490
* Henley Enterprises, Inc.	118 Cambridge Street	Burlington	MA	01803	(781) 349-5515
* Henley Enterprises, Inc.	2485 Massachusetts Avenue	Cambridge	MA	02140-1122	(617) 491-0776
* Metrolube Enterprises Inc.	725 Memorial Drive	Chicopee	MA	01020	(413) 331-6355
* Henley Enterprises, Inc.	1754 Revere Beach Parkway	Everett	MA	02149-5906	(617) 389-2328
* Henley Enterprises, Inc.	419 Main Street	Falmouth	MA	02540-3158	(774) 252-5100
* Henley Enterprises, Inc.	749 Worcester Road	Framingham	MA	01701-5205	(508) 879-0883
* Henley Enterprises, Inc.	1988 Washington Street	Hanover	MA	02339	(781) 982-0687
* Henley Enterprises, Inc.	775 River Street	Haverhill	MA	01832-3612	(978) 373-7890
* Metrolube Enterprises Inc.	144 Washington Street	Hudson	MA	01749-2730	(978) 567-1900

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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Metrolube Enterprises Inc.	158 Main Street	Leominster	MA	01453	(978) 466-9757
* Henley Enterprises, Inc.	1294 Gorham Street	Lowell	MA	01852-5210	(978) 441-2999
* Henley Enterprises, Inc.	800 Western Avenue	Lynn	MA	01905-2323	(781) 593-5900
* Henley Enterprises, Inc.	100 Broadway	Malden	MA	02148-6003	(781) 324-1694
* Metrolube Enterprises Inc.	214 E. Boston Post Road	Marlborough	MA	01752	(508) 485-2885
* Henley Enterprises, Inc.	212 Salem Street	Medford	MA	02155-3319	(781) 391-0404
* Henley Enterprises, Inc.	488 Broadway	Methuen	MA	01844	(978) 686-6275
* Henley Enterprises, Inc.	11 Medway Street	Milford	MA	01757-2902	(508) 966-0190
* Henley Enterprises, Inc.	891 Worcester Road	Natick	MA	01760-2056	(508) 653-2947
* Henley Enterprises, Inc.	90 Winchester Street	Newton Highlands	MA	02461	(617) 244-0929
* Henley Enterprises, Inc.	216 Main Street	North Reading	MA	01864	(978) 664-3100
* Henley Enterprises, Inc.	175 Everett Street	Norwood	MA	02062	(781) 255-9797
* Henley Enterprises, Inc.	148 Samoset St.	Plymouth	MA	02360	(508) 732-0022
* Henley Enterprises, Inc.	366 Centre Street	Quincy	MA	02169-7538	(617) 786-9449
* Henley Enterprises, Inc.	415 American Legion Highway	Revere	MA	02151-1364	(781) 289-5823
* Henley Enterprises, Inc.	87 North Street	Salem	MA	01970	(978) 741-3138
* Henley Enterprises, Inc.	10 Paradise Road #1A	Salem	MA	01970-4230	(978) 252-0092
* Henley Enterprises, Inc.	193 Elm Street	Salisbury	MA	01952	(978) 463-3200
* Henley Enterprises, Inc.	1195 Fall River Avenue	Seekonk	MA	02771	(508) 336-6336
* Metrolube Enterprises Inc.	507 Boston Turnpike	Shrewsbury	MA	01545	(508) 842-9500
* Henley Enterprises, Inc.	182 Washington Street	Somerville	MA	02143-3129	(617) 666-9501
* Henley Enterprises, Inc.	494 Milford Road	Swansea	MA	02777-4574	(508) 419-3300
* Henley Enterprises, Inc.	15 Spring Street	W. Roxbury	MA	02132	(617) 327-6275
* Henley Enterprises, Inc.	425 High Plain Street	Walpole	MA	02081	(508) 668-0498
* Henley Enterprises, Inc.	557 Main Street	Waltham	MA	02452-5527	(781) 894-5223
* Henley Enterprises, Inc.	190 Main Street	Weymouth	MA	02188-2811	(781) 422-8500
* Henley Enterprises, Inc.	320 Montvale Ave	Woburn	MA	01801-4648	(781) 933-2981
* Metrolube Enterprises Inc.	39 West Boylston Street	Worcester	MA	01605	(508) 852-5904
* Metrolube Enterprises Inc.	861 Grafton Street	Worcester	MA	01604	(508) 363-1840
* Metrolube Enterprises Inc.	445 Lincoln Street	Worcester	MA	01605	(508) 852-1133
* Metrolube Enterprises Inc.	646 Chandler Street	Worcester	MA	01602	(508) 791-5200
* Mid-Atlantic Lubes, LLC	1922 West Street	Annapolis	MD	21401-3931	(410) 224-8507
* Mid-Atlantic Lubes, LLC	5515 Ritchie Highway	Baltimore	MD	21225-3444	(410) 789-5970
* Mid-Atlantic Lubes, LLC	4600 O'Donnell Street	Baltimore	MD	21224	(443) 692-1984
* Mid-Atlantic Lubes, LLC	1608 Conowingo Rd	Bel Air	MD	21014-1814	(410) 870-7272
* Mid-Atlantic Lubes, LLC	16505 Ballpark Rd.	Bowie	MD	20716	(410) 590-3993
Blackstone Oil LLC	15616 McMullen Hwy SW	Cumberland	MD	21502	(301) 729-1435
* Mid-Atlantic Lubes, LLC	10416 Southern Maryland Blvd.	Dunkirk	MD	20754	(301) 327-5037
* Mid-Atlantic Lubes, LLC	57 Mayo Road	Edgewater	MD	21037-1805	(410) 956-5880
* Mid-Atlantic Lubes, LLC	4215 Montgomery Road	Ellicott City	MD	21043-6003	(410) 313-8824
* Mid-Atlantic Lubes, LLC	7391 Baltimore-Annapolis Blvd.	Glen Burnie	MD	21061-3266	(410) 760-5344
* Mid-Atlantic Lubes, LLC	561 E Ordnance Rd	Glen Burnie	MD	21060-6555	410-946-6543
* Mid-Atlantic Lubes, LLC	180 S. Edgewood Drive	Hagerstown	MD	21740-6605	(301) 766-4412
* Mid-Atlantic Lubes, LLC	6660 Crain Highway	La Plata	MD	20646	(240) 776-4234
* Mid-Atlantic Lubes, LLC	8301 Spruce Hill Drive	Laurel	MD	20707-5054	(301) 362-1400
* Mid-Atlantic Lubes, LLC	11755 Rousby Hall Road	Lusby	MD	20657	(410) 449-6154
* Mid-Atlantic Lubes, LLC	1324 Martin Boulevard	Middle River	MD	21220	(410) 780-7717
* Mid-Atlantic Lubes, LLC	8267 Veterans Highway	Millersville	MD	21108	(410) 694-7709

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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Mid-Atlantic Lubes, LLC	9807 Bel Air Rd	Perry Hall	MD	21128	(443) 410-4766
* Mid-Atlantic Lubes, LLC	820 N. Solomon's Island Rd.	Prince Frederick	MD	20678-3919	(410) 414-7006
* Mid-Atlantic Lubes, LLC	1001 N. Salisbury Boulevard	Salisbury	MD	21801-3641	(410) 548-2004
* Mid-Atlantic Lubes, LLC	143 St. Patricks Drive	Waldorf	MD	20603-4574	(301) 893-2800
Bert Oil, LLC	9466 Dixie Highway	Clarkston	MI	48348-4139	(248) 620-2062
Bert Oil, LLC	2399 E. Highland Road	Highland	MI	48356	(248) 889-1337
MinnTex Investment Company, Inc.	14871 Edgewood Drive	Baxter	MN	56425	(218) 829-0837
MinnTex Investment Company, Inc.	8341 State Highway 210 W	Baxter	MN	56425	(218) 829-9733
MinnTex Investment Company, Inc.	500 Paul Bunyan Drive S	Bemidji	MN	56601-3213	(218) 444-9938
MinnTex Investment Company, Inc.	1700 Paul Bunyan Dr., NW	Bemidji	MN	56601	(218) 444-9921
MinnTex Investment Company, Inc.	802 First Street NE	Buffalo	MN	55313	(763) 684-1660
MinnTex Investment Company, Inc.	88 S.E. 13th Street	Grand Rapids	MN	55744	(218) 326-0284
MinnTex Investment Company, Inc.	3040 E. Beltline Drive	Hibbing	MN	55746	(218) 262-5533
Ariza Retail Services Rice St. LLC	2698 Rice Street	Little Canada	MN	55113	(651) 482-0606
Ariza Retail Services LLC	600 East Lake Street	Minneapolis	MN	55407	(612) 353-5364
Thorco, Inc.	3007 Highway 10 East	Moorhead	MN	56560	(218) 236-0576
Ariza Retail Services Red Wing LLC	111 Red Wing Avenue South	Red Wing	MN	55066	(651) 388-7505
MinnTex Investment Company, Inc.	5473 Mountain Iron Drive	Virginia	MN	55792	(218) 749-2339
Thorco, Inc.	1423 S. 1st Street, Outlot A	Willmar	MN	56201	(320) 214-1250
Gateway Lubes LLC	1248 E Battlefield Road	Springfield	MO	65804	(417) 881-2040
Gateway Lubes LLC	2323 E Sunshine Street	Springfield	MO	65804	(417) 883-9815
Gateway Lubes LLC	4115 S Campbell Avenue	Springfield	MO	65807	(417) 890-1415
Gateway Lubes LLC	3166 W Battlefield Road	Springfield	MO	65807	(417) 815-9786
Delta Lubes LLC	300 Highway 51 S	Brookhaven	MS	39601-3272	(601) 833-2065
Delta Lubes LLC	1100 E Peace Street	Canton	MS	39046-4031	(601) 859-8433
Delta Lubes LLC	147 Friendly And Fresh Dr	Flowood	MS	39232-6615	(601) 992-1822
Delta Lubes LLC	4950 I-55 N	Jackson	MS	39211-5401	(601) 366-3896
Delta Lubes LLC	5813 Ridgewood Road	Jackson	MS	39211-2618	(601) 991-0411
Delta Lubes LLC	5630 US Highway 80 E	Pearl	MS	39208-8928	(601) 939-8225
Delta Lubes LLC	314 Highway 51	Ridgeland	MS	39157-3425	(601) 856-3896
* QAS III, LLC	1500 3rd St NW	Great Falls	MT	59404	(406) 452-8336
* QAS III, LLC	2929 10th Ave S	Great Falls	MT	59405	(406) 761-0660
* QAS III, LLC	400 10th Ave S Unit 2	Great Falls	MT	59405	(406) 453-1400
* QAS III, LLC	915 N. Last Chance Gulch	Helena	MT	59601	(406) 502-2050
* QAS III, LLC	1301 W. Broadway Street	Missoula	MT	59802-2239	(406) 728-1448
* QAS III, Inc.	1254 Hendersonville Road	Asheville	NC	28803	(828) 277-7976
* QAS III, Inc.	663 Merrimon Avenue	Asheville	NC	28804	(828) 251-2666
* QAS III, Inc.	243 Sardis Road	Asheville	NC	28806	(828) 670-1645
* QAS III, Inc.	1276 Sweeten Creek Road	Asheville	NC	28803-1895	(828) 274-3085
* QAS III, Inc.	8 Blueberry Hill Road	Asheville	NC	28804	(828) 417-3340
* QAS II, Inc.	6637 Wilkinson Blvd.	Belmont	NC	28012	(704) 829-5823
* Southeast Quality Auto Inc	1340 NC 24-87	Cameron	NC	28326	(919) 960-0101
* QAS II, Inc.	9110 Monroe Road	Charlotte	NC	28270-1437	(704) 846-3994
* QAS II, Inc.	12860 Walker Branch Road	Charlotte	NC	28273	(704) 659-6896
* QAS II, Inc.	10200 Rozzelles Ferry Road	Charlotte	NC	28214	(980) 326-0330
* QAS III, Inc.	2401 South Boulevard	Charlotte	NC	28203	(980) 237-2965
* QAS III, Inc.	1821 Montford Drive	Charlotte	NC	28209-3727	(336) 838-4999
* Quality Automotive Services, Inc.	4511 Randolph Road	Charlotte	NC	28211	(704) 364-5350
* QAS III, Inc.	8505 Pit Stop Court	Concord	NC	28027	(704) 910-1303

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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* QAS II, Inc.	19000 Statesville Road	Cornelius	NC	28031-6758	(704) 892-9834
* QAS II, Inc.	7575 Highway 73	Denver	NC	28037	(704) 822-2446
* Southeast Quality Auto Inc	908 Wake Chapel Road	Fuquay Varina	NC	27526	(919) 552-1090
* Southeast Quality Auto Inc	1517 US 70 Hwy W	Garner	NC	27529-2555	(919) 670-5032
* Quality Automotive Services, Inc.	2650 E. Franklin Boulevard	Gastonia	NC	28056-7212	(704) 853-3888
Carolube, Inc	604 Spence Road	Goldsboro	NC	27534	(919) 778-6958
* QAS II, Inc.	700 Merritt Drive	Greensboro	NC	27407-2235	(336) 299-7999
* Quality Automotive Services, Inc.	2100 Greenville Blvd SE	Greenville	NC	27858	(252) 757-1356
* Quality Automotive Services, Inc.	1625 E Fire Tower Road	Greenville	NC	27858	(252) 317-2595
* Quality Automotive Services, Inc.	12166 University City Blvd.	Harrisburg	NC	28075	(704) 455-5823
* QAS III, Inc.	1120 Lenoir Rhyne Blvd SE	Hickory	NC	28602-5129	(828) 855-1455
* QAS II, Inc.	3920 Sedgebrook Street	High Point	NC	27265-8703	(336) 841-0662
* QAS II, Inc.	2703 N. Main St.	High Point	NC	27265-2824	(336) 885-4848
* QAS II, Inc.	5390 Samet Drive	High Point	NC	27265	(336) 841-5823
* Southeast Quality Auto Inc	475 Village Walk Drive	Holly Springs	NC	27540-7683	(919) 729-2963
* QAS II, Inc.	14114 Statesville Road	Huntersville	NC	28078-8933	(704) 948-9144
* Quality Automotive Services, Inc.	7856 Idlewild Road	Indian Trail	NC	28079	(704) 882-3371
* Quality Automotive Services, Inc.	13904 W. Highway 74	Indian Trail	NC	28079-7603	(704) 821-0415
* Quality Automotive Services, Inc.	3001 Wesley Chapel Stouts Road	Indian Trail	NC	28079	(704) 774-8599
* Quality Automotive Services, Inc.	248 S Marine Blvd	Jacksonville	NC	28540	(910) 938-0071
* Quality Automotive Services, Inc.	2205 Roxie Street	Kannapolis	NC	28083	(704) 788-4645
* Quality Automotive Services, Inc.	4179 W Vernon Avenue	Kinston	NC	28504	(252) 559-1366
* Southeast Quality Auto Inc	7421 Knightdale Boulevard	Knightdale	NC	27545	(919) 217-0009
* QAS III, Inc.	1800 Rutherford Road	Marion	NC	28752	(828) 652-9795
* QAS III, Inc.	2418 Jeffress Road	Mills River	NC	28759-3865	(828) 890-4300
* Quality Automotive Services, Inc.	9020 Lawyers Road	Mint Hill	NC	28227	(704) 573-9155
Whitehall Oil Specialist, Inc.	691 Bluefield Road	Mooresville	NC	28117	(704) 662-3737
* Quality Automotive Services, Inc.	3305 Martin Luther King Jr. Blvd.	New Bern	NC	28562	(252) 637-5304
* Quality Automotive Services, Inc.	1206 S Glenburnie Road	New Bern	NC	28562	(252) 701-5157
* Southeast Quality Auto Inc	300 E. Six Forks Road	Raleigh	NC	27609	(919) 755-0053
* Southeast Quality Auto Inc	8315 Falls of Neuse Road	Raleigh	NC	27615-3417	(919) 278-7868
Carolube, Inc	1208 East 10th Street	Roanoke Rapids	NC	27870	(252) 535-5823
* Southeast Quality Auto Inc	2810 Sunset Avenue	Rocky Mount	NC	27804	(252) 451-0600
Carolube, Inc	1051 Industrial Park Drive	Smithfield	NC	27577	(919) 934-1474
Whitehall Oil Specialist, Inc.	201 Turnersburg Highway	Statesville	NC	28625-2797	(704) 872-6588
* Southeast Quality Auto Inc	2005 S. Main Street	Wake Forest	NC	27587-9291	(919) 335-5719
* QAS III, Inc.	1210 Central Street	Wilkesboro	NC	28697-2273	(336) 838-4999
* Quality Automotive Services, Inc.	8203 Market Street	Wilmington	NC	28411-9389	(910) 681-0244
* Quality Automotive Services, Inc.	4417 S. 17th Street	Wilmington	NC	28412-6621	(910) 392-7279
* Quality Automotive Services, Inc.	5502 Oleander Drive	Wilmington	NC	28403-5814	(910) 745-6411
Carolube, Inc	2811 Raleigh Road Pkwy. W.	Wilson	NC	27896	(252) 237-7551
* QAS II, Inc.	3400 Robinhood Road	Winston-Salem	NC	27106	(336) 602-1851
* JL Lube Enterprises LLC	5216 Ottawa Street	Bismarck	ND	58503	(701) 751-1074
Thorco, Inc.	4707 13th Avenue, S.W.	Fargo	ND	58103	(701) 281-3822
Triple G Lube, Inc.	3325 S. 38th Street	Grand Forks	ND	58201	(701) 780-8462
* JL Lube Enterprises LLC	1301 - 20th Avenue SW	Minot	ND	58701-6451	(701) 837-1301
* Ivy Lane Corporation	2611 Fairfield Street	Lincoln	NE	68521	(531) 510-0105
* Ivy Lane Corporation	3500 Village Drive	Lincoln	NE	68516	(402) 421-8089
* Ivy Lane Corporation	8500 Amber Hill Court	Lincoln	NE	68526-6026	(402) 904-3626

