

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

FORM 10-Q

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-37884

VALVOLINE INC.



Kentucky

(State or other jurisdiction of incorporation or organization)

30-0939371

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

100 Valvoline Way  
Lexington, Kentucky 40509  
Telephone Number (859) 357-7777

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes  No

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

Large Accelerated Filer

Non-Accelerated Filer

Accelerated Filer

Smaller Reporting Company

Emerging Growth Company

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected no to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

At July 31, 2017, there were 202,625,205 shares of the Registrant's common stock outstanding.

**VALVOLINE INC. AND CONSOLIDATED SUBSIDIARIES**  
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**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

Valvoline Inc. and Consolidated Subsidiaries  
**Condensed Consolidated Statements of Comprehensive Income**

(In millions except per share data - unaudited)	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
Sales	\$ 534	\$ 499	\$ 1,537	\$ 1,435
Cost of sales	337	300	957	868
<b>Gross profit</b>	<b>197</b>	<b>199</b>	<b>580</b>	<b>567</b>
Selling, general and administrative expense	100	93	292	273
Pension and other postretirement plan non-service income and rereasurement adjustments, net	(17)	(2)	(60)	(3)
Separation costs	15	—	27	—
Equity and other income	(5)	(5)	(20)	(16)
<b>Operating income</b>	<b>104</b>	<b>113</b>	<b>341</b>	<b>313</b>
Net interest and other financing expense	10	—	28	—
Net loss on acquisition	—	—	—	(1)
<b>Income before income taxes</b>	<b>94</b>	<b>113</b>	<b>313</b>	<b>312</b>
Income tax expense	38	38	114	104
<b>Net income</b>	<b>\$ 56</b>	<b>\$ 75</b>	<b>\$ 199</b>	<b>\$ 208</b>
<b>NET INCOME PER SHARE <sup>(a)</sup></b>				
Basic	\$ 0.27	\$ 0.44	\$ 0.97	\$ 1.22
Diluted	\$ 0.27	\$ 0.44	\$ 0.97	\$ 1.22
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING <sup>(a)</sup></b>				
Basic	204	170	204	170
Diluted	204	170	204	170
<b>DIVIDENDS PAID PER COMMON SHARE</b>	<b>\$ 0.05</b>	<b>\$ —</b>	<b>\$ 0.15</b>	<b>\$ —</b>
<b>COMPREHENSIVE INCOME</b>				
Net income	\$ 56	\$ 75	\$ 199	\$ 208
Other comprehensive income (loss), net of tax				
Unrealized translation gain (loss)	6	(8)	3	(3)
Pension and other postretirement obligation adjustment	(2)	\$ —	\$ (6)	—
Other comprehensive income (loss)	4	(8)	(3)	(3)
Comprehensive income	<b>\$ 60</b>	<b>\$ 67</b>	<b>\$ 196</b>	<b>\$ 205</b>

(a) See Note 11 for additional information regarding revisions to prior period earnings per share ("EPS") calculations.

See Notes to Condensed Consolidated Financial Statements.

Valvoline Inc. and Consolidated Subsidiaries  
**Condensed Consolidated Balance Sheets**

(In millions except per share amounts - unaudited)	June 30 2017	September 30 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 132	\$ 172
Accounts receivable	403	363
Inventories	181	139
Other assets	32	56
Total current assets	748	730
<b>Noncurrent assets</b>		
Property, plant and equipment		
Cost	792	727
Accumulated depreciation	423	403
Net property, plant and equipment	369	324
Goodwill and intangibles	334	267
Equity method investments	29	26
Deferred income taxes	394	389
Other assets	86	89
Total noncurrent assets	1,212	1,095
<b>Total assets</b>	<b>\$ 1,960</b>	<b>\$ 1,825</b>
<b>Liabilities and Stockholders' Deficit</b>		
<b>Current liabilities</b>		
Short-term debt	\$ 75	\$ —
Current portion of long-term debt	15	19
Trade and other payables	196	177
Accrued expenses and other liabilities	235	204
Total current liabilities	521	400
<b>Noncurrent liabilities</b>		
Long-term debt	643	724
Employee benefit obligations	811	886
Deferred income taxes	2	2
Other liabilities	186	143
Total noncurrent liabilities	1,642	1,755
Commitments and contingencies		
<b>Stockholders' 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; 203 and 205 shares issued and outstanding at June 30, 2017 and September 30, 2016, respectively	2	2
Paid-in capital	2	710
Retained deficit	(207)	—
Ashland's net investment	—	(1,039)
Accumulated other comprehensive loss	—	(3)
Total stockholders' deficit	(203)	(330)
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 1,960</b>	<b>\$ 1,825</b>

See Notes to Condensed Consolidated Financial Statements.

Valvoline Inc. and Consolidated Subsidiaries  
**Condensed Consolidated Statement of Stockholders' Deficit**

(In millions except per share amounts - unaudited)	Common stock				Retained deficit	Accumulated other comprehensive (loss) income	Ashland's net investment	Total
	Shares	Amount	Paid-in capital	Retained deficit				
<b>Balance at September 30, 2016</b>	205	\$ 2	\$ 710	\$ —	\$ (3)	\$ (1,039)	\$ (330)	
Net income	—	—	—	199	—	—	199	
Contribution of net liabilities from former parent	—	—	—	—	6	(2)	4	
Net transfers from former parent	—	—	—	—	—	5	5	
Distribution of Ashland's net investment	—	—	(710)	(326)	—	1,036	—	
Currency translation adjustments	—	—	—	—	3	—	3	
Stock-based compensation	—	—	2	—	—	—	2	
Amortization of pension and other postretirement prior service credits in income	—	—	—	—	(6)	—	(6)	
Repurchase of common stock	(2)	—	—	(50)	—	—	(50)	
Dividends paid, \$0.049 per common share	—	—	—	(30)	—	—	(30)	
<b>Balance at June 30, 2017</b>	203	\$ 2	\$ 2	\$ (207)	\$ —	\$ —	\$ (203)	

See Notes to Condensed Consolidated Financial Statements.

Valvoline Inc. and Consolidated Subsidiaries  
**Condensed Consolidated Statements of Cash Flows**

(In millions - unaudited)	Nine months ended June 30	
	2017	2016
<b>Cash flows from operating activities</b>		
Net income	\$ 199	\$ 208
Adjustments to reconcile net income to cash flows from operating activities		
Depreciation and amortization	30	29
Debt issuance cost amortization	2	—
Equity income from affiliates	(10)	(11)
Distributions from equity affiliates	7	11
Net loss on acquisition	—	1
Pension contributions	(16)	—
Gain on pension and other postretirement plan remeasurements	(8)	—
Stock-based compensation expense	6	—
Change in assets and liabilities <sup>(a)</sup>		
Accounts receivable	(39)	(3)
Inventories	(41)	(10)
Payables and accrued liabilities	43	(14)
Other assets and liabilities	(16)	(25)
Total cash provided by operating activities	157	186
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(43)	(32)
Proceeds from disposal of property, plant and equipment	1	1
Acquisitions, net of cash acquired	(66)	(70)
Other investing activities, net	(1)	—
Total cash used in investing activities	(109)	(101)
<b>Cash flows from financing activities</b>		
Net transfers from (to) Ashland	5	(85)
Proceeds from borrowings	75	—
Repayments on borrowings	(87)	—
Repurchase of common stock	(50)	—
Cash dividends paid	(30)	—
Total cash used in financing activities	(87)	(85)
Effect of currency exchange rate changes on cash and cash equivalents	(1)	—
<b>Decrease in cash and cash equivalents</b>	(40)	—
Cash and cash equivalents - beginning of period	172	—
<b>Cash and cash equivalents - end of period</b>	\$ 132	\$ —

(a) Excludes changes resulting from operations acquired or sold.

See Notes to Condensed Consolidated Financial Statements.

**NOTE 1 – BASIS OF PRESENTATION**

Valvoline Inc. (“Valvoline” or the “Company”) is a worldwide producer, marketer, and supplier of engine and automotive maintenance products and services. On September 22, 2015, the Company's former parent, Ashland Global Holdings Inc. (which together with its predecessors and consolidated subsidiaries is referred to herein as "Ashland"), announced that its Board of Directors approved proceeding with a plan to separate Ashland into two independent, publicly traded companies comprising of the Valvoline business and Ashland's specialty chemicals business (the “Separation”). Following a series of restructuring steps, Valvoline was incorporated in May 2016, and prior to the completion of the Company’s initial public offering (“IPO”) on September 28, 2016, substantially all of the historical Valvoline business reported by Ashland, as well as certain other legacy Ashland assets and liabilities, were transferred to Valvoline (the "Contribution"). After completing the IPO, Ashland owned approximately 83% of the outstanding shares of Valvoline’s common stock. On May 12, 2017, Ashland distributed all of its remaining interest in Valvoline to Ashland stockholders (the "Distribution") through a pro rata dividend on shares of Ashland common stock outstanding at the close of business on the record date of May 5, 2017, marking the completion of Valvoline's Separation from Ashland. Effective upon Distribution, Ashland no longer owns any shares of Valvoline common stock, and Valvoline is no longer a controlled and consolidated subsidiary of Ashland.

The Contribution of the Valvoline business by Ashland to Valvoline was treated as a reorganization of entities under common Ashland control. As a result, Valvoline is retrospectively presenting the condensed consolidated financial statements of Valvoline and its subsidiaries for periods presented prior to the completion of the IPO, which have been prepared on a stand-alone basis and derived from Ashland’s consolidated financial statements and accounting records using the historical results of operations, and assets and liabilities attributed to Valvoline’s operations, as well as allocations of expenses from Ashland. The condensed consolidated financial statements for periods presented subsequent to the completion of the IPO reflect the consolidated operations of Valvoline and its majority-owned subsidiaries as a separate, stand-alone entity.

All transactions and balances between Valvoline and Ashland have been reported in the condensed consolidated financial statements. For periods prior to the completion of the IPO, transactions between Valvoline and Ashland were considered to be effectively settled for cash at the time the transactions were recorded. These transactions and net cash transfers to and from Ashland’s centralized cash management system are reflected as a component of Ashland's net investment in the Condensed Consolidated Balance Sheets and as a financing activity within the accompanying Condensed Consolidated Statements of Cash Flows. Ashland's net investment on the Condensed Consolidated Balance Sheets represents the cumulative net investment by Ashland in Valvoline, including net income through the completion of the IPO and net cash transfers to and from Ashland. In the Condensed Consolidated Statement of Stockholders’ Deficit, Ashland's net investment represents the cumulative net investment by Ashland in Valvoline through IPO, including net cash transfers to and from Ashland through Distribution. Concurrent with the Distribution, Ashland's net investment in Valvoline was reduced to zero with a corresponding adjustment to Paid-in capital and Retained deficit.