## Exhibit F

Franchise Legal Entity	Center Address	City	State	Zip	Phone
Auto Lube, Inc.	4870 S. 137th Street	Omaha	NE	68137	(402) 895-5884
Auto Lube, Inc.	3845 N. 132nd Street	Omaha	NE	68164	(402) 445-0070
Auto Lube, Inc.	5321 S. 108th Street	Omaha	NE	68137	(402) 592-6550
* Henley Enterprises, Inc.	232 Loudon Road	Concord	NH	03301-6029	(603) 228-3757
* Henley Enterprises, Inc.	50 Crystal Avenue	Derry	NH	03038	(603) 434-3706
* Henley Enterprises, Inc.	3 Beehive Drive	Epping	NH	03042-2206	(603) 734-2144
* Henley Enterprises, Inc.	1246 Hooksett Road	Hooksett	NH	03106-1008	(603) 626-4210
* Henley Enterprises, Inc.	420 West Street	Keene	NH	03431-2453	(603) 352-7242
* Henley Enterprises, Inc.	1147 Union Avenue	Laconia	NH	03246	(603) 524-5427
* Henley Enterprises, Inc.	1800 S. Willow Street	Manchester	NH	03103-3211	(603) 626-5127
* Henley Enterprises, Inc.	665 Mast Road	Manchester	NH	03102-1211	(603) 669-4821
* Henley Enterprises, Inc.	540 Nashua Street	Milford	NH	03055-4916	(603) 673-3211
* Henley Enterprises, Inc.	504 Amherst Street	Nashua	NH	03063-1001	(603) 886-9591
* Henley Enterprises, Inc.	2470 Lafayette Road	Portsmouth	NH	03802	(603) 436-0195
* Henley Enterprises, Inc.	15 Sonja Drive	Rindge	NH	03461	(603) 479-0201
* Henley Enterprises, Inc.	4 Manville Road	Tilton	NH	03276-5219	(603) 286-1211
* Meadowbrook Associates, LP	20 New Bridge Road	Bergenfield	NJ	07621-4304	(201) 501-0868
* Meadowbrook Associates, LP	17 S. White Horse Pike	Berlin	NJ	08009-2323	(856) 809-6689
* Meadowbrook Associates, LP	419 W. Union Avenue	Bound Brook	NJ	08805	(732) 667-7200
* Meadowbrook Associates, LP	1837 Marlton Pike E.	Cherry Hill	NJ	08003-2013	(856) 751-8100
* Meadowbrook Associates, LP	1503 Main Avenue	Clifton	NJ	07011-2139	(973) 772-4347
* Meadowbrook Associates, LP	2659 Route 130 South	Cranbury	NJ	08512-3300	(609) 655-9912
* Mid-Atlantic Lubes, LLC	110 Carriage Lane	Delran	NJ	08075-1235	(856) 461-7375
* Meadowbrook Associates, LP	1040 State Route 18	East Brunswick	NJ	08816-4350	(732) 387-2441
* Meadowbrook Associates, LP	84 Route 10	East Hanover	NJ	07936-1104	(973) 599-9201
* Meadowbrook Associates, LP	458 Paterson Avenue	East Rutherford	NJ	07073-1315	(201) 372-1700
* Meadowbrook Associates, LP	24 Parsonage Road	Edison	NJ	08837	(732) 548-4422
* Meadowbrook Associates, LP	6400 Black Horse Pike	Egg Harbor	NJ	08234-4521	(609) 383-1221
* Meadowbrook Associates, LP	725 Park Ave	Freehold	NJ	07728-2378	(732) 414-1812
* Meadowbrook Associates, LP	110 Greentree Road	Glassboro	NJ	08028-1424	(856) 881-8845
* Meadowbrook Associates, LP	300 US Highway 22	Green Brook	NJ	08812-1808	(732) 424-9292
* Meadowbrook Associates, LP	106 Goffle Road	Hawthorne	NJ	07506-3600	(973) 304-0449
* Meadowbrook Associates, LP	1167 State Route 23 South	Kinnelon	NJ	07405	(973) 492-8308
* Meadowbrook Associates, LP	250 State Route 17	Lodi	NJ	07644	(201) 880-6141
* Meadowbrook Associates, LP	334 S. White Horse Pike	Magnolia	NJ	08049-1059	(856) 784-6555
* Mid-Atlantic Lubes, LLC	237 S. Black Horse Pike	Mt. Ephraim	NJ	08059	(856) 933-1122
* Meadowbrook Associates, LP	2527 Route 516	Old Bridge	NJ	08857-1181	(732) 607-6440
* Meadowbrook Associates, LP	457 9th Avenue	Paterson	NJ	07514-1728	(973) 345-5003
* Meadowbrook Associates, LP	588 Memorial Parkway	Phillipsburg	NJ	08864-1563	(908) 454-5800
* Meadowbrook Associates, LP	440 Stelton Rd	Piscataway	NJ	08854-3812	(732) 752-6099
* Meadowbrook Associates, LP	31 US Highway 206	Raritan	NJ	08869-1930	(908) 526-5823
* Meadowbrook Associates, LP	378 W. Passaic Street	Rochelle Park	NJ	07662-3008	(201) 845-3893
* Meadowbrook Associates, LP	257 Rochelle Ave.	Rochelle Park	NJ	07662-3914	(201) 587-0220
* Meadowbrook Associates, LP	2163 Highway 35	Sea Girt	NJ	08750-1003	(732) 974-0222
* Meadowbrook Associates, LP	932 US Highway 9	South Amboy	NJ	08879-3313	(732) 721-0988
* Meadowbrook Associates, LP	5255 Stelton Road	South Plainfield	NJ	07080	(732) 777-0944
* Meadowbrook Associates, LP	30 US Highway 22	Springfield	NJ	07081	(973) 912-8974
* Meadowbrook Associates, LP	400 S. White Horse Pike	Stratford	NJ	08084-1529	(856) 784-7117
* Meadowbrook Associates, LP	630 Route 561 (aka Berlin Rd.)	Voorhees	NJ	08043-1493	(856) 429-9101

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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Meadowbrook Associates, LP	1121 Hurffville Road	Woodbury	NJ	08096-2099	(856) 537-7117
High Desert Oil, Inc	5223 San Mateo, NE	Albuquerque	NM	87109	(505) 883-9090
High Desert Oil, Inc	6417 Menaul Blvd NE	Albuquerque	NM	87110	(505) 888-0000
High Desert Oil, Inc	1101 Juan Tabo Blvd., NE	Albuquerque	NM	87112	(505) 275-2020
High Desert Oil, Inc	9801 Montgomery Blvd., NE	Albuquerque	NM	87111	(505) 298-0002
High Desert Oil, Inc	9501 Golf Course Blvd NW	Albuquerque	NM	87114	(505) 899-4171
High Desert Oil, Inc	5801 Coors Blvd	Albuquerque	NM	87120	(505) 898-4000
High Desert Oil, Inc	13440 Wenonah Ave., SE	Albuquerque	NM	87123	(505) 332-4275
High Desert Oil, Inc	7849 Tramway Blvd, NE	Albuquerque	NM	87122	(505) 856-0048
High Desert Oil, Inc	7780 Enchanted Hills Blvd, NE	Rio Rancho	NM	87144	(505) 867-8855
* Bristlepine Ventures LLC	305 Buck Drive	Reno	NV	89506	(775) 384-1207
* Galena Associates, LLC	924 Central Avenue	Albany	NY	12206-1303	(518) 446-1957
* Galena Associates, LLC	2446 Western Ave.	Altamont	NY	12009	(518) 452-8457
Buffalo Lube Associates, LP	3550 Sheridan Drive	Amherst	NY	14226	(716) 836-9124
* Galena Associates, LLC	3090 Boston Road	Bronx	NY	10469-4038	(718) 655-2200
Buffalo Lube Associates, LP	2181 Delaware Avenue	Buffalo	NY	14216	(716) 874-5523
Buffalo Lube Associates, LP	3939 Broadway St.	Cheektowaga	NY	14227	(716) 684-9825
Buffalo Lube Associates, LP	3251 Harlem Road	Cheektowaga	NY	14225	(716) 896-9038
Buffalo Lube Associates, LP	4937 Transit Road	Clarence	NY	14221	(716) 632-9904
* Galena Associates, LLC	1682 Route 9	Clifton Park	NY	12065-4368	(518) 383-4818
* Galena Associates, LLC	1704 Route 9	Clifton Park	NY	12065-3104	(518) 371-2013
* Galena Associates II, LLC	1703 Sunrise Highway	Copiague	NY	11726-1528	(631) 225-4645
* High Line Lube, LLC	2039 East Main Street (Route 6)	Cortlandt Manor	NY	10567-2501	(914) 734-4080
* Galena Associates, LLC	220 Delaware Avenue	Delmar	NY	12054-1222	(518) 475-1918
Buffalo Lube Associates, LP	3987 Vineyard Drive	Dunkirk	NY	14048	(716) 366-0967
* Galena Associates, LLC	618 Columbia Turnpike	East Greenbush	NY	12061-1610	(518) 477-4805
* High Line Lube, LLC	49 N. Central Avenue (Route 9A)	Elmsford	NY	10523-2510	(914) 347-4440
* Galena Associates II, LLC	730 Fulton Street	Farmingdale	NY	11735-3642	(516) 293-2870
* Galena Associates, LLC	5 Glenridge Road	Glenville	NY	12302-4501	(518) 384-1971
* Galena Associates II, LLC	780 Northern Boulevard	Great Neck	NY	11021-5205	(516) 466-4254
* Galena Associates II, LLC	56 W. Old Country Road	Hicksville	NY	11801-4216	(516) 931-7887
* Galena Associates, LLC	802 Ulster Avenue	Kingston	NY	12401-1748	(845) 339-1474
Buffalo Lube Associates, LP	1318 Ridge Road	Lackawanna	NY	14218	(716) 822-8227
* Galena Associates, LLC	749 Loudon Road	Latham	NY	12110-4017	(518) 786-6330
Buffalo Lube Associates, LP	5895 S. Transit Road	Lockport	NY	14094	(716) 433-3613
* Galena Associates, LLC	975 Route 6	Mahopac	NY	10541-1716	(845) 628-4239
* Galena Associates, LLC	102 Route 6	Mahopac	NY	10541-2210	(845) 628-1238
* High Line Lube, LLC	1001 Mamaroneck Avenue	Mamaroneck	NY	10543-1651	(914) 777-0612
* Galena Associates II, LLC	1650 Montauk Highway	Mastic	NY	11950	(631) 395-0326
* Galena Associates II, LLC	1850 Route 112	Medford	NY	11763	(631) 447-5823
* Galena Associates, LLC	289 Dolson Avenue	Middletown	NY	10940-6995	(845) 342-0400
* Galena Associates, LLC	372 Route 211 East	Middletown	NY	10940	(845) 341-1186
* Galena Associates, LLC	242 E. Main Street	Mt. Kisco	NY	10549-3015	(914) 666-9147
* High Line Lube, LLC	10 Old Nyack Turnpike	Nanuet	NY	10954-2515	(845) 623-7087
* Galena Associates, LLC	110 Temple Hill Road (aka Route 300)	New Windsor (Vails Gate)	NY	12553	(845) 561-3254
* Galena Associates, LLC	1415 Route 300	Newburgh	NY	12550	(845) 566-1616
Buffalo Lube Associates, LP	2114 Fashion Outlet Blvd.	Niagara Falls	NY	14304	(716) 297-9881
Buffalo Lube Associates, LP	3280 Orchard Park Road	Orchard Park	NY	14127	(716) 674-9683
* High Line Lube, LLC	72 Croton Avenue	Ossining	NY	10562-4902	(914) 941-6166

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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Galena Associates, LLC	412 Manville Road	Pleasantville	NY	10570-2121	(914) 747-9537
* High Line Lube, LLC	113 South Main Street	Port Chester	NY	10573-4640	(914) 937-2142
* Galena Associates, LLC	657 Dutchess Turnpike	Poughkeepsie	NY	12603-1901	(845) 471-5696
* Galena Associates, LLC	750 Upper Glen Street	Queensbury	NY	12804-2019	(518) 745-1731
* Galena Associates, LLC	1779 Crane St.	Rotterdam	NY	12303-2216	(518) 357-9370
* Galena Associates, LLC	3716 State Street	Schenectady	NY	12304-4273	(518) 372-8890
* High Line Lube, LLC	57 Route 59	Suffern	NY	10901-4906	(845) 357-8843
Buffalo Lube Associates, LP	2130 Niagara Falls Boulevard	Tonawanda	NY	14150	(716) 833-1917
Buffalo Lube Associates, LP	3480 Delaware Avenue	Tonawanda	NY	14217	(716) 877-9449
* Galena Associates, LLC	230 Hoosick Street	Troy	NY	12180-2427	(518) 272-1162
* Galena Associates II, LLC	1156 Hempstead Turnpike	Uniondale	NY	11553-1229	(516) 486-0060
* Galena Associates II, LLC	950 Nassau Road	Uniondale	NY	11553-3243	(516) 486-4812
* Galena Associates, LLC	1788 Route 9	Wappingers Falls	NY	12590-1308	(845) 297-8787
* Galena Associates, LLC	1158 US Highway 9	Wappingers Falls	NY	12590-2828	(845) 297-7399
* Galena Associates II, LLC	907 Old Country Road	Westbury	NY	11590-5511	(516) 334-1442
* High Line Lube, LLC	374 Central Avenue	White Plains	NY	10606-1210	(914) 684-0170
* High Line Lube, LLC	1229 Yonkers Avenue	Yonkers	NY	10704-3211	(914) 776-0639
* Big River Quality Auto Inc	307 Pike Street	Marietta	OH	45750-3324	(740) 336-7869
Miami Oil Company	643 Reading Road	Mason	OH	45040	(513) 398-3037
Miami Oil Company	1321 S. Breiel Boulevard	Middletown	OH	45044	(513) 422-4980
Miami Oil Company	435 West Second Street	Xenia	OH	45385	(937) 376-4142
Broken Arrow Lubes LLC	401 S. Lynn Riggs Boulevard	Claremore	OK	74017-7811	(918) 283-8096
Oklahoma Lube Associates, L.P.	4219 S.E. 29th St.	Del City	OK	73115	(405) 677-8727
Oklahoma Lube Associates, L.P.	1295 S. Air Depot Blvd.	Midwest City	OK	73110	(405) 733-0202
Oklahoma Lube Associates, L.P.	2000 W. Main	Norman	OK	73069	(405) 329-2531
Oklahoma Lube Associates, L.P.	6704 S. Western	Oklahoma City	OK	73139	(405) 634-8755
Oklahoma Lube Associates, L.P.	1308 N.W. 23rd St.	Oklahoma City	OK	73106	(405) 524-9590
Oklahoma Lube Associates, L.P.	3924 N. Meridian	Oklahoma City	OK	73112	(405) 946-6602
Oklahoma Lube Associates, L.P.	2909 NW 63rd St.	Oklahoma City	OK	73116-3601	(405) 848-6990
Oklahoma Lube Associates, L.P.	1615 S. Douglas Boulevard	Oklahoma City	OK	73130	(405) 737-4171
Oklahoma Lube Associates, L.P.	11728 S. Western Boulevard	Oklahoma City	OK	73170	(405) 692-4447
Broken Arrow Lubes LLC	4617 N. Kickapoo Avenue	Shawnee	OK	74804-1200	(405) 395-0313
Oklahoma Lube Associates, L.P.	301 S. Cemetery Rd.	Yukon	OK	73099-6441	(405) 324-5609
Four N LLC	336 - 5th St	Brookings	OR	97415-9741	(541) 469-3560
JAC LLC	1502 NE F Street	Grants Pass	OR	97526-4234	(541) 295-8291
JAC LLC	5805 S 6th St	Klamath Falls	OR	97603-4015	(541) 273-3744
JTB Inc	1845 Main Ave N	Tillamook	OR	97141-9252	(503) 842-5119
* Meadowbrook Associates, LP	1245 Airport Road	Allentown	PA	18109-3311	(610) 821-4330
* Meadowbrook Associates, LP	1409 Market Street	Camp Hill	PA	17011-4814	(717) 737-3335
* Snowdon, LLC	105 Old S Abington Rd (aka 792 Northern Blvd)	Clarks Summit	PA	18411	(570) 586-0242
* Meadowbrook Associates, LP	819 N. Easton Road	Doylestown	PA	18902	(215) 340-5511
* Meadowbrook Associates, LP	825 W Main Street	Ephrata	PA	17522	717-733-9688
* Meadowbrook Associates, LP	1025 N. Church Street	Hazleton	PA	18202-1447	(570) 454-4897
* Meadowbrook Associates, LP	1215 E. Chocolate Avenue	Hershey	PA	17033-1222	(717) 533-6002
* Snowdon, LLC	157 South Wyoming Ave	Kingston	PA	18704	(570) 763-0070
* Meadowbrook Associates, LP	1690 New Holland Pike	Lancaster	PA	17601-5665	(717) 392-7399
* Meadowbrook Associates, LP	1665 Columbia Avenue	Lancaster	PA	17603-4528	(717) 299-5539
* Meadowbrook Associates, LP	1417 Manheim Pike	Lancaster	PA	17601	717-509-5222
* Mid-Atlantic Lubes, LLC	4101 Veterans Highway	Levittown	PA	19056	(267) 202-6870



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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Meadowbrook Associates, LP	1259 Pocono Boulevard	Mount Pocono	PA	18344-1043	(570) 839-6347
* Mid-Atlantic Lubes, LLC	2734 Ridge Pike	Norristown	PA	19403-1612	(484) 681-4157
* Meadowbrook Associates, LP	600 Revere Boulevard	Reading	PA	19608	610-898-1600
* Meadowbrook Associates, LP	1640 N Susquehanna Trail	Selinsgrove	PA	17870	(570) 743-3241
* Meadowbrook Associates, LP	263 Benner Pike	State College	PA	16801-7302	(814) 234-0100
* Meadowbrook Associates, LP	100 Village Drive (fka 1211 N. Atherton St.)	State College	PA	16803-2922	(814) 237-8802
* Meadowbrook Associates, LP	2091 Whitehall Road	State College	PA	16801-2612	(814) 238-2410
* Meadowbrook Associates, LP	12 N. 2nd Street	Stroudsburg	PA	18360-2508	(570) 420-1270
* Meadowbrook Associates, LP	7110 Hamilton Boulevard	Trexlerstown	PA	18087	(610) 366-8290
* Meadowbrook Associates, LP	18 Virginia Drive	Tunkhannock	PA	18657-1701	(570) 836-1599
* Mid-Atlantic Lubes, LLC	1592 W. Chester Pike	West Chester	PA	19382-7787	(610) 918-9833
* Meadowbrook Associates, LP	1215 MacArthur Road	Whitehall	PA	18052	(484) 223-2929
* Snowdon, LLC	159 Spring Street	Wilkes-Barre	PA	18702-5566	(570) 829-5823
* Meadowbrook Associates, LP	710 Washington Boulevard	Williamsport	PA	17701	(570) 651-9354
* Meadowbrook Associates, LP	1 Park Avenue	Willow Grove	PA	19090	(215) 657-3114
* Meadowbrook Associates, LP	75 Memory Lane	York	PA	17402-2375	(717) 840-0374
* Henley Enterprises, Inc.	520 Reservoir Ave.	Cranston	RI	02910	(401) 781-2392
* Henley Enterprises, Inc.	159 Putnam Pike	Johnston	RI	02919-1446	(401) 232-5900
* High Line Lube, LLC	600 Metacom Avenue	Warren	RI	02885-2806	(401) 247-0466
* Henley Enterprises, Inc.	1130 Warwick Avenue	Warwick	RI	02888	(401) 467-6889
* Henley Enterprises, Inc.	1600 Post Road	Warwick	RI	02888	(401) 738-9935
* High Line Lube, LLC	89 Franklin Street	Westerly	RI	02891-3135	(401) 596-3620
* QAS III, Inc.	1419 Pearman Dairy Road	Anderson	SC	29625	(864) 716-0022
* QAS III, Inc.	1000 Pearman Dairy Road	Anderson	SC	29625-2621	(864) 224-9933
T.S. Jenkins Oil, Inc.	312 Robert Smalls Parkway	Beaufort	SC	29902	(843) 986-0019
* QAS III, Inc.	550 Old Greenville Highway	Clemson	SC	29631	(864) 654-1775
* QAS III, Inc.	2405 Wade Hampton Blvd.	Greenville	SC	29615-1145	(864) 292-6303
* Quality Automotive Services, Inc.	5123 Pelham Road	Greenville	SC	29615	(864) 288-0515
* QAS III, Inc.	2230 Gentry Memorial Highway	Pickens	SC	29671-9437	(864) 898-0801
* QAS III, Inc.	102 Halter Drive	Piedmont	SC	29673	(864) 220-2885
* QAS III, Inc.	451 Bypass 123	Seneca	SC	29678	(864) 888-2888
* QAS III, Inc.	830 Bypass 123	Seneca	SC	29678	(864) 822-2275
* QAS III, Inc.	1010 NE Main Street	Simpsonville	SC	29681-6012	(864) 962-2301
* QAS III, Inc.	409 SE Main St	Simpsonville	SC	29681	(864) 601-5101
* Quality Automotive Services, Inc.	1935 Boiling Springs Drive	Spartanburg	SC	29316	(864) 814-5823
* Quality Automotive Services, Inc.	180 S. Pine Street	Spartanburg	SC	29302	(864) 699-9510
* Quality Automotive Services, Inc.	2645 Reidville Road	Spartanburg	SC	29301	(864) 595-8173
* Quality Automotive Services, Inc.	661 W. Liberty Street	Sumter	SC	29150	(803) 775-6708
* Quality Automotive Services, Inc.	1270 Alice Drive	Sumter	SC	29150	(803) 905-7773
QAS III, LLC	2216 Glenn's Bay Rd	Surfside Beach	SC	29575-4832	(843) 750-0175
Thorco, Inc.	3105 6th Avenue, S.E.	Aberdeen	SD	57401	(605) 226-2253
* Fidelity Petroleum Resources, Inc	1700 W. 41st Street	Sioux Falls	SD	57105-	(605) 339-2724
* Fidelity Petroleum Resources, Inc	3700 E. 10th Street	Sioux Falls	SD	57103-2134	(605) 331-2002
* Fidelity Petroleum Resources, Inc	7550 S. Minnesota Ave.	Sioux Falls	SD	57108	(605) 271-4491
Thorco, Inc.	904 9th Avenue, S.E.	Watertown	SD	57201	(605) 882-3400
* Convenient Car Care, LLC	2223 Madison Street	Clarksville	TN	37043	(931) 906-7660
* Convenient Car Care, LLC	2516 Wilma Rudolph Blvd.	Clarksville	TN	37040	(931) 647-2200
* Convenient Car Care, LLC	1869 Madison Street	Clarksville	TN	37043	(931) 645-2242
* Convenient Car Care, LLC	2725 Madison Street	Clarksville	TN	37043	(931) 358-0404

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Franchise Legal Entity	Center Address	City	State	Zip	Phone
* Convenient Car Care, LLC	307 Dover Road	Clarksville	TN	37042	(931) 645-8400
* Convenient Car Care, LLC	3867 Trenton Road	Clarksville	TN	37040	(931) 906-9480
* Convenient Car Care, LLC	301 Tiny Town Road	Clarksville	TN	37042-5636	(931) 546-5177
* Convenient Car Care, LLC	522 Highway 46 South	Dickson	TN	37055-2526	(615) 446-9005
* Convenient Car Care, LLC	2537 Lebanon Road	Donelson	TN	37214	(615) 889-3809
* Convenient Car Care, LLC	1052 Mineral Wells Avenue	Paris	TN	38242	(731) 642-4222
* Convenient Car Care, LLC	2720 Memorial Boulevard	Springfield	TN	37172	(615) 384-6515
Can-Tex Petroleum Resources, LP	8125 Matlock Road	Arlington	TX	76002-4102	(817) 466-1622
McGoldrick Enterprises, Inc.	311 East 6th Ave.	Belton	TX	76513	(254) 933-0022
The Lube Group	1112 League Line Road	Conroe	TX	77303	(936) 890-5900
McGoldrick Enterprises, Inc.	710 E. Avenue D	Copperas Cove	TX	76522	(254) 518-7300
TL2 Services LLC	2001 Abrams Rd.	Dallas	TX	75214-3917	(214) 823-8300
TL2 Services LLC	5800 Bryant Irvin Rd.	Ft. Worth	TX	76132-4208	(817) 263-7793
McGoldrick Enterprises, Inc.	520 E. FM 2410	Harker Heights	TX	76548	(254) 833-5886
McGoldrick Enterprises, Inc.	914 N. Twin Creek Drive	Killeen	TX	76543	(254) 699-8701
McGoldrick Enterprises, Inc.	1201 Willow Springs Rd.	Killeen	TX	76549	(254) 554-5000
McGoldrick Enterprises, Inc.	2604 E. Veterans Memorial Boulevard	Killeen	TX	76543	(254) 768-0477
TL2 Services LLC	286 E. Round Grove Rd.	Lewisville	TX	75067-8303	(972) 315-8161
TL2 Services LLC	605 Jupiter Road	Plano	TX	75074	(972) 423-1213
TL2 Services LLC	1137 N. Saginaw Blvd	Saginaw	TX	76179-1149	(817) 439-4000
ESM Inc	4304 W. Adams Avenue	Temple	TX	76504	(254) 774-1868
McGoldrick Enterprises, Inc.	401 S. 31st Street	Temple	TX	76504	(254) 771-0117
McGoldrick Enterprises, Inc.	8638 W. Adams Ave.	Temple	TX	76502	(254) 228-5180
* QAS III, LLC	460W 400N	Bountiful	UT	84010	(385) 399-6967
* QAS III, LLC	603 E 12300 S	Draper	UT	84020-9267	(801) 523-3342
* QAS III, LLC	14 W 200 N	Kaysville	UT	84037	(801) 544-8059
* QAS III, LLC	1195B E Main Street	Lehi	UT	84043	(385) 484-7470
* QAS III, LLC	695 Main Street	Logan	UT	84321	(435) 514-1348
* QAS III, LLC	55 W 800 N	Orem	UT	84057-3813	(801) 225-0010
* QAS III, LLC	5436 S. 1900 W.	Roy	UT	84067-2909	(801) 217-3560
* QAS III, LLC	1065 E 9400 S	Sandy	UT	84094	(801) 566-5188
* QAS III, LLC	919 W Baxter Drive	South Jordan	UT	84095	(801) 383-2410
* Mid-Atlantic Lubes, LLC	4510 Duke Street	Alexandria	VA	22304	(703) 751-7388
* PM Lube, LLC	13612 Lee Highway	Centreville	VA	20120-2407	(703) 266-0095
* PM Lube, LLC	9883 Fairfax Boulevard	Fairfax	VA	22030	(703) 273-7333
* PM Lube II, LLC	1263 N. Lee Highway	Lexington	VA	24450	(540) 463-0911
* Mid-Atlantic Lubes, LLC	8538 Sudley Road	Manassas	VA	20110-3837	(703) 367-0049
* PM Lube, LLC	45995 Denizen Plaza	Potomac Falls	VA	20165	(703) 421-0311
* PM Lube, LLC	1624 W. Main Street	Salem	VA	24153-3116	(540) 389-1979
* PM Lube, LLC	21680 Thomas Jefferson Drive	Sterling	VA	20164-1810	(703) 430-8301
* PM Lube, LLC	2595 Lee Highway	Troutville	VA	24175-6327	(540) 992-6379
* PM Lube, LLC	14103 Jefferson Davis Highway	Woodbridge	VA	22191	(703) 494-3044
* Snowdon, LLC	60 US Route 7 South	Rutland	VT	05701-4709	(802) 773-0677
Riverside Quick Lube	3905 - 171st St NE	Arlington	WA	98223-6433	(360) 653-3693
Riverside Quick Lube	5632 Evergreen Way	Everett	WA	98203-3628	(425) 355-5029
Ridge Automotive	197 Marvin Rd SE	Lacey	WA	98503-1702	(360) 456-8899

Exhibit F

Franchise Legal Entity	Center Address	City	State	Zip	Phone
Riverside Quick Lube	9702 State Ave	Marysville	WA	98270-2232	(360) 658-2433
Ridge Automotive	4659 Whitman Ln SE	Olympia	WA	98513-2201	(360) 923-4100
Hillcrest Enterprises	12108 N Division St	Spokane	WA	99218-1905	(509) 467-0266
* Ivy Lane Corporation	5506 S Packard Ave	Cudahy	WI	53110	(414) 486-1570
* Ivy Lane Corporation	2325 Sun Valley Drive	Delafield	WI	53018-2321	(262) 646-5640
* Ivy Lane Corporation	591 West Johnson Street	Fond du Lac	WI	54935	(920) 921-9776
* Ivy Lane Corporation	7701 W Rawson Ave	Franklin	WI	53132	(414) 525-4293
* Ivy Lane Corporation	N96, W18594 County Line Rd.	Germantown	WI	53022	(262) 502-0903
* Ivy Lane Corporation	6100 N. Port Washington Rd.	Glendale	WI	53217-4308	(414) 964-8370
* Klees & Sulok Oil Company, Inc.	992 Port Washington Road	Grafton	WI	53024	(262) 618-2109
* Ivy Lane Corporation	8008 West Layton Avenue	Greenfield	WI	53220	(414) 281-7868
* Ivy Lane Corporation	3015 - 52nd Street	Kenosha	WI	53144	(262) 654-2226
* Ivy Lane Corporation	3594 E. Washington Avenue	Madison	WI	53704-4133	(608) 244-3646
* Ivy Lane Corporation	2512 S. Stoughton Road	Madison	WI	53716-3318	(608) 222-8858
* Ivy Lane Corporation	5522 University Avenue	Madison	WI	53705-1257	(608) 233-9099
* Ivy Lane Corporation	732 S. Gammon Road	Madison	WI	53719-1302	(608) 277-0520
* Ivy Lane Corporation	N95 W18255 Appleton Avenue	Menomonee Falls	WI	53051	(262) 251-1699
* Ivy Lane Corporation	7028 W. Capitol Drive	Milwaukee	WI	53216-2028	(414) 464-0277
* Ivy Lane Corporation	10014 W. Silver Spring Drive	Milwaukee	WI	53225-3200	(414) 464-2288
* Ivy Lane Corporation	1700 E. North Avenue	Milwaukee	WI	53202	(414) 273-2500
* Ivy Lane Corporation	112 South 68th Street	Milwaukee	WI	53214-1652	(414) 258-0777
* Ivy Lane Corporation	4839 S. 27th Street	Milwaukee	WI	53221	(414) 282-5544
* Ivy Lane Corporation	3360 S. 27th Street	Milwaukee	WI	53215-4304	(414) 645-1946
* Klees & Sulok Oil Company, Inc.	W187S7825 Lions Park Drive	Muskego	WI	53150	(262) 679-9287
* Klees & Sulok Oil Company, Inc.	1111 Summit Avenue	Oconomowoc	WI	53066-4451	(262) 567-2900
* Ivy Lane Corporation	1870 South Koeller Street	Oshkosh	WI	54902	(920) 232-8530
* Ivy Lane Corporation	205 West Murdock Avenue	Oshkosh	WI	54901	(920) 232-8768
* Ivy Lane Corporation	1812 Silvernail Road	Pewaukee	WI	53072-5520	(262) 549-5823
* Ivy Lane Corporation	1950 Eastern Avenue	Plymouth	WI	53073-4263	(920) 893-6101
* Ivy Lane Corporation	5920 21st Street	Racine	WI	53406	(262) 553-1344
* Ivy Lane Corporation	1108 West Main St.	Stoughton	WI	53589-2335	(608) 877-5823
* Ivy Lane Corporation	928 Egg Harbor Rd.	Sturgeon Bay	WI	54235-1230	(920) 743-8089
* Ivy Lane Corporation	N65W24922 Main Street	Sussex	WI	53089	(262) 820-3060
* Ivy Lane Corporation	1951 E. Main Street	Waukesha	WI	53186-3905	(414) 524-8484
* Klees & Sulok Oil Company, Inc.	2795 East Washington Street	West Bend	WI	53095	(262) 334-0162
* Klees & Sulok Oil Company, Inc.	829 South Main Street	West Bend	WI	53095	(262) 338-2228
* Loweco Lube, Inc.	1158 B Street	Ceredo	WV	25507	(304) 453-4214
West Virginia Oil & Lube, LLC	399 RHL Boulevard	Charleston	WV	25309	(304) 744-4501
West Virginia Oil & Lube, LLC	3721 MacCorkle Avenue, S.E.	Charleston	WV	25304	(304) 926-7700
West Virginia Oil & Lube, LLC	121 Virginia Street W	Charleston	WV	25302-2329	(681) 265-3837
* Big River Quality Auto Inc	905 Grand Central Avenue	Vienna	WV	26105-2146	(304) 295-8226
* Superior Lube Inc.	1580 Dewar Dr.	Rock Springs	WY	82901	(307) 382-1030

## EXHIBIT G

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 our most recently completed fiscal year, until the original issuance date of this disclosure document:

<b>FRANCHISEE</b>	<b>PHONE NUMBER</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>
Ivy Lane Corporation	(515) 225-9029	5912 S Packard Ave.	Cudahy	WI	53110

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 the current business telephone numbers (or if unknown the last known home telephone numbers) 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 our most recently completed fiscal year, or who has not communicated with us within 10 weeks of the original issuance date of this disclosure document:

<b>FRANCHISEE</b>	<b>PHONE NUMBER</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>
Henley Pacific LA, LLC	(617) 243-0404	16410 Bernardo Center Dr.	San Diego	CA	92128
Surfside Lubes LLC	(509) 485-3030	101 S. Oregon Ave.	Sanford	FL	32771
NEVIOC, LLC	(402) 770-6145	1201 N 6 <sup>th</sup> St.	Beatrice	NE	68310

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 (or, if unknown, the last known home telephone numbers) of every franchisee who transferred their franchise to another individual or business entity (other than VIOCF or its affiliates) from the date of our most recently completed fiscal year, until the original issuance date of this disclosure document, as well as the names, address, cities and states of the franchised locations, and current business telephone numbers of the individual or business entity that acquired the franchise:

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**EXHIBIT G**

<b>TRANSFEROR / SELLER</b>	<b>SELLER PHONE NUMBER</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>ST.</b>	<b>ZIP</b>	<b>TRANSFEREE / BUYER</b>
SteelToe Group, LLC	(502) 418-5775	141 Tanger Outlet Blvd	Pooler	GA	31322	QAS III, LLC
SteelToe Group, LLC	(502) 418-5775	2216 Glens Bay Rd	Surfside Beach	SC	29575	QAS III, LLC
SteelToe Group, LLC	(502) 418-5775	7209 Waters Ave	Savannah	GA	31406	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	2444 Patterson Rd	Grand Junction	CO	81505	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	16450 S Townsend Ave	Montrose	CO	81401	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	40843 US Highway 6	Avon	CO	81620	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	130 S Plum St	Fruita	CO	81521	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	1500 3rd St NW	Great Falls	MT	59404	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	2929 10th Ave S	Great Falls	MT	59405	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	400 10th Ave S Unit 2	Great Falls	MT	59405	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	1580 Dewar Dr	Rock Springs	WY	82901	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	915 N Last Chance Gulch	Helena	MT	59601	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	1301 W Broadway St	Missoula	MT	59802	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	2460 Highway 6 & 50	Grand Junction	CO	81505	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	5436 S 1900 West	Roy	UT	84067	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	603 E 12300 S	Draper	UT	84020	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	14 W 200 N	Kaysville	UT	84037	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	1065 E 9400 S	Sandy	UT	84094	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	800 N Summit Blvd	Frisco	CO	80443	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	55 W 800 N	Orem	UT	84057	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	695 Main St	Logan	UT	84095	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	919 Baxter Dr	Jordan	UT	84095	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	460W 400 N	Bountiful	UT	84010	QAS III, LLC
Superior Lube, Inc	(970) 260-3433	1195B E Main St	Lehi	UT	84043	QAS III, LLC

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

## EXHIBIT G

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 transferred their franchise to another individual or business entity (other than VIOCF or its affiliates) during our prior fiscal year, as well as the names, address, cities and states of the franchised locations, and current business telephone numbers of the individual or business entity that acquired the franchise:

<b>TRANSFEROR / SELLER</b>	<b>SELLER PHONE NUMBER</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>ST.</b>	<b>ZIP</b>	<b>TRANSFeree / BUYER</b>
MOO, Inc.	(559) 967-1375	1635 Herndon Ave	Clovis	CA	93611	Henley Pacific, LLC
MOO, Inc.	(559) 967-1375	6231 N Blackstone Ave	Fresno	CA	93710	Henley Pacific, LLC
MOO, Inc.	(559) 967-1375	549 E Pacheco Blvd	Los Banos	CA	93635	Henley Pacific, LLC
MOO, Inc.	(559) 967-1375	2225 W Cleveland Ave	Madera	CA	93637	Henley Pacific, LLC
MOO, Inc.	(559) 967-1375	120 McHenry Ave	Modesto	CA	95354	Henley Pacific, LLC
MOO, Inc.	(559) 967-1375	5200 Squire Wells Way	Riverbank	CA	95367	Henley Pacific, LLC
MOO, Inc.	(559) 967-1375	1935 E Prosperity Ave	Tulare	CA	93274	Henley Pacific, LLC
MOO, Inc.	(559) 967-1375	5424 W Cypress Ave	Visalia	CA	93277	Henley Pacific, LLC
MOO, Inc.	(559) 967-1375	2230 E Main St	Visalia	CA	93292	Henley Pacific, LLC
MOO, Inc.	(559) 967-1375	1613 W Cameron Ave	Visalia	CA	93277	Henley Pacific, LLC
OC Partners, LLC	(541) 296-8505	5928 SE Abshier Blvd	Belleview	FL	34420	Surfside Lubes, LLC
OC Partners, LLC	(541) 296-8505	1801 SW 17th Ave	Ocala	FL	34474	Surfside Lubes, LLC
NStar Enterprises, Inc.	(612) 819-8479	2698 Rice St	Little Canada	MN	55113	Ariza Retail Services Rice St, LLC
NStar Enterprises, Inc.	(612) 819-8479	600 E Lake St	Minneapolis	MN	55407	Ariza Retail Services, LLC
NStar Enterprises, Inc.	(612) 819-8479	111 Red Wing Ave S	Red Wing	MN	55066	Ariza Retail Services Red Wing, LLC

**EXHIBIT G**

<b>TRANSFEROR / SELLER</b>	<b>SELLER PHONE NUMBER</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>ST.</b>	<b>ZIP</b>	<b>TRANSFeree / BUYER</b>
NEVIOC, LLC	(402) 770-6145	2611 Fairfield St	Lincoln	NE	68521	Ivy Lane Corporation
NEVIOC, LLC	(402) 770-6145	3500 Village Dr	Lincoln	NE	68516	Ivy Lane Corporation
NEVIOC, LLC	(402) 770-6145	8500 Amber Hill Ct	Lincoln	NE	68526	Ivy Lane Corporation

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

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## EXHIBIT H

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# EXHIBIT I



## SMALL BUSINESS LOAN AGREEMENT

EFFECTIVE DATE: \_\_\_\_\_, \_\_\_\_ ACCOUNT NUMBER: \_\_\_\_-\_\_\_\_\_

BORROWER (Legal Name): \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_

STATE: \_\_\_\_\_

ZIP: \_\_\_\_\_

LOAN AMOUNT: \$ \_\_\_\_\_.