The accompanying unaudited condensed consolidated financial statements have been prepared by Valvoline in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and Securities and Exchange Commission regulations for interim financial reporting, which do not include all information and footnote disclosures normally included in annual financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with Valvoline’s Annual Report on Form 10-K for the fiscal year ended September 30, 2016. Certain prior period amounts have been reclassified to conform to current presentation. In addition, refer to Note 11 for information regarding a revision to correct an immaterial error in the net earnings per share (“EPS”) calculations previously reported in the consolidated and condensed consolidated financial statements for the periods prior to and including September 30, 2016.

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make use of estimates and assumptions that affect the reported amounts and disclosures. Actual results may vary from these estimates. In the opinion of management, all adjustments considered necessary for a fair presentation have been included herein, and the assumptions underlying the condensed consolidated financial statements for these interim periods are reasonable. The results for the interim periods are not necessarily indicative of results to be expected for the entire year.

## New accounting standards

A description of new U.S. GAAP accounting standards issued and adopted during the current year is required in interim financial reporting. A detailed listing of all new accounting standards relevant to Valvoline is included in the Annual Report on Form 10-K for the fiscal year ended September 30, 2016. The following standards relevant to Valvoline were either issued or adopted in the current period.

In April 2015, the FASB issued accounting guidance to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. Cloud computing arrangements represent the delivery of hosted services over the internet which includes software, platforms, infrastructure and other hosting arrangements. Under the guidance, customers that gain access to software in a cloud computing arrangement account for the software as internal-use software only if the arrangement includes a software license. Valvoline adopted this standard on a prospective basis on October 1, 2016. As a result, certain costs related to these arrangements will be expensed when incurred.

In March 2016, the FASB issued new accounting guidance for certain aspects of share-based payments to employees, which includes multiple provisions intended to simplify various aspects of the accounting for share-based payments. In particular, the tax effects of all stock-based compensation awards will be included in income, windfall tax benefits and deficiencies will be reported as discrete items in the interim period when they arise, all tax-related cash flows from share-based payments will be reported as operating activities in the statement of cash flows, the classification of awards as liabilities or equity due to tax withholdings may change, and accounting for forfeitures may change. This guidance is effective for the Company beginning October 1, 2017; however, Valvoline elected to early adopt this guidance in the quarter ended June 30, 2017, with all relevant adjustments applied as of the beginning of the fiscal year. This guidance also allows entities to make an accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. The Company has elected to recognize forfeitures as they occur rather than estimate a forfeiture rate. The impact on Valvoline's condensed consolidated financial statements as a result of adopting this new guidance was not material.

In January 2017, the FASB issued accounting guidance which simplifies the subsequent measurement of goodwill by eliminating the second step of the two-step impairment test under which the implied fair value of goodwill is determined as if the reporting unit were being acquired in a business combination. The guidance instead requires entities to compare the fair value of a reporting unit with its carrying amount and recognize an impairment charge for any amount by which the carrying amount exceeds the reporting unit's fair value. This guidance must be applied prospectively and will become effective for Valvoline on October 1, 2020, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. Valvoline's annual evaluation of goodwill for impairment is performed as of July 1. As this guidance simplifies the process for measuring impairment, management does not expect there will be an impact on the consolidated financial statements given the Company's historical excess fair value of its reporting units.

In March 2017, the FASB issued accounting guidance that will change how employers who sponsor defined benefit pension and/or postretirement benefit plans present the net periodic benefit cost in the Condensed Consolidated Statements of Comprehensive Income. This guidance requires employers to present the service cost component of net periodic benefit cost in the same caption within the Condensed Consolidated Statements of Comprehensive Income as other employee compensation costs from services rendered during the period. All other components of the net periodic benefit cost will be presented separately outside of the operating income caption. This guidance must be applied retrospectively and will become effective for Valvoline on October 1, 2018, with early adoption being optional. Valvoline currently intends to early adopt this guidance on October 1, 2017 and expects this guidance will have a significant impact on the presentation of the Condensed Consolidated Statements of Comprehensive Income as it will result in a reclassification of Pension and other postretirement plan non-service income and remeasurement adjustments, net from within operating income to non-operating income.

In May 2017, the FASB issued accounting guidance to clarify when to account for a change to the terms or conditions of a share-based payment award as a modification. This guidance must be applied prospectively and will become effective for Valvoline on October 1, 2018, with early adoption being optional. Valvoline does not expect this guidance to have a significant impact on the consolidated financial statements, though the impacts will depend on the nature of any future



changes in Valvoline's share-based awards. This guidance will be applied in relevant future periods when terms or conditions of share-based awards are changed.

## NOTE 2 - ACQUISITIONS

### Time-It Lube

On January 31, 2017, Valvoline completed the acquisition of the business assets related to 28 quick-lube stores, primarily located in east Texas and Louisiana, from Time-It Lube LLC and Time-It Lube of Texas, LP (together, "Time-It Lube") for a purchase price of \$48 million. Of the \$48 million, \$44 million was preliminarily allocated to goodwill and the remainder was allocated to working capital, customer relationships and trade names. This acquisition is recorded within the Quick Lubes reportable segment.

Goodwill is calculated as the excess of the consideration transferred over the net assets acquired and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The factors contributing to the recognition of goodwill were based on strategic benefits that are expected to be realized from the acquisition of Time-It Lube. The goodwill is expected to be deductible for income tax purposes.

### Oil Can Henry's

On February 1, 2016, Valvoline completed the acquisition of OCH International, Inc. (Oil Can Henry's), which included 89 quick-lube stores, 47 company-owned stores and 42 franchise locations in Oregon, Washington, California, Arizona, Idaho and Colorado.

The total purchase price, net of cash acquired, for the acquisition of Oil Can Henry's within the Quick Lubes reportable segment was \$62 million. Of the \$62 million, \$83 million was allocated to goodwill and \$10 million to assets, including working capital, property, plant and equipment, intangible assets, and other non-current assets. Valvoline also assumed \$11 million of debt, \$11 million of current liabilities and \$9 million of noncurrent liabilities.

The factors contributing to the recognition of goodwill were based on strategic benefits that are expected to be realized from the acquisition of Oil Can Henry's. None of the goodwill is expected to be deductible for income tax purposes.

### Other Quick Lubes acquisitions

During the nine months ended June 30, 2017, the Company completed the acquisition of 14 franchise locations within the Quick Lubes reportable segment for an aggregate purchase price of \$22 million. The purchase price has primarily been allocated to Goodwill and intangibles within the Condensed Consolidated Balance Sheets.

## NOTE 3 - ACCOUNTS RECEIVABLE

The following summarizes Valvoline's accounts receivable as of the Condensed Consolidated Balance Sheet dates:

(In millions)	June 30 2017	September 30 2016
Trade and other accounts receivable	\$ 408	\$ 368
Less: Allowance for doubtful accounts	(5)	(5)
	<u>\$ 403</u>	<u>\$ 363</u>

## NOTE 4 - INVENTORIES

Inventories are carried at the lower of cost or market value. Inventories are primarily stated at cost using the weighted average cost method. In addition, certain lubricants are valued at cost using the last-in, first-out ("LIFO") method.

The following summarizes Valvoline's inventories as of the Condensed Consolidated Balance Sheet dates:

(In millions)	June 30 2017	September 30 2016
Finished products	\$ 186	\$ 149
Raw materials, supplies and work in process	28	21
LIFO reserves	(30)	(29)
Obsolete inventory reserves	(3)	(2)
	<u>\$ 181</u>	<u>\$ 139</u>

#### NOTE 5 - GOODWILL

##### *Goodwill*

Valvoline reviews goodwill for impairment annually or when events and circumstances indicate an impairment may have occurred. This annual assessment consists of Valvoline determining each reporting unit's current fair value compared to its current carrying value as of July 1. The performance of the annual impairment analysis during 2016 did not result in any impairment of goodwill, and no events or circumstances that would indicate an impairment may have occurred were noted during the nine months ended June 30, 2017. The estimated fair value of each reporting unit with a goodwill balance was significantly in excess of its carrying value.

The following is a progression of goodwill by reportable segment for the nine months ended June 30, 2017.

(In millions)	Core North America	Quick Lubes	International	Total
<b>September 30, 2016</b>	\$ 89	\$ 135	\$ 40	\$ 264
Acquisitions (a)	—	65	—	65
<b>June 30, 2017</b>	<u>\$ 89</u>	<u>\$ 200</u>	<u>\$ 40</u>	<u>\$ 329</u>

(a) Relates to \$44 million for the acquisition of Time-It Lube and \$21 million for the acquisition of 14 locations within the Quick Lubes reportable segment during the nine months ended June 30, 2017. See Note 2 for more information.

## NOTE 6 - DEBT

The following table summarizes Valvoline's current and long-term debt as of the dates reported in the Condensed Consolidated Balance Sheets:

(In millions)	June 30 2017	September 30 2016
Senior Notes	\$ 375	\$ 375
Term Loan A	289	375
Accounts Receivable Securitization	75	—
Revolver	—	—
Other <sup>(a)</sup>	(6)	(7)
Total debt	\$ 733	\$ 743
Short-term debt	75	—
Current portion of long-term debt	15	19
Long-term debt	\$ 643	\$ 724

(a) At June 30, 2017, Other includes \$8 million of debt issuance cost discounts and \$2 million of debt acquired through acquisitions. At September 30, 2016, Other included \$9 million of debt issuance cost discounts and \$2 million of debt acquired through acquisitions.

At June 30, 2017, Valvoline's long-term debt (including current portion and excluding debt issuance costs) had a carrying value of \$666 million, compared to a fair value of \$690 million. At September 30, 2016, Valvoline's long-term debt (including current portion and excluding debt issuance costs) had a carrying value of \$752 million, compared to a fair value of \$771 million. Borrowings under the Term Loans (as defined below) are at variable interest rates and accordingly their carrying amounts approximate fair value. The fair value of the 5.500% senior unsecured notes due 2024 ("Senior Notes") is based on quoted market prices, which are Level 1 inputs within the fair value hierarchy.

### *Accounts Receivable Securitization*

In November 2016, Valvoline entered into a \$125 million accounts receivable securitization facility (the "2017 Accounts Receivable Securitization Facility") with various financial institutions. The Company may from time to time, obtain up to \$125 million (in the form of cash or letters of credit) through the sale of an undivided interest in its accounts receivable. The agreement has a term of one year but is extendable at the discretion of the Company and the financial institutions. The Company accounts for the 2017 Accounts Receivable Securitization Facility as secured borrowings, which are classified as Short-term debt and the receivables sold are included in Accounts receivable in the Condensed Consolidated Balance Sheets.