INTEREST RATE: [LIBOR Rate (Adjusted Periodically) plus \_\_\_\_ percentage points][Fixed Rate of Interest equal to \_\_\_\_% per annum]

[Prime Rate (Adjusted Periodically) plus \_\_\_\_ percentage points]

TERM: \_\_\_\_\_ Months

PAYMENT DUE DATE: \_\_\_\_\_

MATURITY DATE: \_\_\_\_\_

This Small Business Loan Agreement (this "Agreement") is a promissory note, security agreement and guaranty, all of which are to be construed together and are binding upon the parties hereto. Borrower and Guarantor have read and accepted all terms of this Agreement prior to signing it. This Agreement is being executed for business purposes and not for personal, family, household or agricultural purposes. Time is of the essence in Borrower's and Guarantor's performance of their obligations hereunder and under all related instruments and documents executed and delivered pursuant to this Agreement and any renewals or extensions of it. This Agreement, when signed and returned to Bank by Borrower and Guarantor, is binding and effective as of the Effective Date set forth above. If this Agreement is not executed by Borrower and Guarantor within ten (10) days from the Effective Date, it is null and void and of no legal force and effect. The section of this Agreement captioned "Definitions" contains the definitions of capitalized terms not defined elsewhere in this Agreement.

### PROMISSORY NOTE

1. **Loan.** Subject to the terms and conditions set forth herein, Bank shall make the Loan to Borrower

**[(a) Interest Only Period.]** Borrower will pay interest on \_\_\_\_\_, \_\_\_\_\_, and then on the [same][last] day of each month thereafter until Borrower commences making the principal and interest installments described below.]

**[(b) Principal and Interest Repayment Period.]** Borrower will repay principal and interest in equal combined installments of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) on \_\_\_\_\_, \_\_\_\_\_, and on the [same][last] day of each month thereafter, and ending on \_\_\_\_\_, \_\_\_\_\_ (the "Repayment Period"). In any event, on the last day of the Repayment Period, Borrower will repay the remaining principal balance plus any interest then due. Each installment, when paid, will be applied first to the payment of interest accrued. The balance, if any, of each installment will be applied to the repayment of principal, and then to unpaid fees. Borrower may not use proceeds of the Loan to make payments due under this Agreement or to repay any other obligation of Borrower to Bank or any affiliate of Bank. The Borrower may not

use proceeds of the Loan to engage in any transaction that is illegal. Bank shall not be liable if Borrower engages in an illegal transaction.

**2. Conditions Precedent to Loan.** The obligation of Bank to make the Loan is subject to all of the conditions and requirements of this Agreement and delivery of the following required documents or other actions, all of which are conditions precedent and subsequent to the making and the continuation of the Loan and shall be in form and substance satisfactory to Bank: (a) if Borrower or Guarantor is an organized entity, resolutions of Borrower's and Guarantor's governing board or body, officers, owners, partners, members or managers, as applicable, duly authorizing the execution, delivery and performance of all of the Loan Documents; (b) completed UCC financing statements on Borrower, and if applicable, Guarantor; (c) the execution and delivery or furnishing of such other instruments, documents, opinions, or guaranties as Bank may deem necessary or appropriate to consummate or implement the transactions contemplated by this Agreement; (d) Borrower, or if applicable, Guarantor shall have taken such other action as Bank may reasonably require to perfect its security interest in the Collateral and shall have paid all costs and expenses incident thereto; (e) payment by Borrower to Bank of any commitment fees, administration fees, documentation fees, mortgage or deed of trust recording or filing fees, stamp taxes, intangibles taxes or other filing fees relating to the Loan and the Collateral; (f) Bank's receipt of record searches, certificates and other due diligence as Bank may require to determine that Borrower and Guarantor are in compliance with the representations, warranties, agreement and covenants contained in the Loan Documents; and (g) completion and fulfillment by Borrower, and if applicable, Guarantor, of all terms, provisions, and conditions of any letter of interest, proposal letter or conditions of closing issued by Bank to Borrower or Guarantor, as the same may be amended, revised, replaced, modified, reapproved or reissued from time to time.

**[3. Interest.** Interest shall accrue on the unpaid principal balance of the Loan for each day from the date of disbursement of the proceeds of the Loan at the per annum fixed rate of interest set forth on the first page above until paid in full.]

***[Select the provision if the interest rate during the Repayment Period is based on LIBOR]***

**[3. Interest.** (a) The interest rate is a rate per year equal to the LIBOR Rate (Adjusted Periodically) plus \_\_\_ percentage point(s). (b) The interest rate will be adjusted on [the \_\_\_ day of every month][the last day of every month] (the "Adjustment Date") and remain fixed until the next Adjustment Date. If the Adjustment Date in any particular month would otherwise fall on a day that is not a banking day then, at Bank's option, the Adjustment Date for that particular month will be the first banking day immediately following thereafter. (c) The LIBOR Rate (Adjusted Periodically) is a rate of interest equal to the rate per annum equal to the London Interbank Offered Rate (or a comparable or successor rate which is approved by Bank), as published by Bloomberg (or other commercially available source providing quotations of such rate as selected by Bank from time to time) as determined for each Adjustment Date at approximately 11:00 a.m. London time two (2) London Banking Days prior to the Adjustment Date, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a term of one month, as adjusted from time to time in Bank's sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by Bank. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars. If at any time the LIBOR Rate (Adjusted Periodically) is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.]

***[Select the provision if the interest rate during the Repayment Period is based on the Prime Rate (not available for Practice Solutions credits)]***

**[3. Interest.**

(a) The interest rate is a rate per year equal to Bank's Prime Rate plus \_\_\_ percentage point(s). (b) The Prime Rate is the rate of interest publicly announced from time to time by Bank as its Prime Rate. The Prime Rate is set by Bank based on various factors, including Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans. Bank may price loans to its customers at, above, or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in Bank's Prime Rate.]

**3.1 Computation of Interest.** Except as otherwise stated in this Agreement, all interest and fees, if any, will be computed on the basis of a 360-day year and the actual number of days elapsed. This results in more interest or a higher fee than if a 365-day year is used. Installments of principal which are not paid when due under this Agreement shall continue to bear interest until paid.

**3.1 Computation of Interest.** Except as otherwise stated in this Agreement, all interest and fees, if any, will be computed on the basis of a 365-day year and the actual number of days elapsed. Installments of principal which are not paid when due under this Agreement shall continue to bear interest until paid.

**3.1 Computation of Interest.** Interest on the principal balance of the Loan, shall be computed on the basis of a month of thirty (30) days and a year of three hundred sixty (360) days, and shall be payable monthly in arrears on the Payment Date.

**3.2 Default Rate of Interest.** Upon the occurrence of any default or after maturity or after judgment has been rendered on any obligation under this Agreement, all amounts outstanding under this Agreement, including any unpaid interest, fees, or costs, will at the option of Bank bear interest at a rate which is the lesser of (i) 6 percentage points per annum above the interest rate set forth on the first page of this Agreement or (ii) the maximum rate of interest permitted by applicable state law. This may result in compounding of interest. This will not constitute a waiver of any default.

**4. Loan Payments.** Borrower shall make all scheduled payments to Bank at such address as Bank may designate in writing from time to time. Bank can accept late or partial payments, as well as payments marked "paid in full" or with other restrictive endorsements, without losing any of its rights under this Agreement. Any payment of a smaller sum than due, or any partial payment intended as a payment in full of a disputed amount under the Indebtedness, regardless of any endorsement restriction, will not constitute an accord and satisfaction, and must be sent to: Bank of America, NA, Document Retention Center, NC1-001-05-13, One Independence Center, 101 North Tryon Street, Charlotte, North Carolina 28255-0001. Any communication with Bank concerning Borrower's dispute of any amounts due under the Loan, as well as any payments of less than the full amount due and payable hereunder, must be sent to the address set forth in the preceding sentence. All other payments Borrower makes towards the Loan are to be mailed to the address the Bank sets forth on Borrower's monthly billing statement.

**5. Direct Debit.**

- (a) Borrower agrees that on the due date of any amount due under this Agreement, Bank will debit the amount due from deposit account number \_\_\_\_\_ owned by Borrower, or such other of Borrower's accounts with Bank as designated in writing by Borrower (the "Designated Account"). Should there be insufficient funds in the Designated Account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower.
- [(a) Borrower agrees that on the due date of any amount due under this Agreement, Bank will debit the amount due from deposit account number \_\_\_\_\_ with Bank owned by \_\_\_\_\_ (the "Designated Account"). Should there be insufficient funds in the Designated Account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower.]
- (b) Borrower may terminate this direct debit arrangement at any time by sending written notice to Bank. If Borrower terminates this arrangement, then the principal amount outstanding under this Agreement will at the option of Bank bear interest at a rate per annum which is [(1.0)] percentage point higher than the rate of interest otherwise provided under this Agreement and the amount of each payment will be increased accordingly.

**[Direct Debit with ACH Debit**

- (a) Borrower agrees that on the due date of any amount due under this Agreement, Bank will debit the amount due from the deposit account with the Depository listed below (the "Designated Account") owned by Borrower. Should there be insufficient funds in the Designated Account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower. A voided copy of a check on the Designated Account has been, or will be, provided to Bank.

DEPOSITORY NAME: \_\_\_\_\_

City, State and Zip Code: \_\_\_\_\_

Routing Number: \_\_\_\_\_

Deposit Account Number: \_\_\_\_\_

- [(a) Borrower agrees that on the due date of any amount due under this Agreement, Bank will debit the amount due from the deposit account with the Depository listed below (the "Designated Account") owned by \_\_\_\_\_. Should there be insufficient funds in the Designated Account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower. A voided copy of a check on the Designated Account has been, or will be, provided to Bank.

DEPOSITORY NAME: \_\_\_\_\_  
City, State and Zip Code: \_\_\_\_\_  
\_\_\_\_\_  
Routing Number: \_\_\_\_\_  
Deposit Account Number: \_\_\_\_\_ ]

- (b) Debits made by ACH shall be subject to the operating rules of the National Automated Clearing House Association, as in effect from time to time.
- (c) Borrower may terminate this direct debit arrangement at any time by sending written notice to Bank. If Borrower terminates this arrangement, then the principal amount outstanding under this Agreement will at the option of Bank bear interest at a rate per annum which is [(1.0)] percentage point higher than the rate of interest otherwise provided under this Agreement and the amount of each payment will be increased accordingly.]

6. **Late Fee.** To the extent permitted by law, Borrower agrees to pay a late fee in an amount not to exceed four percent (4%) of any payment that is more than fifteen (15) days late. The imposition and payment of a late fee shall not constitute a waiver of Bank's rights with respect to the default.

7. **No Excess Fees.** Notwithstanding any provision in this Agreement to the contrary, the aggregate amount of all interest, fees, penalties, expenses and other charges payable by Borrower to Bank (collectively, "Costs") shall not exceed the maximum amount permitted under applicable law, or to the extent included in the determination of interest, the maximum interest rate allowable under applicable law ("Maximum Rate"). If the aggregate amount of all Costs would otherwise exceed the Maximum Rate, such amounts shall be reduced, in a manner selected by Bank in its sole and absolute discretion, to equal in the aggregate the maximum amount permitted under applicable law. No party bound by the Loan Documents shall have an action or remedy against Bank for any damages whatsoever or any defense to the enforcement of the Loan Documents given in connection herewith arising out of the payment or collection of any interest in excess of the Maximum Rate.

8. **Unconditional Obligation to Pay.** Each Borrower and each Guarantor agree that its obligation to make payments to Bank on the Indebtedness under this Agreement is absolute and unconditional, under all circumstances whatsoever, and shall not be affected by any defect in the condition, design or operation of the Collateral, any lack of maintenance or service of any Collateral, or any setoff, counterclaim, defense or reduction which Borrower or Guarantor may have against Bank, or any Provider or any supplier, servicer, broker, salesperson or other third party.

#### **SECURITY AGREEMENT**

9. **Security Interest.** Grantor grants Bank a security interest in the Collateral and the proceeds of the Collateral to secure payment and performance of the Indebtedness. [The Collateral is cross collateralized to and serves as Collateral for all other Indebtedness.]

10. **Representations, Warranties and Covenants.** Grantor represents, warrants, covenants and agrees that at all times: (a) the Collateral shall be kept at the location of the Business, and at any other location at which Grantor maintains a Business; (b) Grantor shall promptly notify Bank of any change in the location of the Collateral, and Grantor shall not remove the Collateral from said location without the prior written consent of Bank, except for inventory sold in the ordinary course of business; (c) the chief executive office, principal place of business, or business domicile, and the state of organization of Grantor are as verbally or in writing provided to Bank, and Grantor shall not change or relocate its chief executive office, principal place of business or business domicile, shall not change its state of organization or name, shall not make any substantial change in the present executive or management personnel of Borrower, and, if Borrower is anything other than a natural person, shall not cause, permit, or suffer any change in capital ownership such that there is a material change, as determined by Bank in its sole discretion, in the direct or indirect capital ownership of Borrower; (d) to promptly notify Bank in writing of: (1) any Event of Default under this Agreement, or any event which, with notice or lapse of time or both, would constitute an Event of Default; and (2) any change in Borrower's name, legal structure, principal residence, or name on any driver's license or special identification card issued by any state (for an individual), state of registration (for a registered entity), place of business, or chief executive office if Borrower has more than one place of Business; (e) except for the security interest granted under this Agreement, and other interests in favor of Bank, and except as otherwise consented to in writing by Bank, Grantor is the owner of the Collateral, free from any lien, security interest, encumbrance, assignment, judgment, lien, claim or charge of any kind (whether perfected or unperfected, avoidable or unavoidable) or financing statement or other filing, with respect to any Collateral, and Grantor will defend the Collateral against all claims and demands of any and all persons at any time claiming the Collateral or any interest therein; (f) except for sales of inventory in the ordinary course of business, Grantor will not sell, exchange, lease or otherwise dispose of any interest in the Collateral without the prior written consent of Bank and shall not, without the consent of Bank, permit any lien, security interest or encumbrance to attach to the Collateral; (g) Grantor authorizes Bank to file a financing statement describing the Collateral or, at Bank's option from time to time, all personal property of Grantor, and if Bank has pre-filed a financing statement with respect thereto, Grantor hereby ratifies such filing. Grantor

waives any right that Grantor may have to file with the applicable filing office any financing statement, amendment, termination or other record pertaining to the Collateral and Bank's interest therein. Grantor will cooperate with Bank in obtaining control of any Collateral in which a security interest may be perfected by possession or control and will, at Grantor's expense, make and do all such acts and things as Bank may from time to time request for the better evidencing, perfection, protection or validation of or realization of the benefits of its security interest. At the request of Bank, Grantor shall join with Bank in executing one or more financing statements or amendments thereto for the Collateral pursuant to the requirements of the UCC in form satisfactory to Bank. A carbon, photographic, electronic, or other reproduction of this Agreement or a financing statement will be sufficient as a financing statement. Grantor hereby appoints Bank or its designee, with full power of substitution, as Grantor's attorney-in-fact to execute and file UCC financing statements and other security documents in Grantor's name and to perform all other acts that Bank deems necessary or appropriate to perfect and protect Bank's security interest in the Collateral. Such appointment is coupled with an interest with full power of substitution, and is irrevocable.

#### **INSURANCES**

11. **Flood and Other Insurance.** If any improved real property collateral is located in a designated flood hazard area, or becomes located in a designated flood hazard area after the date of this Agreement as a result of any re-mapping of flood insurance maps by the Federal Emergency Management Agency, Borrower will be required to maintain flood insurance on the real property and on any tangible personal property collateral located on the real property. In addition, Borrower shall maintain such other insurance as Bank may require to comply with Bank's regular requirements and practices in similar transactions, which may include earthquake insurance and insurance covering acts of terrorism.

12. **Collateral Maintenance, Insurance, and Taxes.** Grantor shall maintain the Collateral in good condition, repair and working order. In the event of any loss, theft, damage or destruction of the Collateral, Grantor shall immediately notify Bank and, at Bank's option from time to time, shall either: (a) place the same in good repair, condition and working order; (b) replace the same with like Collateral in good repair, condition and working order, free and clear of all encumbrances except in favor of Bank; or (c) pay Bank the balance remaining under the Loan. Grantor shall, at Grantor's expense, maintain insurance on the Collateral against fire, theft, sinkhole, windstorm or hurricane coverage, and such other hazards and in such form and for such coverages and amounts as Bank may require. Bank shall be named, in a manner satisfactory to Bank, as an additional insured or as loss payee on all policies of insurance required hereunder. The proceeds of such insurance shall be applied toward the replacement or repair of the Collateral or to reduce or payoff the then remaining balance of the Loan. Grantor hereby appoints Bank as Grantor's attorney-in-fact to make any claim for, receive payment of, or execute or endorse all documents, checks or drafts for loss or damage or return of premium under such insurance. Each insurance policy shall provide that the insurance policy cannot be cancelled without thirty (30) days' prior written notice to Bank. Grantor agrees to furnish to Bank proof of each insurance policy insuring the Collateral by providing to Bank a copy of the certificate of insurance or the policy itself within ten (10) days following the date hereof. Should Grantor fail to insure the Collateral as herein required, Bank shall have the right, but not the obligation, to purchase insurance on the Collateral in such amounts, from such insurers and for such premiums, as Bank may deem appropriate. Grantor agrees to promptly reimburse Bank for all costs incurred in connection with obtaining such insurance plus an administrative fee of \$25.00 each month until Grantor provides evidence of such insurance satisfactory to Bank. Payment of such fee does not relieve Grantor from its obligation to obtain insurance. Grantor shall pay and discharge when due all taxes imposed on the Collateral. Further, Bank may discharge taxes, liens or other encumbrances at any time levied or placed on the Collateral and pay for the maintenance and preservation of the Collateral should Grantor fail to do so. Grantor agrees to promptly reimburse Bank on demand for any payment so made, and until such reimbursement, the amount so paid by Bank shall be added to the Indebtedness.

13. **Other Insurances.** So long as the Loan remains unpaid Grantor shall maintain and keep in full force and effect such insurances required by Bank issued by one or more recognized, financially sound and responsible insurance companies approved by Bank and qualified or authorized by applicable laws to assume the risks covered by such policies, coverages, limits and deductibles as required by Bank. All insurances shall at all times be the subject of such certificates, endorsements, assignments, evidences and other requirements as Bank may direct from time to time.

#### **COVENANTS; FINANCIAL REPORTING**

14. **Condition Subsequent.** Borrower agrees and covenants with Bank that it will, subsequent to the closing of the Loan and disbursements of the proceeds of the Loan, complete and fulfill any uncompleted and unfulfilled provisions or conditions contained in any letter of interest, proposal letter or conditions of closing issued for the Loan, as the same may be amended, revised, replaced, modified, reapproved or reissued from time to time, within any period prescribed by Bank.

15. **Affirmative Covenants.** So long as the Loan remains unpaid, Borrower will: (a) respond promptly (but in no event later than twenty (20) business days after) and completely to Bank's telephone and written inquiries regarding the status of the Business and the financial condition of Borrower; (b) for it and Guarantor, do or cause to be done all things necessary to obtain, enter into, preserve and keep in full force and effect all material licenses; (c) engage in the Business on the days and during the hours of operation established for the Business; (d) observe the applicable requirements of all Governmental Authorities and agents of Governmental Authorities and perform the terms of all material agreements relating thereto; and (e) notify Bank immediately of any (i) notice, claim or demand from any Governmental Authorities



which alleges that Borrower is in violation of any of the terms of, or has failed to comply with, any requirement of law regulating the Business; and (ii) other developments in the business or affairs of Borrower which could adversely affect the ability of Borrower to repay the Loan or comply with the provisions of the Loan Documents.

**16. Negative Covenants.** So long as the Loan remains unpaid, Borrower will not allow or suffer: (a) for it and Guarantor, any suspension, probation, failure to renew, cancellation, rescission, termination, lapse or forfeiture of any material license required for Borrower to conduct the Business; (b) the dismissal, resignation or other withdrawal from the Business, in whole or in part, of any owner, partner, member, trustee or shareholder; (c) the suspension of the operations of the Business for more than thirty (30) days; or (d) the filing or threat of any lien, interest, claim or encumbrance against the Collateral, or any part thereof, including but not limited to, any real estate in which a mortgage lien or deed of trust has been granted by Borrower or Guarantor to Bank as security for repayment of the Indebtedness.

**17. Hazardous Substances.** (a) Indemnity Regarding Hazardous Substances. Borrower will indemnify and hold harmless Bank from any loss or liability Bank incurs in connection with or as a result of this Agreement which directly or indirectly arises out of the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence of a Hazardous Substance. This indemnity will apply whether the Hazardous Substance is on, under or about Borrower's property or operations or property leased to Borrower. The indemnity includes but is not limited to attorneys' fees (including the reasonable estimate of the allocated cost of in-house counsel and staff). The indemnity extends to Bank, its parent, subsidiaries and all of their directors, officers, employees, agents, successors, attorneys and assigns. (b) Compliance Regarding Hazardous Substances. Borrower represents and warrants that Borrower has complied with all current and future laws, regulations and ordinances or other requirements of any governmental authority relating to or imposing liability or standards of conduct concerning protection of health or the environment or Hazardous Substances. (c) Notices Regarding Hazardous Substances. Until full repayment of the Loan, Borrower will promptly notify Bank in writing of any threatened or pending investigation of Borrower or its operations by any governmental agency under any current or future law, regulation or ordinance pertaining to any Hazardous Substance. (d) Site Visits, Observations and Testing. Bank and its agents and representatives will have the right at any reasonable time, after giving reasonable notice to Borrower, to enter and visit any locations where the Collateral is located for the purposes of observing the use of the Collateral, taking and removing environmental samples, and conducting tests. Borrower shall reimburse Bank on demand for the costs of any such environmental investigation and testing. Bank will make reasonable efforts during any site visit, observation or testing conducted pursuant to this paragraph to avoid interfering with Borrower's use of the Collateral. Bank is under no duty to observe the Collateral or to conduct tests, and any such acts by Bank will be solely for the purposes of protecting Bank's security and preserving Bank's rights under this Agreement. No site visit, observation or testing or any report or findings made as a result thereof ("Environmental Report"): (i) will result in a waiver of any default of Borrower; (ii) impose any liability on Bank; or (iii) be a representation or warranty of any kind regarding the Collateral (including its condition or value or compliance with any laws) or the Environmental Report (including its accuracy or completeness). In the event Bank has a duty or obligation under applicable laws, regulations or other requirements to disclose an Environmental Report to Borrower or any other party, Borrower authorizes Bank to make such a disclosure. Bank may also disclose an Environmental Report to any regulatory authority, and to any other parties as necessary or appropriate in Bank's judgment. Borrower further understands and agrees that any Environmental Report or other information regarding a site visit, observation or testing that is disclosed to Borrower by Bank or its agents and representatives is to be evaluated (including any reporting or other disclosure obligations of Borrower) by Borrower without advice or assistance from Bank. (e) Definition of Hazardous Substances. "Hazardous Substances" means any substance, material or waste that is or becomes designated or regulated as "toxic," "hazardous," "pollutant," or "contaminant" or a similar designation or regulation under any current or future federal, state or local law (whether under common law, statute, regulation or otherwise) or judicial or administrative interpretation of such, including without limitation petroleum or natural gas. (f) Continuing Obligation. Borrower's obligations to Bank under this Agreement, except the obligation to give notices to Bank, shall survive termination of this Agreement and repayment of the Loan.

#### **DEFAULT AND REMEDIES**

**18. Default Costs; Attorney Fees; Savings Clause.** Borrower agrees to pay to the order of Bank the following costs and fees, in addition to any late fees permitted under this Agreement, when incurred: (a) costs of foreclosure and of obtaining a judgment for money damages; and (b) fees and costs of attorneys employed by Bank for any purpose related to this Loan or the Loan Documents, including consultation, drafting documents, sending notices or instituting, prosecuting or defending any proceedings. Such proceedings include any arbitration, collection, bankruptcy, civil action, mediation, and counterclaim in which Bank pursues or prevails or post judgment action or appeal with respect to any of the foregoing. The fees and charges payable to Bank under this section are in addition to such other interest, fees and charges that Bank may assess against Borrower pursuant to other provisions of this Agreement and are part of the Indebtedness.

**19. Events of Default.** The following shall be Events of Default: (a) failure to make any Monthly Payment and the failure to make any payment of the Indebtedness and such failure continues for ten (10) days after it first becomes due; (b) Borrower or Guarantor defaults in the performance of any of their obligations or breaches any representation, covenant, or

warranty under any of the Loan Documents, or any other agreement with Bank or any affiliate of Bank; (c) the failure or refusal of Borrower or Guarantor to provide to Bank financial statements, reports or other information within twenty (20) days of Bank's request for same; (d) the uninsured loss or theft, or the destruction of the Collateral or the unpermitted sale, assignment or encumbrance of or on any Collateral; (e) attachment, execution or levy on any Collateral; (f) dissolution, termination of existence, insolvency, business failure, appointment of a receiver over any part of the property of Borrower or Guarantor, assignment for the benefit of creditors or the commencement of any proceedings under any bankruptcy or insolvency laws by or against Borrower or Guarantor; (g) Borrower or Guarantor, if an individual, dies or becomes disabled and a suitable replacement Borrower or Guarantor acceptable to Bank is not provided for the deceased Borrower or Guarantor within sixty (60) days of said death or disability; (h) if Borrower or Guarantor, without the prior written consent of Bank, stops doing business as a going concern, merges, consolidates, transfers all or substantially all of its assets to a third party or undergoes a substantial deterioration of financial condition; (i) an amendment or termination relating to a filed financing statement describing any of the Collateral is improperly filed by Borrower or Guarantor; or (j) Bank reasonably determines that there has been a material adverse change in the business, prospects, condition, affairs or operations of Borrower or Guarantor; or (k) Bank receives notification or is otherwise made aware that Borrower or Guarantor is listed as or appears on any lists of known or suspected terrorists or terrorist organizations provided to Bank by the U.S. government under the USA Patriot Act of 2001.

**20. Remedies on Default.** Upon the occurrence of an Event of Default, Bank may at its option, exercise one or more of the following remedies without notice or demand against each Borrower and each Guarantor, except as required by law: (i) if the proceeds of the Loan are not fully disbursed, cease, suspend or limit making additional advances under the Loan; (ii) declare the Indebtedness, or any part or parts thereof, immediately due and payable in full; (iii) charge interest at the default rate set forth under the section of this Agreement captioned "Default Rate of Interest" on all Indebtedness; (iv) exercise all of Bank's rights and remedies as a secured party, including the right to enter any premises where the Collateral may be located without legal process and take possession of and remove the Collateral which, upon request of Bank, Borrower agrees to assemble and to make available at a place designated by Bank; (v) sell, lease or otherwise dispose of any Collateral at public or private sale and collect any deficiency balance with or without resorting to legal process; (vi) if permitted by applicable law or order of court, require Borrower to assign and transfer custody of its customer files, records, charts and lists to a duly licensed professional, business operator, receiver, keeper or custodian selected by Bank in its sole discretion, to execute such documents as Bank deems necessary to effect such assignment and transfer, and to turn over and remit to Bank the proceeds from any said transfer or assignment for value; (vii) request from a court of appropriate jurisdiction that a duly licensed professional, business operator, receiver, keeper or custodian be appointed over the management, control and supervision of the Business and the Collateral, and Borrower and Guarantor authorize, approve and consent to such proceeding and appointment; or (viii) exercise any other right or remedy available to Bank at law or in equity. Bank has no obligation to clean up or otherwise prepare the Collateral for sale. Bank has no obligation to attempt to satisfy the Indebtedness by collection from any other person liable therefore, and Bank may release, modify or waive any Collateral without affecting Bank's rights against Borrower or Guarantor, each of whom waive any right he/she/it may have to require Bank to pursue any third person for any of the Indebtedness. Bank may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be construed to adversely affect the commercial reasonableness of any sale of the Collateral. Bank may sell the Collateral without giving any warranties with respect thereto and may specifically disclaim any warranties of title or the like. This procedure will not be construed to adversely affect the commercial reasonableness of any sale of the Collateral. Bank shall have no obligation to marshal any assets in favor of Borrower or against Borrower in payment of the Loan or any of the Indebtedness.

**21. Waiver of Presentment and Notice.** Borrower and all endorsers, Guarantor, and other parties who may now or in the future be primarily or secondarily liable for payment of the Loan evidenced hereby, waive presentment for payment, demand, notice of nonpayment, notice of dishonor, protest, notice of protest and all other notices in connection with the delivery, acceptance, performance, default or enforcement of this Agreement or any payment made pursuant to its terms.

**22. Joint and Several Liability.** The liability of Borrower and Guarantor is joint and several and, upon an Event of Default under this Agreement, Bank may proceed with action, judicial or otherwise, to collect the Indebtedness due from Borrower and Guarantor, individually or jointly. Borrower and Guarantor specifically agree, consent and authorize Bank to settle the whole or any part of the Loan with either Borrower or Guarantor, or any one or more of them, without the express consent or authorization of any of them, and that Bank may proceed to collect any remaining balance due under the Loan after any said settlement from any party remaining liable under this Agreement. Bank may pursue, at its election, any nonjudicial or judicial proceedings to liquidate the Collateral to satisfy the Loan, and such election shall not preclude Bank from pursuing either Borrower or Guarantor for any remaining balance due under the Loan, or from pursuing the liquidation of any other Collateral in satisfaction of the Loan.

**23. Setoff.** (a) In addition to any rights and remedies of Bank provided by law, Borrower grants to Bank a security interest in, and the contractual right to set off and apply, at any time, any and all Property of Borrower held by Bank or any of its affiliates or subsidiaries against any and all Indebtedness owing to Bank. The set-off may be made irrespective of whether or not Bank shall have made demand under this Agreement or any guaranty, and although such Indebtedness

may be contingent or unmatured or denominated in a currency different from that of the applicable Property. (b) The set-off may be made without prior notice to the Borrower or any other party, any such notice being waived by Borrower to the fullest extent permitted by law. Bank agrees promptly to notify Borrower after any such set-off and application; however, the failure to give such notice shall not affect the validity of the set-off and application. (c) For the purposes of this "Setoff" section: "Property" means any deposits (general or special, time or demand, provisional or final, individual or joint) and any instruments, securities, documents, chattel paper, credits, and any other property, rights, and interests of Borrower that come into the possession or custody or under control of Bank or any of its affiliates or subsidiaries. **TO THE EXTENT PERMITTED BY LAW, ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL THAT SECURES THE LIABILITIES PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS, OR OTHER PROPERTY OF BORROWER, ARE HEREBY VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVED.**

**24. Powers and Authority.** Each Borrower and Guarantor represents and warrants that he/she/it has the power and authority to incur the obligations hereunder and to execute, deliver and perform the Loan Documents, and certifies that each of their signatures hereto is genuine. The execution and delivery by Borrower and Guarantor of the Loan Documents will not contravene or violate any law or any contract to which Borrower or Guarantor is a party.

**25. Waivers.** No delay or omission by Bank in exercising any right or remedy under this Agreement shall impair any right or remedy, waive or operate as an acquiescence to the Event of Default or affect any subsequent default of the same or a different nature.

**26. Choice of Law; Jurisdiction; Venue.** Except to the extent that any law of the United States may apply, this Agreement shall be governed and interpreted according to the internal laws of Borrower's principal place of business (the "Governing Law State"), without regard to any choice of law, rules or principles to the contrary. However, the charging and calculating of interest on the obligations under this Agreement shall be governed by, construed and enforced in accordance with the laws of the State of North Carolina and applicable federal law. Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of Bank under federal law. Borrower, Guarantors and Bank agree and consent to be subject to the personal jurisdiction of any state or federal court located in the Governing Law State so that trial shall only be conducted by a court in that state.

**27. Waiver of Class Actions.** The terms "Claim" or "Claims" refer to any disputes, controversies, claims, counterclaims, allegations of liability, theories of damage, or defenses between Bank, on the one hand, and the other parties to this Agreement, on the other hand (all of the foregoing each being referred to as a "Party" and collectively as the "Parties"). Whether in state court, federal court, or any other venue, jurisdiction, or before any tribunal, the Parties agree that all aspects of litigation and trial of any Claim will take place without resort to any form of class or representative action. Thus the Parties may only bring Claims against each other in an individual capacity and waive any right they may have to do so as a class representative or a class member in a class or representative action. **THIS CLASS ACTION WAIVER PRECLUDES ANY PARTY FROM PARTICIPATING IN OR BEING REPRESENTED IN ANY CLASS OR REPRESENTATIVE ACTION REGARDING A CLAIM.**

**28. Dispute Resolution Provision.** This section and its subsections below are referred to as the "Dispute Resolution Provision." Bank and Borrower (and any other party to this Agreement) agree that this Dispute Resolution Provision is a material inducement for their entering into this Agreement.

- (a) This Dispute Resolution Provision concerns the resolution of any disputes, controversies, claims, counterclaims, allegations of liability, theories of damage, or defenses (collectively, a "Claim" or "Claims") between Bank, on the one hand, and Borrower and any obligor, on the other hand (each side being, for the purposes of this Dispute Resolution Provision, a "Party" and the two sides together being the "Parties"), regardless of whether based on federal, state, or local law, statute, ordinance, regulation, contract, common law, or any other source, and regardless of whether foreseen or unforeseen, suspected or unsuspected, or fixed or contingent at the time of this Agreement, including but not limited to Claims that arise out of or relate to: (i) this Agreement (including any renewals, extensions or modifications); or (ii) any document related to this Agreement. For the purposes of this Dispute Resolution Provision only, the terms "Bank" or Party or Parties (to the extent referring to or including Bank) shall include any parent corporation, subsidiary or affiliate of Bank.
- (b) The Parties agree that at the request of any Party to this Agreement, any Claim shall be resolved by binding arbitration. The Claims shall be governed by the laws of the Governing Law State without regard to its conflicts of law principles. The Federal Arbitration Act, 9 U.S.C. §§ 1 et seq. (the "Act"), shall apply to the construction, interpretation, and enforcement of this Dispute Resolution Provision, as well as to the confirmation of or appeal from any arbitration award.
- (c) Arbitration proceedings will be determined in accordance with the Act, the then-current Commercial Finance rules and procedures of the American Arbitration Association or any successor thereof ("AAA") (or any successor rules for arbitration of financial services disputes), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. The arbitration shall be administered by the Parties and not the AAA and shall be conducted, unless otherwise

required by law, at a location selected solely by Bank in any U.S. state where real or tangible personal property collateral for this credit is located or where Borrower has a place of business. If there is no such state, Bank shall select a location in the Governing Law State.