During the first quarter of 2017, Valvoline borrowed \$75 million under the 2017 Accounts Receivable Securitization Facility and used the net proceeds to repay an equal amount of the Term Loan A. As a result, the Company recognized an immaterial charge related to the accelerated amortization of previously capitalized debt issuance costs, which is included in Net interest and other financing expense in the Condensed Consolidated Statements of Comprehensive Income for the nine months ended June 30, 2017. At June 30, 2017, \$75 million was outstanding and the total borrowing capacity remaining under the 2017 Accounts Receivable Securitization Facility was \$50 million. The weighted average interest rate for this instrument was 1.8% and 1.7% for the three and nine months ended June 30, 2017, respectively.

### *Senior Credit Agreement*

The 2016 Senior Credit Agreement provided for an aggregate principal amount of \$1,325 million in senior secured credit facilities ("2016 Credit Facilities"), composed of (i) a five year \$875 million Term Loan A facility ("Term Loans") and (ii) a five year \$450 million revolving credit facility (including a \$100 million letter of credit sublimit) ("Revolver"). At June 30, 2017, there were no borrowings under the Revolver and the total borrowing capacity remaining under the Revolver was \$436 million due to a reduction of \$14 million for letters of credit outstanding.

The 2016 Senior Credit Agreement contains usual and customary representations and warranties, and usual and customary affirmative and negative covenants, including limitations on liens, additional indebtedness, investments, restricted payments, asset sales, mergers, affiliate transactions and other customary limitations, as well as financial covenants (including maintenance of a maximum consolidated net leverage ratio and a minimum consolidated interest coverage ratio). As of the end of any fiscal quarter, the maximum consolidated net leverage ratio and minimum consolidated interest coverage ratio permitted under the 2016 Senior Credit Agreement are 4.5 and 3.0, respectively. As of June 30, 2017, Valvoline is in compliance with all covenants under the 2016 Senior Credit Agreement.

## **NOTE 7 – INCOME TAXES**

### *Tax Matters Agreement*

For the periods prior to Separation from Ashland, Valvoline will be included in Ashland's consolidated U.S. and state income tax returns and in tax returns of certain Ashland international subsidiaries (collectively, the "Ashland Group Returns"). Under the Tax Matters Agreement between Valvoline and Ashland that was entered into on September 22, 2016, Ashland will generally make all necessary tax payments to the relevant tax authorities with respect to Ashland Group Returns, and Valvoline will make tax sharing payments to Ashland, inclusive of tax attributes utilized. The amount of the tax sharing payments will generally be determined as if Valvoline and each of its relevant subsidiaries included in the Ashland Group Returns filed their own consolidated, combined or separate tax returns for the periods prior to Distribution that include only Valvoline and/or its relevant subsidiaries, as the case may be. During the three and nine months ended June 30, 2017, Valvoline recognized a \$2 million benefit in Selling, general and administrative expense for a reduction in amounts due to Ashland under the Tax Matters Agreement as a result of Ashland's utilization of Valvoline tax attributes in the Ashland Group Returns. This benefit was offset by additional income tax expense of \$2 million. We could have similar Tax Matters Agreement activity in future periods based upon Ashland's ability to utilize Valvoline's estimated tax benefits in the Ashland Group Returns for the pre-Distribution periods.

Total net liabilities related to these and other obligations owed to Ashland under the Tax Matters Agreement were \$66 million at June 30, 2017 and September 30, 2016. The net liability at June 30, 2017 consisted of receivables from Ashland of \$9 million recorded in other current assets and deferred tax benefits of \$1 million in deferred income tax assets, net of \$76 million recorded in other long-term liabilities in the Condensed Consolidated Balance Sheets. As of September 30, 2016, the net liability consisted of receivables from Ashland of \$5 million recorded in Other current assets and \$71 million recorded in Other long-term liabilities in the Condensed Consolidated Balance Sheets.

### *Effective income tax rates*

Income tax provisions for interim quarterly periods are based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent or unusual items. Income tax expense for the three months ended June 30, 2017 was \$38 million, an effective tax rate of 40.4% compared to an expense of \$38 million, an effective tax rate of 33.6% for the three months ended June 30, 2016. The difference in these rates is primarily related to certain non-deductible Separation costs, as well as additional income tax expense resulting from the Tax Matters Agreement with Ashland.

Income tax expense for the nine months ended June 30, 2017 was \$114 million, an effective tax rate of 36.4% compared to an expense of \$104 million, an effective tax rate of 33.3% for the nine months ended June 30, 2016. The increase in the effective tax rate in the current year was primarily attributed to certain non-deductible Separation costs, additional income tax expense resulting from the Tax Matters Agreement with Ashland, and net favorable discrete items in the prior year related to the tax law change from the reinstatement of research and development credits.

### *Unrecognized tax benefits*

Valvoline recognized less than \$1 million of expense for uncertain tax positions for the three months ended June 30, 2017 and \$1 million of expense for the nine months ended June 30, 2017, which related to increases in positions taken in the current year as well as increases related to positions taken on items from prior years. Valvoline expects no decrease in the amount of accrual for uncertain tax positions in the next twelve months. However, it is reasonably possible that there could be material changes to the amount of uncertain tax positions due to activities of the taxing authorities, settlement of audit issues, reassessment of existing uncertain tax positions, or the expiration of applicable statute of limitations; however, Valvoline is not able to estimate the impact of these items at this time.

### **NOTE 8 – EMPLOYEE BENEFIT PLANS**

During September 2016 and prior to the IPO, Ashland transferred a substantial portion of its U.S. qualified and non-qualified pension plans as well as certain other postretirement obligations to Valvoline. Prior to the transfer, Valvoline accounted for its participation in the Ashland sponsored pension and other postretirement benefit plans as multi-employer plans. For purposes of these financial statements, costs for multi-employer plans were allocated based on Valvoline employee's participation in the plan prior to September 1, 2016.

Subsequent to the transfer from Ashland, Valvoline accounts for the plans as single-employer plans recognizing the full amount of any costs, gains, and net liabilities within the condensed consolidated financial statements. The total pension and other postretirement benefit income accounted for under the single employer plan method of \$16 million and \$58 million during the three and nine months ended June 30, 2017, respectively, was primarily recognized within Pension and other postretirement plan non-service income and remeasurement adjustments, net in the Condensed Consolidated Statements of Comprehensive Income.

The total pension and other postretirement benefit costs allocated to Valvoline as multi-employer pension plans were zero and income of \$2 million for the three and nine months ended June 30, 2016, respectively. During the three and nine months ended June 30, 2016, these allocated costs include non-service income and remeasurement adjustments of \$3 million and \$5 million of income, respectively. Of these amounts, approximately \$1 million and \$2 million of income were recorded to Cost of Sales during the three and nine months ended June 30, 2016, respectively, and \$2 million and \$3 million of income were recorded for the three and nine months ended June 30, 2016, respectively, to Pension and other postretirement plan non-service income and remeasurement adjustments, net in the Condensed Consolidated Statements of Comprehensive Income. During the three months ended June 30, 2016, service cost was \$3 million, for which \$1 million was recognized within Cost of goods sold as well as \$2 million in Selling, general and administrative expense. During the nine months ended June 30, 2016, service cost was \$7 million, and \$3 million was within Cost of goods sold and \$4 million within Selling, general and administrative expense.

Contributions to the pension plans were approximately \$6 million and \$16 million during the three and nine months ended June 30, 2017, respectively. Expected contributions to pension plans for the remainder of 2017 are approximately \$400 million, including the planned voluntary contribution to the U.S. qualified pension plan discussed in Note 15.

### *Plan amendments and remeasurements*

Effective January 1, 2017, Valvoline discontinued certain other postretirement health and life insurance benefits. The effect of these plan amendments resulted in a remeasurement gain of \$8 million within Pension and other postretirement plan non-service income and remeasurement adjustments, net in the Condensed Consolidated Statements of Comprehensive Income for the nine months ended June 30, 2017.

During March 2016, Ashland announced that the majority of its defined benefit pension plans, accounted for as multi-employer plans, would freeze the accrual of benefits effective September 30, 2016. Additionally, during March 2016, Ashland announced that retiree life and medical benefits would be reduced effective October 1, 2016 and January 1, 2017, respectively. The effect of these plan amendments resulted in a remeasurement loss of \$5 million for the nine months ended June 30, 2016. Approximately \$2 million was recorded within Cost of sales and \$3 million within Pension and other

postretirement plan non-service income and remeasurement adjustments in the Condensed Consolidated Statements of Comprehensive Income for the nine months ended June 30, 2016.

*Components of net periodic benefit costs (income)*

For segment reporting purposes, service cost is proportionately allocated to each reportable segment, while all other components of net periodic benefit income are recognized within Unallocated and other.

The following table summarizes the components of pension and other postretirement benefit income. For the three and nine months ended June 30, 2016, these amounts were generally related to allocations to Valvoline under a multi-employer plan method of accounting.

(In millions)	Pension benefits		Other postretirement benefits	
	2017	2016	2017	2016
<b>Three months ended June 30</b>				
Service cost	\$ 1	\$ 3	\$ —	\$ —
Interest cost	22	6	—	—
Expected return on plan assets	(36)	(9)	—	—
Amortization of prior service credit	—	—	(3)	—
Net periodic benefit income	\$ (13)	\$ —	\$ (3)	\$ —
<b>Nine months ended June 30</b>				
Service cost	\$ 2	\$ 7	\$ —	\$ —
Interest cost	65	18	1	1
Expected return on plan assets	(109)	(27)	—	—
Amortization of prior service credit	—	—	(9)	(2)
Curtailement gain	—	(12)	—	(6)
Actuarial loss (gain)	—	22	(8)	1
Net periodic benefit (income) costs	\$ (42)	\$ 8	\$ (16)	\$ (6)

*Non-qualified trust funds*

The Company maintains a non-qualified trust to fund benefit payments for its non-qualified pension plan. Valvoline had \$32 million and \$34 million of non-qualified benefit plan investments as of June 30, 2017 and September 30, 2016, respectively, which primarily consist of fixed income U.S government bonds and are classified as Other noncurrent assets in the Condensed Consolidated Balance Sheets. Gains and losses related to deferred compensation investments are immediately recognized within the Condensed Consolidated Statements of Comprehensive Income. These investments consist of Level 1 measurements within the fair value hierarchy, which are observable inputs, such as unadjusted quoted prices in active markets for identical assets and liabilities.

**NOTE 9 – LITIGATION, CLAIMS AND CONTINGENCIES**

There are various claims, lawsuits and administrative proceedings pending or threatened against Valvoline and its various subsidiary companies. Such actions are with respect to commercial and tax disputes, product liability, toxic tort liability, environmental, and other matters which seek remedies or damages, in some cases in substantial amounts. While Valvoline cannot predict with certainty the outcome of such actions, it believes that adequate reserves have been recorded where appropriate. Losses already recognized with respect to such actions were not material as of June 30, 2017 and September 30, 2016. There is a reasonable possibility that a loss exceeding amounts already recognized may be incurred related to these actions; however, Valvoline currently believes that such potential losses will not be material.

## NOTE 10 - STOCK-BASED COMPENSATION PLANS

Prior to the Distribution, share-based awards for key Valvoline employees and directors were principally settled in Ashland common stock and granted through participation in Ashland's stock incentive plans, primarily in the form of stock appreciation rights ("SARs"), restricted stock, performance shares and other nonvested stock awards. In periods preceding the Distribution, stock-based compensation expense was allocated to Valvoline based on the awards and terms previously granted. In connection with the Distribution on May 12, 2017, outstanding Ashland share-based awards held by Valvoline employees were converted to equivalent share-based awards of Valvoline based on an exchange ratio of Ashland's fair market value prior to Distribution in relation to Valvoline's fair market value post-Distribution.

The 2016 Valvoline Inc. Incentive Plan (the "Valvoline IP") was adopted by Valvoline's Board of Directors effective October 1, 2016, after having been approved by Ashland as controlling stockholder on September 27, 2016. Share-based awards granted under the Valvoline IP contain similar terms and conditions as those granted under the Ashland stock incentive plans, including SARs, restricted stock, performance shares and other nonvested stock awards. A total of 7 million shares are authorized to be issued under the Valvoline IP.

Valvoline recognizes stock-based compensation expense within the Selling, general and administrative expense caption of the Condensed Consolidated Statements of Comprehensive Income. In the periods following the Distribution, Valvoline recognizes stock-based compensation expense based on the grant date fair value of new or modified awards over the requisite vesting period. Stock-based compensation expense was \$3 million for each of the three months ended June 30, 2017 and 2016 and \$7 million and \$8 million for the nine months ended June 30, 2017 and 2016, respectively. During the prior year periods, this expense was based on an allocation from Ashland, and during the three and nine months ended June 30, 2017, these allocations were \$1 million and \$4 million, respectively. Included in the total stock-based compensation expense below is approximately \$1 million for the three and nine months ended June 30, 2017 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.

The following is a summary of stock-based compensation expense recognized by the Company during the three and nine months ended June 30, 2017:

(In millions)	Three months ended	Nine months ended
	June 30 2017	June 30 2017
SARs	\$ 1	\$ 2
Nonvested stock awards	1	4
Performance awards	1	1
Total stock-based compensation expense, pre-tax	3	7
Tax benefit	(1)	(3)
Total stock-based compensation expense, net of tax	\$ 2	\$ 4

### SARs

Through Valvoline's participation in Ashland's stock incentive plans, SARs were granted to certain Valvoline employees to provide award holders with the ability to profit from the appreciation in value of a set number of shares of Ashland's common stock over a period of time by exercising their award and receiving the sum of the increase in shares. SARs were granted at a price equal to the fair market value of the stock on the date of grant and typically vest and become exercisable over a period of one to three years. Unexercised SARs lapse ten years and one month after the date of grant.

In connection with the Distribution, Ashland SARs held by Valvoline employees were converted to equivalent Valvoline SARs based on the exchange ratio described above, which modified the number of SARs outstanding as well as the exercise price. The conversion was treated as a modification for accounting purposes, and accordingly, Valvoline estimated its pre-

and post-modification fair value using the Black-Scholes option pricing model, which resulted in an immaterial increase in the incremental fair value of the awards. This model requires several assumptions, which were developed and updated based on historical trends and current market observations. The following table illustrates the weighted average of key assumptions used within the Black-Scholes option-pricing model to estimate fair value of the modified SARs at Distribution. The risk-free interest rate assumptions were based on the U.S. Treasury yield curve in effect at the time of the modification for the expected term of the instrument. The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. Due to the lack of historical data for Valvoline, the volatility assumption was calculated by utilizing average volatility of peer companies with look-back periods commensurate with the expected term for each tranche of awards. The expected term is based on the vesting period and contractual term for each vesting tranche of awards, which generally utilized the mid-point between the vesting date and the expiration date as the expected term.

Weighted average fair value per share of SARs	\$	7.44
<b>Assumptions (weighted average)</b>		
Risk-free interest rate <sup>(a)</sup>		1.7%
Expected dividend yield		0.9%
Expected volatility <sup>(b)</sup>		22.8%
Expected term (in years) <sup>(c)</sup>		7.45

(a) The range of risk-free interest rates used for the SARs converted to Valvoline shares at Distribution was 1.1% to 1.9% .

(b) The range of expected volatility used for the SARs converted to Valvoline shares at Distribution was 21.5% to 24.4% .

(c) For SARs that were fully vested at Distribution, the expected term is based on the mid-point of the Distribution date and the expiration date.

The following table summarizes the activity relative to SARs for the nine months ended June 30, 2017:

	Number of Shares (in thousands)	Weighted Average Exercise Price Per Share	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (in millions)
SARs outstanding at September 30, 2016	—	\$ —	0 years	\$ —
Conversion of Ashland awards to awards in Valvoline stock	1,896	17.53		
Exercised <sup>(a)</sup>	(14)	19.22		—
SARs outstanding at June 30, 2017	1,882	\$ 17.52	7.4 years	\$ 12
SARs exercisable at June 30, 2017	1,007	\$ 14.97	5.9 years	\$ 9

(a) The aggregate intrinsic value of awards exercised was less than \$1 million .

As of June 30, 2017, there was \$3 million of total unrecognized compensation costs related to SARs, which is expected to be recognized over a weighted average period of 1.6 years.

#### Nonvested stock awards

Primarily through Valvoline's participation in Ashland's stock incentive plans, nonvested stock awards in the form of Restricted Stock Awards ("RSAs") and Restricted Stock Units ("RSUs") were granted to certain Valvoline employees and directors. These awards were granted at a price equal to the fair market value of the underlying common stock on the grant date, generally vest over a one to five -year period, and are subject to forfeiture upon termination of service before the vesting period ends. These awards were primarily granted as RSUs that will convert to shares upon vesting, while the RSAs were grants made in shares, which entitle award holders to vote the shares, though the rights in the shares are restricted until vesting. Dividends on nonvested stock awards granted are in the form of additional units or shares of nonvested stock awards, which are subject to vesting and forfeiture provisions.



In connection with the Distribution, Ashland nonvested stock awards held by Valvoline employees were converted to equivalent Valvoline awards based on the exchange ratio described above, which modified the number of awards outstanding. The conversion was treated as a modification for accounting purposes, and accordingly, Valvoline determined its pre- and post-modification fair value, which resulted in an immaterial increase in the incremental fair value of the awards that will be expensed ratably over the remaining vesting period of each award.

The following table summarizes nonvested share activity for the nine months ended June 30, 2017:

	Number of Shares (in thousands)	Weighted Average Modified Grant Date Fair Value per Share
Outstanding balance at September 30, 2016	—	\$ —
Granted	69	22.76
Conversion of Ashland service-based awards to awards in Valvoline stock	464	22.65
Vested and distributed	(3)	23.66
Outstanding shares at June 30, 2017	530	\$ 22.66

As of June 30, 2017, there was \$5 million of total unrecognized compensation costs related to nonvested stock awards, which is expected to be recognized over a weighted average period of 2.5 years. The aggregate intrinsic value of the nonvested stock awards as of June 30, 2017 is \$13 million .

### Performance awards

Through Valvoline's participation in Ashland's stock incentive plans, performance shares/units were awarded to certain key Valvoline employees that were tied to Ashland's overall financial performance relative to the financial performance of selected industry peer groups and/or internal targets. Awards were granted annually, with each award covering a three -year vesting period. Each performance share/unit is convertible to one share of common stock, and the actual number of shares issuable upon vesting is determined based upon actual performance compared to market and financial performance condition targets. Nonvested performance shares/units generally do not entitle employees to vote the shares or to receive any dividends thereon.

In connection with the Distribution, Ashland performance awards held by Valvoline employees were converted to equivalent Valvoline awards based on the exchange ratio described above, which modified the number of awards outstanding. In addition, certain terms and conditions of the original grants were modified relative to the performance and market measures and related performance periods. The conversion was treated as a modification for accounting purposes, and accordingly, Valvoline estimated its pre- and post-modification fair value, which resulted in an immaterial increase in the incremental fair value of the awards that will be expensed ratably over the remaining vesting period of each award.

For those awards with remaining post-Distribution performance and market conditions, Valvoline estimated its modified fair value of each award using a two-step approach to consider both the performance and market conditions. With regard to the performance conditions, the modified fair value is equal to the fair market value of Valvoline's common stock on the modification date, and compensation cost is recognized over the requisite service period when it is probable that the performance condition will be satisfied. For the market conditions, compensation cost is recognized regardless of whether the conditions are satisfied and based on the modified fair value that was estimated using a Monte Carlo simulation valuation model using key assumptions summarized in the following table:

Assumptions (weighted average)

Risk-free interest rate <sup>(a)</sup>	1.2%
Expected dividend yield	1.0%
Expected volatility <sup>(b)</sup>	21.0%
Expected term (in years)	1.9

(a) The range of risk-free interest rates used for the performance awards converted to Valvoline shares at Distribution was 0.9% to 1.5% .

(b) The range of expected volatility used for the performance awards converted to Valvoline shares at Distribution was 18.9% to 22.4% .

The following table summarizes performance award activity for the nine months ended June 30, 2017:

	Number of Shares (in thousands)	Weighted Average Modified Grant Date Fair Value per Share
Outstanding balance at September 30, 2016	—	\$ —
Conversion of Ashland performance-based awards to awards in Valvoline stock	258	18.44
Outstanding shares at June 30, 2017	258	\$ 18.44

As of June 30, 2017, there was \$3 million of unrecognized compensation costs related to nonvested performance share awards. That cost is expected to be recognized over a weighted average period of approximately 2.3 years.