- (d) If aggregate Claims are One Million Dollars (\$1,000,000) or less:
- (i) All issues shall be heard and determined by one neutral arbitrator. The arbitrator shall have experience with commercial financial services disputes and, if possible, prior judicial experience, and shall be selected pursuant to the AAA "Arbitrator Select: List and Appointment" process, to be initiated by Bank. If the AAA "Arbitrator Select: List and Appointment" process is unavailable, Bank shall initiate any successor process offered by the AAA or a similar process offered by any other nationally recognized alternative dispute resolution organization.
  - (ii) Unless the arbitrator has a dispositive motion under advisement or unforeseeable and unavoidable conflicts arise (as determined by the arbitrator), all arbitration hearings shall commence within ninety (90) days of the appointment of the arbitrator, and under any circumstances the award of the arbitrator shall be issued within one hundred twenty (120) days of the appointment of the arbitrator.
  - (iii) A Party shall be entitled to take no more than two (2) fact depositions, one or both of which may be taken in accordance with Fed. R. Civ. P. 30(b)(6), plus depositions of any experts designated by the other Party, each of seven (7) hours or less, during pre-hearing discovery.
  - (iv) There shall be no written discovery requests except a Party may serve document requests on the other Party not to exceed twenty (20) in number, including subparts. The requests shall be served within forty-five (45) days of the appointment of the arbitrator and shall be responded to within twenty-one (21) days of service.
- (e) If aggregate Claims exceed One Million Dollars (\$1,000,000):
- (i) The issues shall be heard and determined by one neutral arbitrator selected as above unless either Party requests that all issues be heard and determined by three (3) neutral arbitrators. In that event, each Party shall select an arbitrator with experience with commercial financial services disputes, and the two arbitrators shall select a third arbitrator, who shall have prior judicial experience. If the arbitrators cannot agree, the third arbitrator shall be selected pursuant to the AAA "Arbitrator Select: List and Appointment" process, to be initiated by Bank.
  - (ii) Unless the arbitrator(s) have a dispositive motion under advisement or other good cause is shown (as determined by the arbitrator(s)), all arbitration hearings shall commence within one hundred twenty (120) days of the appointment of the arbitrator(s), and under any circumstances the award of the arbitrator(s) shall be issued within one hundred eighty (180) days of the appointment of the arbitrator(s).
  - (iii) A Party shall be entitled to take no more than five (5) fact depositions, one or more of which may be taken in accordance with Fed. R. Civ. P. 30(b)(6), plus depositions of any experts designated by the other Party, each of seven (7) hours or less, during pre-hearing discovery.
  - (iv) There shall be no written discovery requests except a Party may serve document requests on the other Party not to exceed thirty (30) in number, including subparts. The requests shall be served within forty-five (45) days of the appointment of the arbitrator(s) and shall be responded to within twenty-one (21) days of service.
- (f) Where a Party intends to rely upon the testimony of an expert on an issue for which the Party bears the burden of proof, the expert(s) must be disclosed within thirty (30) days following the appointment of the arbitrator(s), including a written report in accordance with Fed. R. Civ. P. 26(a)(2)(B). The arbitrator(s) shall exclude any expert not disclosed strictly in accordance herewith. The other Party shall have the right within thirty (30) days thereafter to take the deposition of the expert(s) (upon payment of the expert's reasonable fees for the in-deposition time), and to identify rebuttal expert(s), including a written report in accordance with Fed. R. Civ. P. 26(a)(2)(B).
- (g) The arbitrator(s) shall consider and rule on motions by the Parties to dismiss for failure to state a claim; to compel; and for summary judgment, in a manner substantively consistent with the corresponding Federal Rules of Civil Procedure. The arbitrator(s) shall enforce the "Apex" doctrine with regard to requested depositions of high-ranking executives of both Parties. The arbitrator(s) shall exclude any Claim not asserted within thirty (30) days following the demand for arbitration. This shall not prevent a Party from revising the calculation of damages on any existing theory. All discovery shall close at least one (1) week before any scheduled hearing date, and all hearing exhibits shall have been exchanged by the same deadline or they shall not be given weight by the arbitrator(s).
- (h) The arbitrator(s) will give effect to applicable statutes of limitation in determining any Claim and shall dismiss the Claim if it is barred by the statutes of limitation. For purposes of the application of any statutes of limitation, the service of a written demand for arbitration or counterclaim pursuant to the Notices provision of this Agreement is the equivalent of the filing of a lawsuit. At the request of any Party made at any time, including at confirmation of an award, the resolution of a statutes of limitation defense to any Claim shall be

decided de novo by a court of competent jurisdiction rather than by the arbitrator(s). Otherwise, any dispute concerning this Dispute Resolution Provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as otherwise set forth in this Dispute Resolution Provision.

- (i) The arbitrator(s) shall have the power to award legal fees and costs relating to the arbitration proceeding and any related litigation or arbitration, pursuant to the terms of this Agreement. The arbitrator(s) shall provide a written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.
- (j) This subparagraph applies to Claims brought in a California state court: Any Claim which is not arbitrated and which is brought by any Party in a California state court shall be resolved by a general reference to a referee (or a panel of referees) as provided in California Code of Civil Procedure Section 638. The referee (or presiding referee of the panel) shall be a retired Judge or Justice of the California state court system. The referee(s) shall be selected by mutual written agreement of the parties. If the parties do not agree, the referee(s) shall be selected by the Presiding Judge of the Court (or his or her representative) as provided in California Code of Civil Procedure Section 640. The referee(s) shall hear and determine all issues relating to the Claim, whether of fact or of law, and shall do so in accordance with the laws of the Governing Law State and the California rules of evidence and civil procedure, and shall report a statement of decision. The referee(s) shall be empowered to enter equitable and legal orders that will be binding on the parties, and rule on any motion which would be authorized in court litigation, including without limitation motions to dismiss, for summary judgment, or for summary adjudication. The referee(s) shall award legal fees and costs (including the fees of the referee(s)) relating to the judicial reference proceeding, and to any related litigation or arbitration, in accordance with the terms of this Agreement. The award that results from the decision of the referee(s) shall be entered as a judgment in the court that appointed the referee(s), in accordance with the provisions of California Code of Civil Procedure Sections 644(a). Pursuant to California Code of Civil Procedure Sections 645, the parties reserve the right to seek appellate review of any judgment or order, including but not limited to, orders pertaining to class certification, to the same extent permitted in a court of law.
- (k) The filing of a court action is not intended to constitute a waiver of the right of any Party, including the suing Party, thereafter to require submittal of the Claims to arbitration, unless the Party fails to make such demand for arbitration within ninety (90) days following the filing of the court action.
- (l) This Dispute Resolution Provision does not limit the right of any Party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights; or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.
- (m) Any arbitration or court trial (whether before a judge or jury or pursuant to judicial reference) of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). **THE CLASS ACTION WAIVER PRECLUDES ANY PARTY FROM PARTICIPATING IN OR BEING REPRESENTED IN ANY CLASS OR REPRESENTATIVE ACTION REGARDING A CLAIM.** Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court or referee and not by an arbitrator. The Parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the Parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the Parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. **THE PARTIES ACKNOWLEDGE AND AGREE THAT UNDER NO CIRCUMSTANCES WILL A CLASS ACTION BE ARBITRATED.**
- (n) The arbitration proceedings shall be private. All documents, transcripts, and filings received by any Party shall not be disclosed by the recipient to any third parties other than attorneys, accountants, auditors, and financial advisors acting in the course of their representation, or as otherwise ordered by a court of competent jurisdiction. Any award also shall be kept confidential, although this specific requirement shall be void once the award must be submitted to a court for enforcement. The Parties agree that injunctive relief, including a temporary restraining order, from a trial court is the appropriate relief for breach of this paragraph, and they waive any security or the posting of a bond as a requirement for obtaining such relief.
- (o) By agreeing to binding arbitration or judicial reference, the Parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit this agreement to arbitrate or for judicial reference, to the extent any Claim is not arbitrated or submitted to judicial reference, the Parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim. This waiver of jury trial shall remain in effect even if the Class Action Waiver is limited, voided or found unenforceable. **WHETHER THE CLAIM IS DECIDED BY ARBITRATION, JUDICIAL REFERENCE**

**OR BY TRIAL BY A JUDGE, THE PARTIES AGREE AND UNDERSTAND THAT THE EFFECT OF THIS DISPUTE RESOLUTION PROVISION IS THAT THEY ARE GIVING UP THE RIGHT TO TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW. EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER DOCUMENTS CONTEMPLATED HEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION AND (iii) CERTIFIES THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE.**

29. **Bank's Liability; Indemnity.** Bank shall not be liable to Borrower or Guarantor for any indirect, consequential, punitive, or special damages of any kind or nature arising in connection with the Loan, the Loan Documents, the Collateral or the Indebtedness. Borrower agrees to indemnify, defend and hold Bank, its parent and affiliates, and its and their officers, directors, employees and agents harmless from and against all loss, liability and expense, including reasonable attorney's fees and expenses, of whatever kind and nature, imposed on, incurred by or asserted against Bank that in any way relate to or arise out of the Loan, the Loan Documents, the Collateral or the Indebtedness, including but not limited to: (a) the selection, manufacture, purchase, acceptance or rejection of any item of the Collateral or the ownership of the Collateral; (b) the delivery, lease, possession, maintenance, use, condition, return or operation of the Collateral; (c) payment of property, use, franchise or other taxes imposed on the Collateral when payment of said taxes is demanded or requested from Bank by any taxing authority; (d) any patent or copyright infringement; (e) the conduct of Borrower or any Provider, and their respective officers, employees and agents; and (f) a breach by Borrower of any of its covenants or obligations hereunder. This provision shall survive expiration or termination of this Agreement.

30. **Borrower Information; Reporting to Credit Bureaus.** Borrower authorizes Bank at any time to verify or check any information given by the Borrower to Bank, check Borrower's credit references, verify employment, and obtain credit reports. Borrower agrees that Bank shall have the right at all times to disclose and report to credit reporting agencies and credit rating agencies such information pertaining to Borrower and Guarantor as is consistent with Bank's policies and practices from time to time in effect.

31. **Binding Effect; Assignment.** This Agreement is binding upon and shall inure to the benefit of Borrower, Guarantor and Bank and each of their respective successors, heirs, personal representatives and permitted assigns, if any. Borrower and Guarantor may not assign this Agreement without the express written consent of Bank. Bank may assign its rights and obligations under this Agreement at any time without the consent of Borrower or Guarantor. Borrower and Guarantor agree that the rights of Bank's assignee will not be subject to claims, defenses or setoffs that Borrower or Guarantor may have against Bank. Borrower and Guarantor will pay Bank's assignee hereunder regardless of any claims, defenses or setoffs that Borrower or Guarantor may have against Bank. Borrower and Guarantor agree that Bank is not an agent of a third party assignee of Bank and that Bank has no affiliation with such assignee except for such assignment.

32. **Disclaimer of Warranties.** Bank makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for a particular purpose or fitness for use of the Collateral or any other warranty or representation, express or implied, with respect thereto. Borrower acknowledges that Borrower independently selected and determined the suitability of the Collateral for Borrower's intended use, without being advised by Bank. In no event shall Bank be liable for any loss or damage in connection with or arising out of the existence, furnishing, functioning or Borrower's use of any item or products or services financed by the Loan. No vendor, dealer, seller, distributor, consultant, supplier, broker or salesperson is an agent of Bank or its assignee with respect to the Loan, the Loan Documents, the Collateral or the Indebtedness, nor are they authorized to waive or alter the terms of the Loan Documents, and their representations shall in no way affect Borrower's or Bank's rights and obligations as herein set forth. Borrower has no, and waives, discharges and releases all, and agrees not to assert any, defenses affirmative or otherwise, rights of setoff, rights of recoupment, claims, counterclaims, actions or causes of action of any kind or nature whatsoever against Bank, directly or indirectly, arising out of, based upon, or in any manner connected with the Loan, the Loan Documents, the Collateral, the Indebtedness, or the Business and any and all related assets being purchased and financed by Borrower with the proceeds of the Loan, or any related transaction, event, circumstance, action, failure to act, or occurrence of any sort or type, whether known or unknown, which occurred, existed, was taken, permitted, or begun prior to the execution of this Agreement.

33. **Inspection.** Upon prior notice, Borrower shall permit any authorized representatives designated by Bank, at Bank's expense, so long as Borrower is indebted to Bank or this Agreement is in effect, to visit and inspect any of the properties of Borrower, and its subsidiaries, affiliates or divisions, the Collateral therein situated, and the books of account of Borrower, and to make copies and take extracts therefrom, and to discuss Borrower's affairs, finances and accounts with Borrower, and its officers, agents and accountants, all at such reasonable times and as often as requested.

34. **Construction.** The parties have participated jointly in the negotiation and review of this Agreement, and, in the event of any ambiguity or question of intent or interpretation, no presumption or burden of proof shall arise favoring or

disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

**35. Independent Review and Advice.** Borrower and Guarantor are advised to seek independent legal, tax and financial counsel regarding this Agreement. In the event that they decline to seek such counsel, it is intended to be a waiver thereof, and that such waiver has been freely given. Borrower and Guarantor warrant and represent to Bank that they have received a complete copy of this Agreement and have read same and in so doing have obtained legal counsel or had the opportunity to consult with legal counsel in this regard. Borrower and Guarantor acknowledge that no one else made any promise, representation or warranty whatsoever, express or implied, concerning this Agreement and further acknowledge that they have not executed this Agreement in reliance on any such promise, representation or warranty.

**36. No Novation.** Borrower and Guarantor expressly agree that any existing Indebtedness of Borrower to Bank, which may be refinanced by this Agreement, shall not constitute a novation and that all rights, powers, liens, titles and estates created by virtue of past obligations, and the security interests therein given by Borrower or Guarantor to Bank, are hereby acknowledged as valid and existing liens against the Collateral.

**37. No Third Party Beneficiaries.** Borrower and Guarantor intend that the benefits of this Agreement shall inure only to Borrower, Guarantor and Bank. Notwithstanding anything contained herein, or any conduct or course of conduct by any party hereto, before or after signing this Agreement, this Agreement shall not be construed as creating any right, claim or cause of action against Borrower, Guarantor or Bank by any other person or entity, other than Bank's assignee or holder by assignment of this Agreement.

**38. No Waivers; Cumulative Remedies.** No delay on the part of Bank or of the owner or holder of this Agreement in exercising 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. The rights and remedies set forth in this Agreement are cumulative and not exclusive to any rights or remedies that Bank or any subsequent owner or holder of this Agreement would otherwise have.

**39. Notices.** Any notices required or permitted to be given under this Agreement by any party to the other shall be in writing and shall be deemed delivered upon personal delivery; twenty-four (24) hours following transmission by facsimile with confirmation; twenty-four (24) hours following deposit with a courier for overnight delivery; or seventy-two (72) hours following deposit in the U.S. Mail, registered or certified mail, postage prepaid, return-receipt requested, addressed to the parties at the following addresses or to such other addresses as the parties may specify in writing: If to Bank: Bank of America, NA, Document Retention Center, NC1-001-05-13, One Independence Center, 101 North Tryon Street, Charlotte, North Carolina 28255-0001; if to Borrower, at the name and address specified by Borrower; and if to Guarantor, at the name and address specified for Guarantor in this Agreement and any separate contract of guaranty.

**40. Severability.** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained in it.

**41. Supersession and Merger; Counterparts.** This Agreement and any rider, addendum, or amendment executed in connection with it, constitute the entire agreement among the parties hereto, and supersedes all prior or contemporaneous agreements and understandings, both written and oral, among the parties with respect to the subject matter of it. All representations and negotiations, oral or written, concerning the subject of this Agreement are fully merged into this Agreement. Borrower and Guarantor acknowledge that no representations, inducements, promises, or agreements, orally or otherwise, have been made by Bank, or by anyone acting on behalf of Bank, that are not embodied in this Agreement, and that no other agreement, statement, or promise, oral or otherwise, shall be valid or binding if it is not contained in this Agreement, or in any document or writing relating to this Agreement and signed by Bank. This Agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original, and all of which when taken together shall constitute one and the same Agreement.

**42. Headings.** The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

**43. Definitions.** As used in this Agreement, the capitalized terms set forth below shall have the following meanings: (a) "Bank" means Bank of America, N.A., and its affiliates, successors and assigns; (b) "Borrower" means the individual or individuals, or entity or entities, whose name or names appears on the first page of this Agreement, and its successors and assigns; (c) "Business" means the trade, practice, profession or business of Borrower or Guarantor; (d) ["Collateral" means all of the business personal property and business assets of Borrower, and if applicable, any Guarantor, wherever located, and now owned or hereafter acquired, including without limitation: (i) accounts, including health care receivables; (ii) chattel paper, including electronic chattel paper; (iii) goods and inventory, including software; (iv) equipment; (v) instruments, including promissory notes; (vi) investment property; (vii) documents; (viii) deposit accounts; (ix) letters-of-credit and letter-of-credit rights; (x) general intangibles, including payment of intangibles, goodwill, licenses, intellectual property and tax returns; (xi) commercial tort claims and supporting obligations; (xii) fixtures, including furnishings and improvements; (xiii) a purchase money security interest in any and all of the Collateral, including but not limited to, equipment, goods and inventory purchased using the proceeds from Loan; and, (xiv) to the extent not listed in the foregoing, all additions, parts, accessories, accessions, and appurtenances appertaining or attaching thereto, and all other



substitutions, replacements, renewals and improvements of any of the foregoing, and all proceeds, products, rents, issues, income, profits and avails of the foregoing, including proceeds from insurance from the loss, theft, or destruction of the Collateral. In addition, the term "Collateral" includes all proceeds, products and supporting obligations of the Collateral, including but not limited to all stock rights, subscription rights, dividends, stock dividends, stock splits, or liquidating dividends, and all cash, money, accounts, chattel paper, electronic chattel paper, instruments, investment property, promissory notes and general intangibles arising from the sale, rent, lease, casualty loss or other disposition of the Collateral, and any Collateral returned to, repossessed by or stopped in transit by Borrower, or if applicable, by Guarantor, and all insurance claims relating to any of the Collateral. The term "Collateral" further includes all of Borrower's, or if applicable, all of Guarantor's, right, title and interest in and to all customer lists, files and records, and books, records and data relating to the Collateral identified above, regardless of the form of media containing such information or data, and all software necessary or desirable to use any of the Collateral identified above or to access, retrieve or process any of such information or data. Where the Collateral is in the possession of Bank or the Bank's agent, Borrower, or if applicable, Guarantor, agrees to deliver to Bank any property that represents an increase in the Collateral or the profits or proceeds of the Collateral.]. ["Collateral" means a purchase money security interest in the following equipment **[describe equipment]**, and to the extent not listed in the foregoing, all additions, parts, accessories, accessions, and appurtenances appertaining or attaching thereto, and all other substitutions, replacements, renewals and improvements thereof, and all proceeds, products, rents, issues, income, profits and avails thereto, including proceeds from insurance from the loss, theft, or destruction of the Collateral, and further includes all of Borrower's or Guarantor's right, title and interest in and to all books, records and data relating to the Collateral, regardless of the form of media containing such information or data, and all software necessary or desirable to use any of the Collateral to access, retrieve or process any of such information or data.] (e) "Effective Date" means the date set forth on page one (1) of this Agreement; (f) "Events of Default" means those actions or inactions specified in the section of this Agreement captioned "Events of Default"; (g) "Governmental Authorities" means, collectively, any federal, state or local government, and other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any department, agency or instrumentality thereof; (h) "Grantor" means any person, individual or entity, including any Borrower or Guarantor, who mortgages, pledges, assigns, transfers, conveys or sets over any interest, in whole or in part, in the Collateral, or any other legal or equitable interest in any real or personal or tangible or intangible property as security for repayment of the Indebtedness; (i) "Guarantor" means, collectively, jointly and severally, the entity or entities, or the individual or individuals, whose names appear after the end of the Guaranty section of this Agreement for the signature(s) of Guarantor(s), or on any other guaranty agreement of the Indebtedness; (j) "Indebtedness" means the Loan plus all interest, fees and expenses due or to become due to Bank pursuant to the terms hereof [and also any and all other indebtedness, obligations and liabilities of Borrower to Bank or any affiliate of Bank, whether now existing or hereafter arising, absolute or contingent, due or to become due, liquidated or unliquidated, direct or indirect], including all interest, fees and expenses incurred in connection therewith and any of the foregoing that arises after the filing of a petition by or against Borrower under the United States Bankruptcy Code, even if the indebtedness, liabilities and obligations are not allowed claims under the United States Bankruptcy Code provided however, that the term "Indebtedness" shall not include: (i) any indebtedness, obligations, debts or liabilities which are or may hereafter be "consumer credit" subject to the disclosure requirements of the Federal Truth in Lending Act or any regulation promulgated thereunder or (ii) any swap or other hedge obligation as to which, and only to the extent that, Borrower, Guarantor or Grantor's undertaking with respect to such swap or other hedge obligation is or becomes illegal under the Commodity Exchange Act because the applicable Borrower, Guarantor or Grantor does not constitute an "eligible contract participant" as defined in the act (determined after giving effect to any keepwell, support or other agreement for the benefit of such Borrower, Guarantor or Grantor and all guarantors of such indebtedness, liabilities and obligations by the others) when such guaranty or grant of lien becomes effective with respect to such indebtedness, liabilities and obligations; (k) "Loan" means the loan made to Borrower or for the benefit of Borrower for the amount set forth as the "Loan Amount" on the first page of this Agreement; (l) "Loan Documents" means this Agreement, any and all promissory notes and any and all other documents, instruments, guarantees, certificates, agreements, loan agreements, security agreements, guaranties, deeds of trust, mortgages, assignments or other contracts with or for the benefit of Bank, or securing or evidencing payment of any Indebtedness of Borrower or any Guarantor, previously, simultaneously or hereafter executed and delivered by Borrower, any Guarantor and any other person in connection with the Loan or any of the other Indebtedness, all as the same may be amended, modified, restated, substituted, extended and renewed at any time and from time to time; (m) "Maturity Date" means the date set forth on the first page of this Agreement as the "Maturity Date" on which date the final Monthly Payment is due under the Term, or, if sooner, the date on which Bank accelerates payment of the Loan; (n) "Payment Date" means the day of the month scheduled by Bank for the Monthly Payment; (o) "Provider" means any individual, person, vendor, dealer, seller, distributor, consultant, supplier, broker or salesperson or entity providing, furnishing, supplying or delivering services, labor, material, equipment or other goods to or for the benefit of Borrower; (p) "Term" means the period from the Effective Date until the final Payment Date for the last Monthly Payment; and (q) "UCC" means the Uniform Commercial Code, as adopted by and codified into the laws of the Governing Law State, as the same may be amended from time to time.



**44. Financial Information.** If requested by Bank by written notice to Borrower, Borrower shall provide the following financial information and statements in form and content acceptable to Bank, and such additional information as requested by Bank from time to time: Within [one hundred twenty (120)] days of Borrower's fiscal year end: (i) the annual financial statements of Borrower and each Guarantor who is an organized legal entity certified and dated by an authorized financial officer. These financial statements may be company-prepared; and (ii) a properly completed signed and dated personal financial statement of each Borrower and Guarantor who is an individual on Bank's form with all questions fully answered and all schedules completed in their entirety, including all requested income and expense information and contingent liabilities disclosure; provided that, if the party providing the financial information uses his or her own automated financial statement, they may supplement the statement with supporting schedules, certifications or other details so that all information requested on Bank's financial statement form is provided in lieu of using such form; and (iii) copies of the federal income tax return(s) of Borrower and each Guarantor, including copies of any K-1s and all other schedules, in the form filed with the Internal Revenue Service (as well as any subsequent amendments or supplements); and (iv) if requested by Bank, authentications of such documents (whether in the form of signed copies or otherwise) satisfactory to Bank or copies. Each financial statement of Borrower and Guarantor required above must be accompanied by a certificate substantially in the form of the compliance certificate required by Bank, signed by the party submitting the information or, if such party is a business entity, an authorized financial officer of the party. The compliance certificate shall state whether there existed as of the date of such financial statements, and whether there exists as of the date of the certificate, any event of default under this Agreement and, if any such default exists, specifying the nature thereof and the action the party is asking and proposes to take with respect thereto. Bank reserves the right, upon written notice to Borrower, to require Borrower to deliver financial information and statements to Bank more frequently than as otherwise provided herein, and to use such additional information and statements to measure any applicable financial covenants in this Agreement.

**45. Global Cash Flow to Debt Service Coverage Covenant.** At all times during the Term, Borrower must maintain a Global Cash Flow to Debt Service Coverage Ratio of not less than [1.15] to 1.00. For purposes of measuring this covenant, "Global Cash Flow To Debt Service" is defined as the sum of the net profit from all of the Businesses of Borrower and/or Guarantors (herein for this covenant collectively "Obligors") and, if applicable, any management company of Obligors, plus owner's compensation, plus all W-2 compensation of any Guarantors that are non-owners, plus interest expense, plus depreciation expense, plus amortization expense, plus automobile expense, plus (or minus) net cash flow of Obligors' real estate holdings unrelated to any Businesses, plus Net Operating Income of Obligors' real estate holdings directly related to the Businesses and, if applicable, any management company of Obligors, plus (or minus) State or Federal income taxes divided by Debt Service, as of the end of the first full calendar year of the Term, and continuing thereafter through the Term. For purposes of measuring this covenant, "Debt Service" equals, for the Businesses, the aggregate debt payments of principal and interest of Obligors, plus capital lease payments, plus personal living Expenses of Obligors who are individuals. Also, for purposes of measuring this covenant, "Net Operating Income" equals net profit from real estate holdings, plus interest expense, plus depreciation expense, plus amortization expense. Also, for purposes of measuring this covenant, "Net Cash Flow" equals net profit from real estate holdings of Obligors who are individuals, plus interest expense, plus depreciation expense, less annual mortgage payments.

**46. Prepayments and Partial Payments.**

Notwithstanding anything to the contrary herein contained, Borrower may at any time make payments to Bank to reduce the principal balance, provided however, that Borrower agrees it will not tender a payment to reduce the principal balance as a payoff of the entire balance of the Loan, unless said payment for payoff of the Loan is submitted to Bank along with a payoff statement obtained by Borrower from Bank's Payoff Department. Borrower is required to contact Bank's Payoff Department at 1-888-400-9009 to obtain a payoff statement for the Loan. Any payments made to reduce the principal balance, as permitted herein, shall not result in a change or increase in the monthly payments due under this Agreement or the interest rate charged on the Loan.]

The undersigned signer represents, covenants and warrants to Bank that he or she is signing this Agreement as the duly authorized sole proprietor, owner, sole shareholder, officer, member, managing member, partner, trustee, principal, agent or representative of Borrower, and further acknowledges and confirms to Bank that by said signature he or she has read and understands all of the terms and provisions contained in this Agreement and agrees and consents to be bound by them. This Agreement and any instrument or agreement required hereunder, are within the Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers. The individuals signing this Agreement on behalf of each Borrower are authorized to sign such documents on behalf of such entities.

**Borrower:**

\_\_\_\_\_  
By: \_\_\_\_\_ [(Seal)]  
Type Name:  
Title:

\_\_\_\_\_  
Type Name: individually [(Seal)]

\_\_\_\_\_  
Type Name: individually [(Seal)]

**AUTHORIZATION TO DEBIT ACCOUNT**

The undersigned acknowledge(s) the provisions of the section of this Agreement captioned "Direct Debit", and agree(s) that the account shown therein may be debited as set forth therein. The undersigned is/are the owner(s) of the account.

\_\_\_\_\_  
By \_\_\_\_\_  
Typed Name \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Typed Name \_\_\_\_\_  
Title \_\_\_\_\_

[Address: \_\_\_\_\_  
\_\_\_\_\_

**GUARANTY**

1. **Guaranty.** To the extent applicable, all of the terms and conditions in the foregoing sections of this Agreement apply to each Guarantor, and are incorporated into and made part of these provisions for this guaranty. Each Guarantor absolutely, unconditionally, jointly and severally guarantees the prompt payment when due of all Indebtedness. If Borrower fails to pay all or any part of any Indebtedness when due, Guarantor shall immediately pay to Bank the outstanding balance of all Indebtedness, regardless of whether or not Bank first pursues Borrower or exhausts any of its rights or remedies against Borrower or the Collateral. If Guarantor consists of more than one individual or entity, each Guarantor shall be jointly and severally liable to Bank with respect to all guaranteed obligations, including, without limitation, the Indebtedness.

2. **Inducement to Bank.** Each Guarantor: (a) acknowledges that Bank would not have extended any credit, including credit evidenced by the Indebtedness, to Borrower but for the guaranty; (b) represents and warrants that Guarantor has given its guaranty to induce Bank to extend and to continue to extend credit to Borrower; (c) agrees that Bank may rely on the guaranty in extending future credit to Borrower; (d) represents and warrants that each Guarantor has received good and valuable consideration for the guaranty; (e) waives acceptance of the guaranty; (f) represents and warrants that Guarantor has not given the guaranty in reliance upon the existence of any Collateral; (g) acknowledges receipt of notice of all Indebtedness existing before the date Guarantor signs this Agreement; (h) waives notice of any increases in the Indebtedness incurred after this date; and (i) waives protest and all other notices of failure to pay the Indebtedness or to perform any agreement relating to any Indebtedness or the Collateral.

3. **No Reliance.** Each Guarantor: (a) warrants that he/she/it has not relied on any information about Borrower, the Collateral, or any other guarantor of the Indebtedness in providing its guaranty of the Indebtedness; (b) warrants that Guarantor has had ample opportunity to investigate Borrower, Borrower's affairs, the Collateral, and the effect that the Indebtedness will have on Borrower; and (c) agrees that Bank has no obligation to provide Guarantor any information about Borrower or the Collateral.

4. **Setoff.** (a) In addition to any rights and remedies of Bank provided by law, upon the continuation of any uncured Event of Default, each Guarantor grants to Bank a security interest in, and the contractual right to set off and apply, at any time, any and all Property of Guarantor held by Bank or any of its affiliates or subsidiaries against any and all Indebtedness owing to Bank. The set-off may be made irrespective of whether or not Bank shall have made demand under this Agreement or any guaranty, and although such Indebtedness may be contingent or unmatured or denominated in a currency different from that of the applicable Property. (b) The set-off may be made without prior notice to the Guarantor or any other party, any such notice being waived by Guarantor to the fullest extent permitted by law. Bank agrees promptly to notify Guarantor after any such set-off and application; however, the failure to give such notice shall not affect the validity of the set-off and application. (c) For the purposes of this "Setoff" section: "Property" means any deposits (general or special, time or demand, provisional or final, individual or joint) and any instruments, securities, documents, chattel paper, credits, and any other property, rights, and interests of Guarantor that comes into the possession or custody or under control of Bank or any of its affiliates or subsidiaries. **TO THE EXTENT PERMITTED BY LAW, ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL THAT SECURES THE LIABILITIES PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS, OR OTHER PROPERTY OF GUARANTOR, ARE HEREBY VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVED.**

5. **Bank's Actions.** Without notice to or the consent of any Guarantor, Bank may do or refrain from doing anything affecting any Indebtedness or any Collateral, including, without limitation, the following: (a) granting or not granting any indulgences to anyone liable for payment of any Indebtedness or any Collateral; (b) failing to obtain or to perfect any Collateral; (c) failing to obtain an enforceable agreement to repay any Indebtedness; (d) releasing any Collateral or anyone or any property from liability for payment of any Indebtedness; (e) changing any agreement relating to any Indebtedness or any Collateral; (f) extending the time for payment of any Indebtedness; and (g) delaying in enforcing or failing to enforce any rights to payment of any Indebtedness or rights against any Collateral. Each Guarantor hereby waives all suretyship and other similar defenses, including, without limitation: (i) notice of any default hereunder or under any of the other Loan Documents and notice of all indulgences; (ii) notice of any increase in the amount of any portion of or all of the Indebtedness; (iii) demand for observance, performance or enforcement of any of the terms or provisions of this Agreement, any of the other Loan Documents, or any other agreements, instruments or documents relating to the Indebtedness; (iv) all errors and omissions in connection with Bank's administration of the Indebtedness; (v) any right or claim of right to cause a marshalling of the assets of Borrower; and (vi) any act or omission of Bank which changes the scope of Guarantor's risk hereunder.

6. **Subordination; Subrogation.** If Guarantor shall advance any sums to Borrower or if Borrower shall hereafter become indebted to Guarantor, such sums and indebtedness shall be subordinate in payment in all respects to the Indebtedness then or thereafter due and owing to Bank under the Loan Documents until all of the Indebtedness has been indefeasibly paid in full. Nothing herein contained shall be construed to give Guarantor any right of subrogation in and to this Agreement or the other Loan Documents or all or any part of Bank's interest therein, until the Indebtedness shall have been indefeasibly paid in full.

7. **Reinstatement.** If at any time any payment, or portion thereof, made by, or for the account of, Borrower or Guarantor on account of any of the Indebtedness hereunder or under any of the Loan Documents is set aside by any court or trustee having jurisdiction as a voidable preference or fraudulent conveyance or must otherwise be restored or returned by Bank to Borrower or to Guarantor under any insolvency, bankruptcy or other federal and state laws or as a result of any dissolution, liquidation or reorganization of Borrower or upon, or as a result of, the appointment of any receiver, intervenor or conservator of, or trustee, or similar officer for Borrower, or any substantial part of its properties or assets, Guarantor hereby agrees that the Indebtedness hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, all as though such payments(s) had not been made.

8. **Continuing Guaranty.** This is a continuing guaranty and may not be terminated or revoked by Guarantor unless and until all Indebtedness to Bank has been indefeasibly paid in full in cash and Bank has no commitment to provide credit to Borrower.

9. **Choice of Law; Jurisdiction; Venue.** Except to the extent that any law of the United States may apply, this Agreement shall be governed and interpreted according to the internal laws of Borrower's principal place of business (the "Governing Law State"), without regard to any choice of law, rules or principles to the contrary. However, the charging and calculating of interest on the obligations under this Agreement shall be governed by, construed and enforced in accordance with the laws of the State of North Carolina and applicable federal law. Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of Bank under federal law. Borrower, Guarantors and Bank agree and consent to be subject to the personal jurisdiction of any state or federal court located in the Governing Law State so that trial shall only be conducted by a court in that state.

10. **Waiver of Class Actions.** The terms "Claim" or "Claims" refer to any disputes, controversies, claims, counterclaims, allegations of liability, theories of damage, or defenses between Bank, on the one hand, and the other parties to this Agreement, on the other hand (all of the foregoing each being referred to as a "Party" and collectively as the "Parties"). Whether in state court, federal court, or any other venue, jurisdiction, or before any tribunal, the Parties agree that all

aspects of litigation and trial of any Claim will take place without resort to any form of class or representative action. Thus the Parties may only bring Claims against each other in an individual capacity and waive any right they may have to do so as a class representative or a class member in a class or representative action. **THIS CLASS ACTION WAIVER PRECLUDES ANY PARTY FROM PARTICIPATING IN OR BEING REPRESENTED IN ANY CLASS OR REPRESENTATIVE ACTION REGARDING A CLAIM.**

**11. Dispute Resolution Provision.** This section and the subsections below are referred to as the “Dispute Resolution Provision.” Bank and the Guarantor (and any other party to this Agreement) agree that this Dispute Resolution Provision is a material inducement for their entering into this Agreement.

- (a) This Dispute Resolution Provision concerns the resolution of any disputes, controversies, claims, counterclaims, allegations of liability, theories of damage, or defenses (collectively, a “Claim” or “Claims”) between Bank, on the one hand, and Guarantor and any obligor, on the other hand (each side being, for the purposes of this Dispute Resolution Provision, a “Party” and the two sides together being the “Parties”), regardless of whether based on federal, state, or local law, statute, ordinance, regulation, contract, common law, or any other source, and regardless of whether foreseen or unforeseen, suspected or unsuspected, or fixed or contingent at the time of this Agreement, including but not limited to Claims that arise out of or relate to: (i) this Agreement (including any renewals, extensions or modifications); or (ii) any document related to this Agreement. For the purposes of this Dispute Resolution Provision only, the terms “Bank” or Party or Parties (to the extent referring to or including Bank) shall include any parent corporation, subsidiary or affiliate of Bank.
- (b) The Parties agree that at the request of any Party to this Agreement, any Claim shall be resolved by binding arbitration. The Claims shall be governed by the laws of the Governing Law State, without regard to its conflicts of law principles. The Federal Arbitration Act, 9 U.S.C. §§ 1 et seq. (the “Act”), shall apply to the construction, interpretation, and enforcement of this Dispute Resolution Provision, as well as to the confirmation of or appeal from any arbitration award.
- (c) Arbitration proceedings will be determined in accordance with the Act, the then-current Commercial Finance rules and procedures of the American Arbitration Association or any successor thereof (“AAA”) (or any successor rules for arbitration of financial services disputes), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. The arbitration shall be administered by the Parties and not the AAA and shall be conducted, unless otherwise required by law, at a location selected solely by Bank in any U.S. state where real or tangible personal property collateral for this credit is located or where Borrower has a place of business. If there is no such state, Bank shall select a location in the Governing Law State.
- (d) If aggregate Claims are One Million Dollars (\$1,000,000) or less:
  - (i) All issues shall be heard and determined by one neutral arbitrator. The arbitrator shall have experience with commercial financial services disputes and, if possible, prior judicial experience, and shall be selected pursuant to the AAA “Arbitrator Select: List and Appointment” process, to be initiated by Bank. If the AAA “Arbitrator Select: List and Appointment” process is unavailable, Bank shall initiate any successor process offered by the AAA or a similar process offered by any other nationally recognized alternative dispute resolution organization.
  - (ii) Unless the arbitrator has a dispositive motion under advisement or unforeseeable and unavoidable conflicts arise (as determined by the arbitrator), all arbitration hearings shall commence within ninety (90) days of the appointment of the arbitrator, and under any circumstances the award of the arbitrator shall be issued within one hundred twenty (120) days of the appointment of the arbitrator.
  - (iii) A Party shall be entitled to take no more than two (2) fact depositions, one or both of which may be taken in accordance with Fed. R. Civ. P. 30(b)(6), plus depositions of any experts designated by the other Party, each of seven (7) hours or less, during pre-hearing discovery.
  - (iv) There shall be no written discovery requests except a Party may serve document requests on the other Party not to exceed twenty (20) in number, including subparts. The requests shall be served within forty-five (45) days of the appointment of the arbitrator and shall be responded to within twenty-one (21) days of service.
- (e) If aggregate Claims exceed One Million Dollars (\$1,000,000):
  - (i) The issues shall be heard and determined by one neutral arbitrator selected as above unless either Party requests that all issues be heard and determined by three (3) neutral arbitrators. In that event, each Party shall select an arbitrator with experience with commercial financial services disputes, and the two arbitrators shall select a third arbitrator, who shall have prior judicial experience. If the arbitrators cannot agree, the third arbitrator shall be selected pursuant to the AAA “Arbitrator Select: List and Appointment” process, to be initiated by Bank.
  - (ii) Unless the arbitrator(s) have a dispositive motion under advisement or other good cause is

shown (as determined by the arbitrator(s)), all arbitration hearings shall commence within one hundred twenty (120) days of the appointment of the arbitrator(s), and under any circumstances the award of the arbitrator(s) shall be issued within one hundred eighty (180) days of the appointment of the arbitrator(s).