**NOTE 11 - EARNINGS PER SHARE**

The Company corrected an immaterial error in the EPS calculations previously reported in the consolidated and condensed consolidated financial statements for the periods prior to and including September 30, 2016. EPS was previously reported in these periods based on weighted average common shares outstanding of 204.5 million , which included both the 170 million shares issued to Ashland in the Contribution as well as the 34.5 million shares issued in the IPO on September 28, 2016. The weighted average number of shares outstanding included in the EPS calculation have been revised for the respective prior year periods to include the IPO shares only for the period they were outstanding in the year ended September 30, 2016. The impact of this revision did not affect the current period financial statements or previously reported net income, financial position or cash flows.

Basic and diluted EPS previously reported in the Annual Report on Form 10-K for the fiscal year ended September 30, 2016 were \$1.33 , \$0.96 and \$0.84 for the years ended September 30, 2016, 2015 and 2014, respectively. After correction of the weighted average number of common shares outstanding, revised basic and diluted EPS were \$1.60 , \$1.15 and \$1.02 for the years ended September 30, 2016, 2015 and 2014, respectively. The Company evaluated the impact of the revision on prior periods, assessing materiality quantitatively and qualitatively and concluded that the error was not material to any of the interim and annual periods previously presented. The referenced periods not presented herein will be revised, as applicable, in future filings.

The following is the computation of basic and diluted EPS for the three and nine months ended June 30, 2017 and 2016. EPS is reported under the treasury stock method.

(In millions except per share data)	Three months ended		Nine months ended	
	June 30		June 30	
	2017	2016 <sup>(a)</sup>	2017	2016 <sup>(a)</sup>
<b>Numerator</b>				
Net income	\$ 56	\$ 75	\$ 199	\$ 208
<b>Denominator</b>				
Weighted average shares used to compute basic EPS	204	170	204	170
Effect of dilutive securities <sup>(b)</sup>	—	—	—	—
Weighted average shares used to compute diluted EPS	204	170	204	170
<b>Earnings per share</b>				
Basic	\$ 0.27	\$ 0.44	\$ 0.97	\$ 1.22
Diluted	\$ 0.27	\$ 0.44	\$ 0.97	\$ 1.22

(a) The weighted average number of shares outstanding for the three and nine months ended June 30, 2016 are based on the 170 million shares issued to Ashland in the Contribution.

(b) During the three and nine months ended June 30, 2017, share-based awards that were previously denominated in Ashland common stock were converted to Valvoline common stock at Distribution. As presented in the table, there was not a significant dilutive impact for the three and nine months ended June 30, 2017.

## NOTE 12 - STOCKHOLDERS' DEFICIT

### Separation from Ashland

On May 12, 2017, Ashland completed the Distribution of all 170 million shares of Valvoline common stock as a pro rata dividend on shares of Ashland common stock outstanding at the close of business on the record date of May 5, 2017. Based on the shares of Ashland common stock outstanding on the record date, each share of Ashland common stock received 2.745338 shares of Valvoline common stock in the Distribution. Concurrent with the Distribution, Ashland's net investment in Valvoline was reduced to zero with a corresponding adjustment to Paid-in capital and Retained deficit. See Note 1 for additional information regarding the Separation from Ashland.

### Stockholder dividends

The Company's dividend activity during the nine months ended June 30, 2017 was as follows:

Declaration Date	Record Date	Payment Date	Dividend Per Common Share	Cash Outlay (in millions)	Cash Paid to Ashland (in millions)
November 15, 2016	December 5, 2016	December 20, 2016	\$ 0.049	\$ 10	\$ 8
January 24, 2017	March 1, 2017	March 15, 2017	\$ 0.049	\$ 10	\$ 8
April 27, 2017	June 1, 2017	June 15, 2017	\$ 0.049	\$ 10	—

### Share repurchases

On April 24, 2017, Valvoline's Board of Directors authorized a share repurchase program under which Valvoline may repurchase up to \$150 million of its common stock through December 31, 2019. During the three and nine months ended June 30, 2017, \$50 million was used to repurchase 2 million common shares, which were retired on repurchase and recorded

as a reduction in Common stock for par value, with the price paid in excess of par value recorded as an increase in Retained deficit. As of June 30, 2017, \$100 million remains available for repurchase under this authorization.

### Accumulated other comprehensive income (loss)

Components of other comprehensive income (loss) recorded in the Condensed Consolidated Statements of Comprehensive Income are presented in the following table, before tax and net of tax effects.

(In millions)	2017			2016		
	Before tax	Tax benefit (expense)	Net of tax	Before tax	Tax benefit (expense)	Net of tax
<b>Three months ended June 30</b>						
Other comprehensive income (loss)						
Unrealized translation gain (loss)	\$ 6	\$ —	\$ 6	\$ (8)	\$ —	\$ (8)
Pension and other postretirement obligation adjustment:						
Amortization of unrecognized prior service credits included in net income (a)	(3)	1	(2)	—	—	—
<b>Total other comprehensive income (loss)</b>	<b>\$ 3</b>	<b>\$ 1</b>	<b>\$ 4</b>	<b>\$ (8)</b>	<b>\$ —</b>	<b>\$ (8)</b>
<b>Nine months ended June 30</b>						
Other comprehensive income (loss)						
Unrealized translation gain (loss)	\$ 3	\$ —	\$ 3	\$ (3)	\$ —	\$ (3)
Pension and other postretirement obligation adjustment:						
Amortization of unrecognized prior service credits included in net income (a)	(9)	3	(6)	—	—	—
<b>Total other comprehensive (loss) income</b>	<b>\$ (6)</b>	<b>\$ 3</b>	<b>\$ (3)</b>	<b>\$ (3)</b>	<b>\$ —</b>	<b>\$ (3)</b>

(a) Amortization of unrecognized prior service credits are included in net periodic benefit income for pension and other postretirement plans and are included in Pension and other postretirement plan non-service income and rereasurement adjustments in the Condensed Consolidated Statements of Comprehensive Income.

### NOTE 13 – RELATED PARTY TRANSACTIONS

#### *Separation from Ashland*

Immediately prior to the Distribution, Ashland owned 170 million shares of Valvoline common stock, representing approximately 83% of the outstanding shares of Valvoline common stock. Effective upon the Distribution, Ashland no longer holds any shares of Valvoline common stock. See Note 1 for further information on the Separation from Ashland. Also refer to Note 11 for information regarding the conversion of share-based awards from Ashland to Valvoline at Distribution.

#### *Financial assets*

Prior to the Distribution in May, Ashland was party to an agreement to sell certain Valvoline customer accounts receivable in the form of drafts or bills of exchange to a financial institution. Each draft constitutes an order to pay for obligations of the customer to Ashland arising from the sale of goods to the customer. The intention of the arrangement is to decrease the time accounts receivable is outstanding and increase cash flows as Ashland in turn remits payment to Valvoline. Prior to the Distribution, during the three and nine months ended June 30, 2017, there were \$29 million and \$40 million of accounts

receivable sold to the financial institution, respectively. During the three and nine months ended June 30, 2016, there were \$39 million and \$97 million of accounts receivable sold to the financial institution, respectively.

#### *Derivative instruments*

Until the IPO, Valvoline participated in Ashland's centralized derivative programs that engage in certain hedging activities, which Ashland used to manage its exposure to fluctuations in foreign currencies. Gains and losses related to a hedge were either recognized in Ashland's income immediately, to offset the gain or loss on the hedged item, or deferred and recorded in the equity section of Ashland's balance sheet as a component of accumulated other comprehensive loss and subsequently recognized in Ashland's income when the underlying hedged item was recognized in earnings. As a result, gains or losses on hedges during the three and nine months ended June 30, 2016 were not material and are reflected in Valvoline's Condensed Consolidated Statements of Comprehensive Income through allocation from Ashland in Selling, general and administrative expense.

Valvoline began its own hedging program in September 2016 to manage exposure to fluctuations in foreign currency. These foreign currency derivative instruments typically require exchange of one foreign currency for another for a fixed rate at a future date and generally have maturities of less than twelve months. All derivative instruments are recognized as assets and liabilities and are measured at fair value with the changes in fair value recorded within Selling, general and administrative expense in the Condensed Consolidated Statements of Comprehensive Income. Gains and losses recognized during the three and nine months ended June 30, 2017 related to changes in fair value of these instruments were not material. The Company has outstanding contracts with a notional value of \$35 million as of June 30, 2017, and the fair values of the outstanding derivatives as of June 30, 2017 are included in other current assets and Accrued expenses and other liabilities on the Condensed Consolidated Balance Sheets were not material.

#### *Related party receivables and payables*

At June 30, 2017, Valvoline had receivables from Ashland of \$10 million recorded in other current assets on the Condensed Consolidated Balance Sheets as well as \$1 million in deferred tax benefits in deferred tax assets. Also, at June 30, 2017, Valvoline had payables to Ashland of \$1 million, which was included in Accrued expenses and other liabilities in the Condensed Consolidated Balance Sheets, and \$76 million, which was recorded in other long-term liabilities in the Condensed Consolidated Balance Sheets. The current liability relates primarily to obligations owed to Ashland for transition services and other miscellaneous billings. The assets and long-term liability primarily relate to net obligations under the Tax Matters Agreement.

At September 30, 2016, Valvoline had receivables from Ashland of \$30 million recorded in other current assets on the Condensed Consolidated Balance Sheets. Also, at September 30, 2016, Valvoline had recorded obligations to Ashland of \$73 million, of which \$2 million is in accrued expenses and Other liabilities in the Condensed Consolidated Balance Sheets and \$71 million was recorded in other noncurrent liabilities in the Condensed Consolidated Balance Sheets. The long-term liability related primarily to the obligations under the Tax Matters Agreement.

#### *Corporate allocations*

Prior to the completion of the IPO, Valvoline utilized centralized functions of Ashland to support its operations, and in return, Ashland allocated certain of its expenses to Valvoline. Such expenses represent costs related, but not limited to, treasury, legal, accounting, insurance, information technology, payroll administration, human resources, incentive plans and other services. These costs, together with an allocation of Ashland overhead costs, are included within the Selling, general and administrative caption of the Condensed Consolidated Statements of Comprehensive Income. Where it was possible to specifically attribute such expenses to activities of Valvoline, amounts have been charged or credited directly to Valvoline without allocation or apportionment. Allocation of all other such expenses was based on a reasonable reflection of the utilization of service provided or benefits received by Valvoline during the periods presented on a consistent basis, such as headcount, square footage, tangible assets or sales. Valvoline's management supports the methods used in allocating expenses and believes these methods to be reasonable estimates.

There were no general corporate expenses allocated to Valvoline during the three and nine months ended June 30, 2017, while there were \$19 million and \$60 million allocated during the three and nine months ended June 30, 2016, respectively. The following table summarizes the centralized and administrative support costs of Ashland that were allocated to Valvoline for the three and nine months ended June 30, 2016.

(In millions)	Three months ended June 30		Nine months ended June 30	
	2016		2016	
Information technology	\$	5	\$	15
Financial and accounting		4		10
Building services		2		8
Legal and environmental		2		5
Human resources		2		4
Shared services		—		1
Other general and administrative		4		17
Total	\$	19	\$	60

#### NOTE 14 - REPORTABLE SEGMENT INFORMATION

Valvoline’s business is managed within reportable segments based on how operations are managed internally for the products and services sold to customers, including how the results are reviewed by the chief operating decision maker, which includes determining resource allocation methodologies used for reportable segments. Valvoline’s operating segments are identical to its reportable segments. Operating income is the primary measure reviewed by the chief operating decision maker in assessing each reportable segment’s financial performance. Valvoline’s businesses are managed within three reportable operating segments: Core North America, Quick Lubes, and International. Additionally, to reconcile to total consolidated Operating income, certain corporate and other non-operational costs are included in Unallocated and other.

##### *Reportable segment business descriptions*

The Core North America business segment sells Valvoline™ and other branded products in the United States and Canada to both consumers who perform their own automotive maintenance, referred to as “Do-It-Yourself” or “DIY” consumers, as well as to installer customers who use Valvoline products to service vehicles owned by “Do-It-For Me” or “DIFM” consumers. Valvoline sells to its DIY consumers through national retail auto parts stores, leading mass merchandisers and independent auto part stores. Valvoline sells to its DIFM consumers through installers in the United States and Canada. Installer customers include car dealers, general repair shops, and third-party quick lube chains. Valvoline directly serves these customers as well as through a network of distributors. Valvoline’s installer channel also sells products and solutions to heavy duty customers such as original equipment manufacturers, on-highway fleets and construction companies.

Through its Quick Lubes business segment, Valvoline operates Valvoline Instant Oil Change (“VIOC”), a quick-lube service chain involving both Company-owned and franchised stores. Valvoline also sells its products and provides Valvoline branded signage to independent quick lube operators through its Express Care program.

The International business segment sells Valvoline™ and Valvoline’s other branded products in approximately 140 countries outside of the United States and Canada. Valvoline’s key international markets include China, India, EMEA, Latin America and Australia Pacific. The International business segment sells products for both consumer and commercial vehicles and equipment, and is served by company-owned plants in the United States, Australia and the Netherlands, a joint venture-owned plant in India and third-party warehouses and toll manufacturers in other regions. In most of the countries where Valvoline’s products are sold, Valvoline goes to market via independent distributors.

Unallocated and other generally includes items such as components of pension and other postretirement benefit plan expenses (excluding service costs, which are allocated to the reportable segments), certain significant company-wide restructuring activities and legacy costs or adjustments that relate to divested businesses, including \$15 million and \$27 million of Separation costs during the three and nine months ended June 30, 2017, respectively.

#### Reportable segment results

Results of Valvoline's reportable segments are presented based on how operations are managed internally for the products and services sold to customers, including how the results are reviewed by the chief operating decision maker, which includes determining resource allocation methodologies used for reportable segments. The structure and practices are specific to Valvoline; therefore, the financial results of Valvoline's reportable segments are not necessarily comparable with similar information for other companies. Valvoline allocates all costs to its reportable segments except for certain significant company-wide restructuring activities, such as the restructuring plans and/or other costs or adjustments that relate to former businesses that Valvoline no longer operates. The service cost component of pension and other postretirement benefits costs has historically been allocated to each reportable segment on a ratable basis (currently, the only plans with ongoing service costs are international plans within the International reportable segment), while the remaining components of pension and other postretirement benefits costs are recorded to Unallocated and other.

The following table presents various financial information for each reportable segment:

(In millions)	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
<b>Sales</b>				
Core North America	\$ 258	\$ 251	\$ 748	\$ 740
Quick Lubes	139	119	394	332
International	137	129	395	363
	<u>\$ 534</u>	<u>\$ 499</u>	<u>\$ 1,537</u>	<u>\$ 1,435</u>
<b>Operating Income</b>				
Core North America	\$ 48	\$ 58	\$ 156	\$ 170
Quick Lubes	34	32	94	84
International	18	20	56	53
<b>Total operating segments</b>	<u>\$ 100</u>	<u>\$ 110</u>	<u>\$ 306</u>	<u>\$ 307</u>
Unallocated and other <sup>(a)</sup>	4	3	35	6
	<u>\$ 104</u>	<u>\$ 113</u>	<u>\$ 341</u>	<u>\$ 313</u>

(a) Unallocated and other includes a gain of \$8 million during the nine months ended June 30, 2017 and a loss of \$5 million during the nine months ended June 30, 2016 related to pension and other postretirement plan actuarial remeasurements. Unallocated and other also includes \$2 million of benefit in the three and nine months ended June 30, 2017 related to the tax indemnity with Ashland, as well as Separation costs of \$15 million and \$27 million for the three and nine months ending June 30, 2017, respectively.

## **NOTE 15 – SUBSEQUENT EVENTS**

### *Dividend declared*

On July 27, 2017, the Board of Directors of Valvoline declared a quarterly cash dividend of \$0.049 per share on Valvoline common stock. The dividend is payable on September 15, 2017 to shareholders of record on September 1, 2017.

### *Pension contribution and senior notes*

On August 8, 2017, Valvoline made a voluntary contribution of approximately \$395 million to its U.S. qualified pension plan. This contribution was funded by net proceeds from the issuance of 4.375% senior unsecured notes due 2025 with an aggregate principal amount of \$400 million received on August 8, 2017.



## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements including, without limitation, statements made under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operation” (“MD&A”), within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our industry, position, goals, strategy, future operations, future financial position, future revenues, estimated costs, prospects, margins, profitability, capital expenditures, liquidity, capital resources, dividends, plans and objectives of management are forward-looking statements. Valvoline has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “expects,” “estimates,” “is likely,” “predicts,” “projects,” “forecasts,” “may,” “will,” “should” and “intends” and the negative of these words or other comparable terminology. In addition, Valvoline may from time to time make forward-looking statements in its annual report, quarterly reports and other filings with the Securities and Exchange Commission (“SEC”), news releases and other written and oral communications.

These forward-looking statements are based on Valvoline’s current expectations and assumptions regarding, as of the date such statements are made, Valvoline’s future operating performance and financial condition, and Valvoline’s future financial and operating performance, strategic and competitive advantages, leadership and future opportunities, as well as the economy and other future events or circumstances. Valvoline’s expectations and assumptions include, without limitation, internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, operating efficiencies and economic conditions (such as prices, supply and demand, cost of raw materials, and the ability to recover raw-material cost increases through price increases), and risks and uncertainties associated with the following: demand for Valvoline’s products and services; sales growth in emerging markets; the prices and margins of Valvoline’s products and services; the strength of Valvoline’s reputation and brand; Valvoline’s ability to develop and successfully market new products and implement its digital platforms; Valvoline’s ability to retain its largest customers; potential product liability claims; achievement of the expected benefits of Valvoline’s separation from Ashland; Valvoline’s substantial indebtedness (including the possibility that such indebtedness and related restrictive covenants may adversely affect Valvoline’s future cash flows, results of operations, financial condition and Valvoline’s ability to repay debt) and other liabilities; operating as a stand-alone public company; Valvoline’s relationship with Ashland; failure, caused by Valvoline, of the stock distribution to Ashland stockholders (the “Distribution”) to qualify for tax-free treatment, which may result in significant tax liabilities to Ashland for which Valvoline may be required to indemnify Ashland; and the impact of acquisitions and/or divestitures Valvoline has made or may make (including the possibility that Valvoline may not realize the anticipated benefits from such transactions or difficulties with integration). These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report on Form 10-Q may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although Valvoline believes that the expectations reflected in these forward-looking statements are reasonable, Valvoline cannot guarantee future results, level of activity, performance or achievements. In addition, neither Valvoline nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by Valvoline or any other person that Valvoline will achieve its objectives and plans in any specified time frame, or at all. These forward-looking statements are as of the date of this Quarterly Report on Form 10-Q.

Other important factors that could cause actual results to differ materially from those contained in these forward-looking statements are discussed in Item 1A. Risk Factors in this Quarterly Report on Form 10-Q, under “Use of estimates, risks and uncertainties” in Note 2 of Notes to Consolidated Financial Statements, and in “Item 1A. Risk Factors” in Valvoline’s Annual Report on Form 10-K for the fiscal year ended September 30, 2016, filed with the SEC, which is available on Valvoline’s website at <http://www.valvoline.com> or on the SEC’s website at <http://www.sec.gov>. Any references to our website are intended to be inactive textual references only, and information on Valvoline’s website is not incorporated into or a part of this Form 10-Q. Except as required by law, Valvoline assumes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. All forward-looking statements attributable to Valvoline are expressly qualified in their entirety by these cautionary statements as well as others made in this

Quarterly Report on Form 10-Q and hereafter in our other SEC filings and public communications. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties.

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

The following discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements and the accompanying Notes to Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

### BUSINESS OVERVIEW

Valvoline Inc. ("Valvoline" or the "Company") is a leading worldwide producer and distributor of premium-branded automotive, commercial and industrial lubricants and automotive chemicals. Established in 1866, Valvoline's heritage spans 150 years, during which it has developed powerful name recognition across multiple product and service channels. Valvoline also operates a retail quick lube service chain through Valvoline Instant Oil Change ("VIOC"), which provides service through 1,113 franchised and company-owned stores.

Valvoline has significant positions in the United States in all of the key lubricant sales channels, and also has a strong international presence with products sold in approximately 140 countries. Sales to external customers in the United States represented 73% and 72% of total sales during the three and nine months ended June 30, 2017, respectively. Sales to external customers in the United States and all other countries for the three and nine months ended June 30, 2017 and 2016:

(In millions)	Three months ended June 30, 2017		Three months ended June 30, 2016	
	2017	2016	2017	2016
Sales to external customers				
United States	\$ 388	\$ 359	\$ 1,112	\$ 1,043
International	146	140	425	392
	<u>\$ 534</u>	<u>\$ 499</u>	<u>\$ 1,537</u>	<u>\$ 1,435</u>

In the United States and Canada, Valvoline's products are sold to consumers through over 30,000 retail outlets, to installer customers with over 12,000 locations, and through 1,113 Valvoline branded franchised and company-owned stores. Valvoline serves its customer base through an extensive sales force and technical support organization, allowing Valvoline to leverage its technology portfolio and customer relationships globally, while meeting customer demands locally. This combination of scale and strong local presence is critical to the Company's success.