- (iii) A Party shall be entitled to take no more than five (5) fact depositions, one or more of which may be taken in accordance with Fed. R. Civ. P. 30(b)(6), plus depositions of any experts designated by the other Party, each of seven (7) hours or less, during pre-hearing discovery.
  - (iv) There shall be no written discovery requests except a Party may serve document requests on the other Party not to exceed thirty (30) in number, including subparts. The requests shall be served within forty-five (45) days of the appointment of the arbitrator(s) and shall be responded to within twenty-one (21) days of service.
- (f) Where a Party intends to rely upon the testimony of an expert on an issue for which the Party bears the burden of proof, the expert(s) must be disclosed within thirty (30) days following the appointment of the arbitrator(s), including a written report in accordance with Fed. R. Civ. P. 26(a)(2)(B). The arbitrator(s) shall exclude any expert not disclosed strictly in accordance herewith. The other Party shall have the right within thirty (30) days thereafter to take the deposition of the expert(s) (upon payment of the expert's reasonable fees for the in-deposition time), and to identify rebuttal expert(s), including a written report in accordance with Fed. R. Civ. P. 26(a)(2)(B).
- (g) The arbitrator(s) shall consider and rule on motions by the Parties to dismiss for failure to state a claim; to compel; and for summary judgment, in a manner substantively consistent with the corresponding Federal Rules of Civil Procedure. The arbitrator(s) shall enforce the "Apex" doctrine with regard to requested depositions of high-ranking executives of both Parties. The arbitrator(s) shall exclude any Claim not asserted within thirty (30) days following the demand for arbitration. This shall not prevent a Party from revising the calculation of damages on any existing theory. All discovery shall close at least one (1) week before any scheduled hearing date, and all hearing exhibits shall have been exchanged by the same deadline or they shall not be given weight by the arbitrator(s).
- (h) The arbitrator(s) will give effect to applicable statutes of limitation in determining any Claim and shall dismiss the Claim if it is barred by the statutes of limitation. For purposes of the application of any statutes of limitation, the service of a written demand for arbitration or counterclaim pursuant to the Notices provision of this Agreement is the equivalent of the filing of a lawsuit. At the request of any Party made at any time, including at confirmation of an award, the resolution of a statutes of limitation defense to any Claim shall be decided de novo by a court of competent jurisdiction rather than by the arbitrator(s). Otherwise, any dispute concerning this Dispute Resolution Provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as otherwise set forth in this Dispute Resolution Provision.
- (i) The arbitrator(s) shall have the power to award legal fees and costs relating to the arbitration proceeding and any related litigation or arbitration, pursuant to the terms of this Agreement. The arbitrator(s) shall provide a written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.
- (j) This subparagraph applies to Claims brought in a California state court: Any Claim which is not arbitrated and which is brought by any Party in a California state court shall be resolved by a general reference to a referee (or a panel of referees) as provided in California Code of Civil Procedure Section 638. The referee (or presiding referee of the panel) shall be a retired Judge or Justice of the California state court system. The referee(s) shall be selected by mutual written agreement of the parties. If the parties do not agree, the referee(s) shall be selected by the Presiding Judge of the Court (or his or her representative) as provided in California Code of Civil Procedure Section 640. The referee(s) shall hear and determine all issues relating to the Claim, whether of fact or of law, and shall do so in accordance with the laws of the Governing Law State and the California rules of evidence and civil procedure, and shall report a statement of decision. The referee(s) shall be empowered to enter equitable as well as legal relief, provide all temporary or provisional remedies, enter equitable and legal orders that will be binding on the parties, and rule on any motion which would be authorized in court litigation, including without limitation motions to dismiss, for summary judgment, or for summary adjudication. The referee(s) shall award legal fees and costs (including the fees of the referee(s)) relating to the judicial reference proceeding, and to any related litigation or arbitration, in accordance with the terms of this Agreement. The award that results from the decision of the referee(s) shall be entered as a judgment in the court that appointed the referee(s), in accordance with the provisions of California Code of Civil Procedure Sections 644(a). Pursuant to California Code of Civil Procedure Sections 645, the parties reserve the right to seek appellate review of any judgment or order, including but not limited to, orders pertaining to class certification, to the same extent permitted in a court of law.

- (k) The filing of a court action is not intended to constitute a waiver of the right of any Party, including the suing Party, thereafter to require submittal of the Claims to arbitration, unless the Party fails to make such demand for arbitration within ninety (90) days following the filing of the court action.
- (l) This Dispute Resolution Provision does not limit the right of any Party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights; or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.
- (m) Any arbitration or court trial (whether before a judge or jury or pursuant to judicial reference) of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). **THE CLASS ACTION WAIVER PRECLUDES ANY PARTY FROM PARTICIPATING IN OR BEING REPRESENTED IN ANY CLASS OR REPRESENTATIVE ACTION REGARDING A CLAIM.** Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court or referee and not by an arbitrator. The Parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the Parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the Parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. **THE PARTIES ACKNOWLEDGE AND AGREE THAT UNDER NO CIRCUMSTANCES WILL A CLASS ACTION BE ARBITRATED.**
- (n) The arbitration proceedings shall be private. All documents, transcripts, and filings received by any Party shall not be disclosed by the recipient to any third parties other than attorneys, accountants, auditors, and financial advisors acting in the course of their representation, or as otherwise ordered by a court of competent jurisdiction. Any award also shall be kept confidential, although this specific requirement shall be void once the award must be submitted to a court for enforcement. The Parties agree that injunctive relief, including a temporary restraining order, from a trial court is the appropriate relief for breach of this paragraph, and they waive any security or the posting of a bond as a requirement for obtaining such relief.
- (o) By agreeing to binding arbitration or judicial reference, the Parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit this agreement to arbitrate or for judicial reference, to the extent any Claim is not arbitrated or submitted to judicial reference, the Parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim. This waiver of jury trial shall remain in effect even if the Class Action Waiver is limited, voided or found unenforceable. **WHETHER THE CLAIM IS DECIDED BY ARBITRATION, JUDICIAL REFERENCE OR BY TRIAL BY A JUDGE, THE PARTIES AGREE AND UNDERSTAND THAT THE EFFECT OF THIS DISPUTE RESOLUTION PROVISION IS THAT THEY ARE GIVING UP THE RIGHT TO TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW. EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER DOCUMENTS CONTEMPLATED HEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION AND (iii) CERTIFIES THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE.**

The undersigned signer represents, covenants and warrants to Bank that he or she is signing this Agreement, individually, or as the duly authorized sole proprietor, owner, sole shareholder, officer, member, managing member, partner, trustee, principal, agent or representative of Guarantor, and further acknowledges and confirms to Bank that by said signature he or she has read and understands all of the terms and provisions contained in this Agreement and agrees and consents to be bound by them. This Agreement and any instrument or agreement required hereunder, are within the Guarantor's powers, have been duly authorized, and do not conflict with any of its organizational papers. The individuals signing this Agreement on behalf of each Guarantor are authorized to sign such documents on behalf of such entities.

**GUARANTOR(S)**

\_\_\_\_\_[(Seal)]

Type Name: individually

Address for notices to Guarantor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ [(Seal)]

Type Name: individually

Address for notices to Guarantor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_ [(Seal)]

Type Name:

Title:

Address for notices to Guarantor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**[COLLATERAL FOR GUARANTIES:**

As further security for the payment and performance of the Indebtedness and of the duties, responsibilities and obligations of Borrower under this Agreement and of the guaranty of Guarantor(s) whose signatures appear above, whether individuals or businesses, said Guarantor(s) grant to Bank a security interest in the Collateral (as the term "Collateral" is defined in this Agreement) of Guarantor(s) wherever located, and whether now owned or hereafter acquired. [The Collateral is cross-collateralized to and serves as Collateral for all other Indebtedness.]

***Federal law requires Bank of America, N.A. (the "Bank") to provide the following three notices. The notices are not part of the foregoing agreement or instrument and may not be altered. Please read the notices carefully.***

**(1) USA PATRIOT ACT NOTICE**

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account or obtains a loan. The Bank will ask for the Borrower's legal name, address, tax ID number or social security number and other identifying information. The Bank may also ask for additional information or documentation or take other actions reasonably necessary to verify the identity of the Borrower, guarantors or other related persons.

***Notices #2 and #3 apply only to individual Borrowers or Guarantors and individuals who are pledging collateral, granting a lien on real property or are otherwise obligated to the Bank ("Obligors"):***

**(2) AFFILIATE SHARING NOTICE**

From time to time the Bank may share information about the Obligor's experience with Bank of America Corporation (or any successor company) and its subsidiaries and affiliated companies (the "Affiliates"), including, but not limited to, the Bank of America Companies listed in notice #3 below. The Bank may also share with the Affiliates credit-related information contained in any applications, from credit reports and information it may obtain about the Obligor from outside sources.

If the Obligor is an individual, the Obligor may instruct the Bank not to share this information with the Affiliates. The Obligor can make this election by (1) visiting the Bank online at [bankofamerica.com/privacy](http://bankofamerica.com/privacy) or (2) calling the Bank toll-free

at 888.341.5000. To help the Bank complete the Obligor's request, the Obligor should include the Obligor's name, address, phone number, account number(s) and social security number.

If the Obligor makes this election, certain products or services may not be made available to the Obligor. This request will apply to information from applications, consumer reports and other outside sources only. Through the normal course of doing business, including servicing the Obligor's accounts and better serving the Obligor's financial needs, the Bank will continue to share transaction and account experience information, as well as other general information among the Affiliates.

### **(3) AFFILIATE MARKETING NOTICE – YOUR CHOICE TO LIMIT MARKETING**

- The Bank of America companies listed below are providing this notice #3.
- Federal law gives you the right to limit some but not all marketing from all the Bank of America affiliated companies.
- Federal law also requires us to give you this notice to tell you about your choice to limit marketing from all the Bank of America affiliated companies.
- You may limit all the Bank of America affiliated companies, such as the banking, loan, credit card, insurance and securities companies, from marketing their products or services to you based upon your personal information that they receive from other Bank of America companies. This information includes your income, your account history, and your credit score.
- Your choice to limit marketing offers from all the Bank of America affiliated companies will apply for at least 5 years from when you tell us your choice. Before your choice to limit marketing expires, you will receive a renewal notice that will allow you to continue to limit marketing offers from all the Bank of America affiliated companies for at least another 5 years.
- You may tell us your choice to limit marketing offers and you may tell us the choices for other customers who are joint account holders with you.
- This limitation will not apply in certain circumstances, such as when you have an account or service relationship with the Bank of America company that is marketing to you.
- For individuals with business purpose accounts, this limitation will only apply to marketing to individuals and not marketing to a business.

**To limit marketing offers, contact us at 888.341.5000**

#### **Bank of America Companies:**

This notice applies to all Bank of America entities that utilize the names:



## EXHIBIT J

### ADDENDUM TO VIOCF DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA

1. California Corporations Code, Section 31125, requires VIOCF to give you a disclosure document, approved by the Commissioner of Financial Protection and Innovation, 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.

## EXHIBIT J

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 FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
6. **Registration of this franchise does not constitute approval, recommendation, or endorsement by the commissioner.**

## EXHIBIT J

### ADDENDUM TO VIOCF DISCLOSURE DOCUMENT FOR THE STATE OF HAWAII

1. Special Risk(s) to Consider About *This* Franchise:

The page titled “Special Risks to Consider About *This* Franchise” 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

## EXHIBIT J

- (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.

## EXHIBIT J

### ADDENDUM TO VIOCF DISCLOSURE DOCUMENT FOR THE STATE OF ILLINOIS

1. Special Risk(s) to Consider About *This* Franchise:

The page titled “Special Risks to Consider About *This* Franchise” of this disclosure document is 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:

<b>Provision</b>	<b>Section in License Agreement (“LA”); Development Agreement (“DA”)</b>	<b>Summary</b>
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 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.”<sup>3</sup>

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.

**EXHIBIT J**

**ADDENDUM TO VIOCF 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 and other initial payments owed by licensees to us until the date on which we have completed all pre-opening obligations. In addition, all development fees and initial payments by area developers to us will be deferred until the first Center under the Area Development Agreement opens.
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.

## EXHIBIT J

### **ADDENDUM TO VIOCF DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA**

1. Item 13 of the disclosure document is hereby modified by adding the following paragraph to the end thereof:

With respect to the franchises governed by Minnesota law, VIOCF will comply with Minnesota Statute 80C.12, subdivision 1(g), which requires that we will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising from any claim, suit or demand regarding the use of the name.

2. Item 17 of the disclosure document is hereby modified by adding the following paragraphs to the end thereof:

With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statute 80C.14, subdivisions 3, 4 and 5, which require, except in certain specific cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

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.

With respect to the franchisees governed by Minnesota law, we may seek injunctive relief, but may not require you to waive any rights provided under Minn. Rule 2860.4400J. Furthermore, the determination as to whether or not a bond will be required of us in seeking injunctive relief will be left to the determination of the court hearing the petition for relief.

The general release referenced in items c. and m. in the chart set forth above shall not apply to any claims under Minnesota Statutes, Sections 80C.01 to 80C.22.

## EXHIBIT J

### ADDENDUM TO VIOCF DISCLOSURE DOCUMENT FOR THE STATE OF NEW YORK

2. Special Risks to Consider About *This* Franchise:

The page titled “Special Risks to Consider About *This* Franchise” of this disclosure document is modified to comply with New York law by adding the following disclosures after the stated risk(s):

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, 23<sup>RD</sup> 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.

3. 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



## EXHIBIT J

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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

## **EXHIBIT J**

### **ADDENDUM TO VICOF DISCLOSURE DOCUMENT FOR THE STATE OF RHODE ISLAND**

1. In recognition of the Rhode Island Franchise Investment Act, the chart of Item 17 of the disclosure document is hereby modified by adding the following to the end of the “Summary” column for items “v.” and “w.”:

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

## **EXHIBIT J**

### **ADDENDUM TO VIOCF DISCLOSURE DOCUMENT FOR THE STATE OF SOUTH DAKOTA**

1. South Dakota Codified Law, Section SDCL 37-5B-5 requires VIOCF to give you a disclosure document, approved by the South Dakota Securities Regulation. South Dakota Securities Regulations requires VIOCF to defer payment of the initial franchise fees owed by licensees to VIOCF until VIOCF has completed all pre-opening obligations pursuant to SDCL 37-5B-5.
2. Items 5 and 7 of the disclosure document are hereby modified to make the due date for payment of the initial franchise fees by you to VIOCF, consistent with paragraph 1 of this Addendum.

## **EXHIBIT J**

### **ADDENDUM TO VIOCF DISCLOSURE DOCUMENT FOR THE STATE OF VIRGINIA**

1. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial license fee, development fee, and other initial payments owed by licensees to us until the franchisor has completed its pre-opening obligations under the Franchise Agreement.
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 fee, and any other pre-opening payments by you to us, consistent with paragraph 1 of this Addendum.
3. 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

### **ADDENDUM TO VIOCF DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON**

1. The Securities Division of the Department of Financial Institutions for the State of Washington requires us to defer payment of the initial license fee, development fee and other initial payments owed by a licensee to us until (a) the licensee has received all pre-opening and initial training obligations that it the licensee is entitled to under the license agreement or this disclosure document, and (b) is open for business.
2. Items 5 and 7 of this disclosure document are 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.
3. Item 17 of the disclosure document is hereby modified by adding the following language to the end thereof:

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.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

**EXHIBIT J**

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

VALVOLINE INSTANT OIL CHANGE  
FRANCHISING, INC.

LICENSEE: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## 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
Hawaii	Pending
Illinois	Exempt
Indiana	Exempt
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Exempt
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

## EXHIBIT K

### RECEIPT (Copy – submit electronic signature)

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. Michigan law requires that a franchisor provide you with the disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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 100 Valvoline Way, Lexington, KY 40509. The franchise sellers for this offering are \_\_\_William Malicote, \_\_\_Gayle McMillin, \_\_\_JD Beck, \_\_\_Mike Ridd, \_\_\_Chad Graham \_\_\_Ryan Findlay, or \_\_\_Taylor Hundley located at 100 Valvoline Way, Lexington, KY 40509, telephone (800) 211-8778.

This disclosure document was issued December 3, 2021, as amended January 27, 2022. 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 December 3, 2021, as amended January 27, 2022. (For state-specific effective dates, see the State Effective Dates page of this disclosure document.)

- |   |   |
|---|---|
| A. Franchise (“License”) Agreement & Related Materials              | B. List of Administrators                   |
| Exhibit A-1 – License Agreement & State Amend. to License Agreement | C. Agents for Service of Process            |
| Exhibit A-2 – Licensee Sign & Equipment Lease                       | D. Financial Statement                      |
| Exhibit A-3 – Licensee Supply Agreement                             | E. Guarantee of Performance                 |
| Exhibit A-4 – Covenant Not To Compete                               | F. List of Franchisees                      |
| Exhibit A-5 – Spousal Consent                                       | G. List of Former Franchisee Locations      |
| Exhibit A-6 – (“EFT”) Authorization                                 | H. Operations Manual Table of Contents      |
| Exhibit A-7 – Addendum to Lease                                     | I. Bank of America Financing Documents      |
| Exhibit A-8 – Amendment to License                                  | J. Addenda to Franchise Disclosure Document |
| Exhibit A-9 – Release   | K. Receipts                                 |
| Exhibit A-10 – Incentive Promissory Note                            |   |
| Exhibit A-11 – Development Agreement                                |   |
| Exhibit A-12 – Incentive Program Agreement                          |   |

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name



## EXHIBIT K

### RECEIPT (Your Copy)

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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. Michigan law requires that a franchisor provide you with the disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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.

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| Exhibit A-10 – Incentive Promissory Note                            |   |
| Exhibit A-11 – Development Agreement                                |   |
| Exhibit A-12 – Incentive Program Agreement                          |   |

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name