### Reportable Segments

Valvoline's reporting structure is principally composed of three reportable segments: Core North America, Quick Lubes and International. Additionally, to reconcile to total consolidated Operating income, certain corporate and other non-operational costs are included in Unallocated and other.

Sales by each reportable segment expressed as a percentage of total consolidated sales were as follows:

Sales by Reportable Segment	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
Core North America	48%	50%	49%	52%
Quick Lubes	26%	24%	25%	23%
International	26%	26%	26%	25%
	100%	100%	100%	100%

#### SEPARATION FROM ASHLAND

Valvoline Inc. was incorporated in May 2016 as a subsidiary of Ashland Global Holdings Inc. (which together with its predecessors and consolidated subsidiaries is referred to as “Ashland”). On September 22, 2015, Ashland announced that its Board of Directors approved proceeding with a plan to separate Ashland into two independent, publicly traded companies comprising of the Valvoline business and the specialty chemicals businesses (the “Separation”). Following a series of restructuring steps, prior to the initial public offering (“IPO”) of Valvoline common stock, the Valvoline business was transferred from Ashland to Valvoline Inc. such that the Valvoline business includes substantially all of the historical Valvoline business reported by Ashland, as well as certain other assets and liabilities transferred to Valvoline by Ashland.

On May 12, 2017, Ashland completed the Distribution of 170 million shares of common stock of Valvoline as a pro rata dividend on shares of Ashland common stock outstanding at the close of business on the record date of May 5, 2017. Based on the shares of Ashland common stock outstanding as of May 5, 2017, each share of Ashland common stock received 2.745338 shares of Valvoline common stock in the Distribution.

Valvoline incurred certain costs related to the Separation from Ashland, which are recorded within Separation costs in the Condensed Consolidated Statements of Comprehensive Income. During the three and nine months ended June 30, 2017, Valvoline recognized Separation costs of \$15 million and \$27 million, respectively, which are primarily related to nonrecurring expenses, including legal, consulting, accounting, and other professional fees, as well as employee costs and expenses to separate information technology (“IT”) platforms. The Company expects full fiscal year Separation costs to be approximately \$30 million. Valvoline did not recognize any Separation costs during the three or nine months ended June 30, 2016.

## RESULTS OF OPERATIONS – CONSOLIDATED REVIEW

### Use of Non-GAAP Measures

Valvoline has included within this document several non-GAAP measures, on both a consolidated and reportable segment basis, which are not defined within U.S. GAAP and do not purport to be alternatives to net income or cash flows from operating activities as a measure of operating performance or cash flows. The following are the non-GAAP measures management has included and how management defines them:

- EBITDA, which management defines as net income, plus income tax expense (benefit), net interest and other financing expenses, and depreciation and amortization;
- EBITDA margin, which management defines as EBITDA divided by sales;
- Adjusted EBITDA, which management defines as EBITDA adjusted for losses (gains) on pension and other postretirement plans remeasurement, net gain (loss) on acquisitions and divestitures, impairment of equity investment, restructuring, other income and (expense) and other items (which can include costs related to the Separation from Ashland, pro forma impact of significant acquisitions or divestitures, or restructuring costs);
- Adjusted EBITDA margin, which management defines as Adjusted EBITDA, divided by sales; and
- Free cash flow, which management defines as operating cash flows less capital expenditures and certain other adjustments as applicable.

These measures are not prepared in accordance with U.S. GAAP. Management believes the use of non-GAAP measures on a consolidated and reportable segment basis assists investors in understanding the ongoing operating performance of Valvoline's business by presenting comparable financial results between periods. The non-GAAP information provided is used by Valvoline's management and may not be comparable to similar measures disclosed by other companies, because of differing methods used by other companies in calculating EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA provide a supplemental presentation of Valvoline's operating performance on a consolidated and reportable segment basis.

Adjusted EBITDA generally includes adjustments for unusual, non-operational or restructuring-related activities. Valvoline's condensed consolidated financial statements include actuarial gains and losses for defined benefit pension and other postretirement benefit plans recognized annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement during a fiscal year. Actuarial gains and losses occur when actual experience differs from the estimates used to allocate the change in value of pension and other postretirement benefit plans to expense throughout the year or when assumptions change, as they may each year. Significant factors that can contribute to the recognition of actuarial gains and losses include changes in discount rates used to remeasure pension and other postretirement obligations on an annual basis or upon a qualifying remeasurement, differences between actual and expected returns on plan assets and other changes in actuarial assumptions, for example the life expectancy of plan participants. Management believes Adjusted EBITDA, which includes the expected return on pension plan assets and excludes both the actual return on pension plan assets and the impact of actuarial gains and losses, provides investors with a meaningful supplemental presentation of Valvoline's operating performance. Management believes these actuarial gains and losses are primarily financing activities that are more reflective of changes in current conditions in global financial markets (and in particular interest rates) that are not directly related to the underlying business and that do not have an immediate, corresponding impact on the compensation and benefits provided to eligible employees and retirees.

Management uses free cash flow as an additional non-GAAP metric of cash flow generation. By deducting capital expenditures, management is able to provide a better indication of the ongoing cash being generated that is ultimately available for both debt and equity holders as well as other investment opportunities. Unlike cash flow from operating activities, free cash flow includes the impact of capital expenditures, providing a more complete picture of cash generation. Free cash flow has certain limitations, including that it does not reflect adjustments for certain non-discretionary cash flows, such as allocated costs and mandatory debt repayments. The amount of mandatory versus discretionary expenditures can vary significantly between periods.

Valvoline's results of operations are presented based on Valvoline's management structure and internal accounting practices. The structure and practices are specific to Valvoline; therefore, Valvoline's financial results, EBITDA, Adjusted EBITDA and free cash flow are not necessarily comparable with similar information for other comparable companies. EBITDA, Adjusted

EBITDA and free cash flow each have limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, or more meaningful than, net income and cash flows provided from operating activities as determined in accordance with U.S. GAAP. Because of these limitations, you should rely primarily on net income and cash flows provided from operating activities as determined in accordance with U.S. GAAP and use EBITDA, Adjusted EBITDA, and free cash flow only as supplements. In evaluating EBITDA, Adjusted EBITDA, and free cash flow, you should be aware that in the future Valvoline may incur expenses similar to those for which adjustments are made in calculating EBITDA, Adjusted EBITDA, and free cash flow. Valvoline's presentation of EBITDA, Adjusted EBITDA, and free cash flow should not be construed as a basis to infer that Valvoline's future results will be unaffected by unusual or non-recurring items.

The following table reconciles EBITDA and Adjusted EBITDA to net income.

(In millions)	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
<b>Net income</b>	\$ 56	\$ 75	\$ 199	\$ 208
Income tax expense	38	38	114	104
Net interest and other financing expense	10	—	28	—
Depreciation and amortization	12	10	30	29
<b>EBITDA</b>	<b>116</b>	<b>123</b>	<b>371</b>	<b>341</b>
Separation costs	15	—	27	—
Adjustment associated with Ashland tax indemnity	(2)	—	(2)	—
Loss (gain) on pension and other postretirement plan remeasurements	—	—	(8)	5
Net loss on acquisition	—	—	—	1
<b>Adjusted EBITDA (a)</b>	<b>\$ 129</b>	<b>\$ 123</b>	<b>\$ 388</b>	<b>\$ 347</b>

(a) Includes recurring net periodic pension and other postretirement income, which consisted of service cost, interest cost, expected return on plan assets and amortization of prior service credit. Net periodic pension and other postretirement income was \$16 million and zero for the three months ended June 30, 2017 and 2016, respectively. Recurring net periodic pension and other postretirement income was \$50 million and \$3 million for the nine months ended June 30, 2017 and 2016, respectively.

## Consolidated Review

### Net income

Valvoline's net income is primarily affected by results within operating income, income taxes and other significant events or transactions that are unusual or nonrecurring.

#### Three months ended June 30, 2017 and 2016

Key financial results for the three months ended June 30, 2017 and 2016 included the following:

- Net income amounted to \$56 million and \$75 million during the three months ended June 30, 2017 and 2016, respectively.
- Effective income tax rates were 40.4% and 33.6% for the three months ended June 30, 2017 and 2016, respectively.
- Valvoline incurred pre-tax net interest and other financing expense of \$10 million for the three months ended June 30, 2017 and none was incurred during the three months ended June 30, 2016.
- Operating income for our three operating segments of Core North America, Quick Lubes and International was \$100 million and \$110 million during the three months ended June 30, 2017 and 2016, respectively. Unallocated and other included an additional \$4 million and \$3 million of income for the three months ended June 30, 2017

and 2016, respectively, to reconcile to consolidated Operating income of \$104 million and \$113 million for the three months ended June 30, 2017 and 2016, respectively.

*Nine months ended June 30, 2017 and 2016*

Key financial results for the nine months ended June 30, 2017 and 2016 included the following:

- Net income amounted to \$199 million and \$208 million during the nine months ended June 30, 2017 and 2016, respectively.
- Effective income tax rates of 36.4% and 33.3% for the nine months ended June 30, 2017 and 2016, respectively.
- Valvoline incurred pre-tax net interest and other financing expense of \$28 million for the nine months ended June 30, 2017 and none was incurred during the nine months ended June 30, 2016.
- Operating income for our three operating segments of Core North America, Quick Lubes and International was \$306 million and \$307 million during the nine months ended June 30, 2017 and 2016, respectively. Unallocated and other included an additional \$35 million and \$6 million of income for the nine months ended June 30, 2017 and 2016, respectively, to reconcile to consolidated Operating income of \$341 million and \$313 million during the nine months ended June 30, 2017 and 2016, respectively.

For further information on the items reported above, see the discussion in the comparative “Condensed Consolidated Statements of Comprehensive Income – Caption Review.”

***Operating income***

*Three months ended June 30, 2017 and 2016*

Operating income was \$104 million and \$113 million during the three months ended June 30, 2017 and 2016, respectively. The current and prior periods’ operating income include depreciation, amortization, and certain key items that are excluded to arrive at Adjusted EBITDA. These items are summarized as follows:

- Separation costs of \$15 million related to the Separation of Valvoline from Ashland during the three months ended June 30, 2017;
- A \$2 million benefit in Selling, general and administrative expense for a reduction in amounts due to Ashland under the Tax Matters Agreement as a result of Ashland's utilization of Valvoline tax attributes in the Ashland Group Returns; and
- Depreciation and amortization expense of \$12 million and \$10 million during the three months ended June 30, 2017 and 2016, respectively.

*Nine months ended June 30, 2017 and 2016*

Operating income was \$341 million and \$313 million during the nine months ended June 30, 2017 and 2016, respectively. The current and prior periods’ operating income include depreciation, amortization, and certain key items that are excluded in calculating Adjusted EBITDA. These items are summarized as follows:

- Separation costs of \$27 million related to the Separation of Valvoline from Ashland during the nine months ended June 30, 2017;
- Remeasurement gain of \$8 million associated with the discontinuation of certain other postretirement health and life insurance benefits during the nine months ended June 30, 2017;
- Allocated remeasurement loss of \$5 million associated with the freeze and reduction of certain pension and other postretirement benefits, respectively during the nine months ended June 30, 2016;
- A \$2 million benefit in Selling, general and administrative expense for a reduction in amounts due to Ashland under the Tax Matters Agreement as a result of Ashland's utilization of Valvoline tax attributes in the Ashland Group Returns; and

- Depreciation and amortization expense of \$30 million and \$29 million during the nine months ended June 30, 2017 and 2016, respectively.

### **EBITDA and Adjusted EBITDA**

#### *Three months ended June 30, 2017 and 2016*

EBITDA totaled \$116 million and \$123 million for the three months ended June 30, 2017 and 2016, respectively. Adjusted EBITDA totaled \$129 million and \$123 million for the three months ended June 30, 2017 and 2016, respectively. For a reconciliation of EBITDA and Adjusted EBITDA to net income, see “Results of Operations-Consolidated Review-Use of Non-GAAP Measures.” The increase in Adjusted EBITDA was primarily due to an increase in pension and other post retirement plan non-service income, partially offset by the performance of our operating segments. Core North America’s Adjusted EBITDA decreased \$10 million, or 16%, compared to the three months ended June 30, 2016, primarily as a result of an overall net decrease in margins due to increasing raw material costs. Quick Lubes’ Adjusted EBITDA increased \$4 million, or 11%, compared to the three months ended June 30, 2016, primarily driven by increased volumes and favorable product mix. Adjusted EBITDA for International decreased \$2 million, or 9%, compared to the three months ended June 30, 2016, largely due to increased raw material costs.

#### *Nine months ended June 30, 2017 and 2016*

EBITDA totaled \$371 million and \$341 million for the nine months ended June 30, 2017 and 2016, respectively. Adjusted EBITDA totaled \$388 million and \$347 million for the nine months ended June 30, 2017 and 2016, respectively. For a reconciliation of EBITDA and Adjusted EBITDA to net income, see “Results of Operations-Consolidated Review-Use of Non-GAAP Measures.” The increase in Adjusted EBITDA was primarily due to an increase in non-service pension and other postretirement income, partially offset by the performance of our operating segments. Core North America’s Adjusted EBITDA decreased \$16 million, or 9%, compared to the nine months ended June 30, 2016, primarily as a result of an overall net decrease in margins due to increasing raw material costs. Quick Lubes’ Adjusted EBITDA increased \$14 million, or 15%, compared to the nine months ended June 30, 2016. Approximately \$4 million of the Adjusted EBITDA increase for Quick Lubes’ was related to recent acquisitions, while the remainder of the improvement was the result of improved operating margins partially offset by increases in selling, general and administrative expenses. Adjusted EBITDA for International increased \$2 million, or 3%, compared to the nine months ended June 30, 2016, primarily due to increased volume, partially offset by increases in selling, general and administrative expenses.

### **CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME – CAPTION REVIEW**

#### *Three months ended June 30, 2017 and 2016*

A comparative analysis of the Condensed Consolidated Statements of Comprehensive Income by caption is provided as follows for the three months ended June 30, 2017 and 2016.

(In millions)	Three months ended June 30		
	2017	2016	Change
Sales	\$ 534	\$ 499	\$ 35

The following table provides a reconciliation of the change in sales between the three months ended June 30, 2017 and 2016.

(In millions)	Three months ended June 30, 2017	
Pricing	\$	19
Volume		8
Product mix		5
Currency exchange		(2)
Acquisitions		5
Change in sales	\$	35

Sales for the current quarter increased \$35 million, or 7%, compared to the prior year quarter. Higher pricing, higher volume levels and changes in product mix increased sales by \$19 million, or 4%, \$8 million, or 2%, and \$5 million, respectively, while the impact of foreign currency exchange decreased sales by \$2 million. During the three months ended June 30, 2017, lubricant gallons sold increased slightly to 46.0 million. Acquisitions within our Quick Lubes reportable segment increased sales by approximately \$5 million during the three months ended June 30, 2017.

(In millions)	Three months ended June 30		
	2017	2016	Change
Cost of sales	\$ 337	\$ 300	\$ 37
<b>Gross profit as a percent of sales</b>	36.9%	39.9%	

Fluctuations in cost of sales are driven primarily by raw material prices, volume and changes in product mix, currency exchange, and other certain charges incurred as a result of changes or events within the businesses or restructuring activities. Gross profit margin decreased by 3.0% compared to the prior year as cost grew faster than our revenues, primarily due to increased base oil costs.

The following table provides a reconciliation of the changes in cost of sales between the three months ended June 30, 2017 and 2016.

(In millions)	Three months ended June 30, 2017	
Product cost	\$	30
Volume and product mix		5
Currency exchange		(1)
Acquisitions		3
Change in cost of sales	\$	37



Cost of sales for the current quarter increased \$37 million compared to the prior year quarter primarily due to increases in product costs and volume and product mix of \$30 million, or 10%, and \$5 million or 2%, respectively. Acquisitions of quick lube locations increased cost of sales by \$3 million. The impact of foreign currency exchange decreased cost of sales by \$1 million during the three months ended June 30, 2017.

(In millions)	Three months ended June 30		
	2017	2016	Change
Selling, general and administrative expense	\$ 100	\$ 93	\$ 7
<b>As a percent of sales</b>	18.7%	18.6%	

Total selling, general and administrative expenses increased \$7 million, or 8%, during the current period as compared to the prior year period. The key drivers of this increase were new public company costs, including consulting and legal, and costs associated with the acquisitions completed.

(In millions)	Three months ended June 30		
	2017	2016	Change
Pension and other postretirement plan non-service income and rereasurement adjustments, net	\$ (17)	\$ (2)	\$ (15)
<b>As a percent of sales</b>	(3.2)%	(0.4)%	

Pension and other postretirement plan non-service income and rereasurement adjustments, net increased by \$15 million during the current period primarily due to an increase in pension and other postretirement benefit income resulting from the transfer of pension and other postretirement plans from Ashland in the fourth quarter of fiscal 2016.

(In millions)	Three months ended June 30		
	2017	2016	Change
Separation costs	\$ 15	\$ —	\$ 15

The Company incurred \$15 million of Separation costs during the current period in relation to the Separation from Ashland, which was primarily driven by a success fee related to completing the Distribution.

(In millions)	Three months ended June 30		
	2017	2016	Change
<b>Equity and other income</b>			
Equity income	\$ 2	\$ 4	\$ (2)
Other income	3	1	2
	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ —</u>

Equity and other income was relatively flat compared to the prior year period.

(In millions)	Three months ended June 30		
	2017	2016	Change
Net interest and other financing expense	\$ 10	\$ —	\$ 10

Net interest and other financing expense increased by \$10 million during the three months ended June 30, 2017 compared to the three months ended June 30, 2016. This increase was driven by the increase in outstanding debt in the current period, of which there was none in the prior year.

(In millions)	Three months ended June 30		
	2017	2016	Change
Income tax expense	\$ 38	\$ 38	\$ —
<b>Effective tax rate</b>	40.4%	33.6%	

Income tax expense for the three months ended June 30, 2017 was \$38 million or an effective tax rate of 40.4% compared to an expense of \$38 million or an effective tax rate of 33.6% for the three months ended June 30, 2016. The difference in these rates is primarily related to certain non-deductible Separation costs, as well as additional income tax expense resulting from the Tax Matters Agreement with Ashland. We could have similar Tax Matters Agreement activity in future periods based upon Ashland's ability to utilize Valvoline's estimated tax benefits in the Ashland Group Returns for the pre-Distribution periods.

*Nine months ended June 30, 2017 and 2016*

A comparative analysis of the Condensed Consolidated Statements of Comprehensive Income by caption is provided as follows for the nine months ended June 30, 2017 and 2016.

(In millions)	Nine months ended June 30		
	2017	2016	Change
Sales	\$ 1,537	\$ 1,435	\$ 102

The following table provides a reconciliation of the change in sales between the nine months ended June 30, 2017 and 2016.

(In millions)	Nine months ended June 30, 2017
Pricing	\$ 17
Volume	44
Product mix	18
Currency exchange	(3)
Acquisitions	26
Change in sales	\$ 102

Sales for the nine months ended June 30, 2017 increased \$102 million, or 7%, compared to the nine months ended June 30, 2016. Higher volume levels and changes in product mix increased sales by \$44 million, or 3%, and \$18 million, respectively. Favorable product pricing also increased sales by \$17 million. During the nine months ended June 30, 2017, lubricant gallons sold increased 3% to 134.1 million. Acquisitions in the Quick Lubes segment increased sales by \$26 million during the nine months ended June 30, 2017. Unfavorable foreign currency exchange decreased sales by \$3 million. Unfavorable foreign currency exchange was due to the U.S. dollar strengthening compared to various foreign currencies.

(In millions)	Nine months ended June 30		
	2017	2016	Change
Cost of sales	\$ 957	\$ 868	\$ 89
<b>Gross profit as a percent of sales</b>	37.7%	39.5%	

Fluctuations in cost of sales are driven primarily by raw material prices, volume and changes in product mix, currency exchange, and other certain charges incurred as a result of changes or events within the businesses or restructuring activities.

Gross profit margin decreased by 1.8% as cost grew faster than our revenues, primarily due to increased base oil costs.

The following table provides a reconciliation of the changes in cost of sales between the nine months ended June 30, 2017 and 2016.

(In millions)	Nine months ended June 30, 2017	
Product cost	\$	35
Volume and product mix		36
Currency exchange		(2)
Acquisitions		20
Change in cost of sales	\$	89

Cost of sales for the current period increased \$89 million compared to the prior year period primarily due to increases in volume and product mix of \$36 million or 4%, as well as increases in product costs of \$35 million or 4%. Additional sales generated by acquisitions of Quick Lubes locations increased cost of sales by \$20 million. Due to the prior year remeasurement loss and service cost offsetting non-service income, there was not a significant net impact on Costs of sales related to pension and other postretirement benefits on Cost of sales during the nine months ended June 30, 2016. In connection with the freeze of pension benefits effective September 30, 2016 and beginning in fiscal 2017, the only pension cost that is included in Cost of sales is the ongoing service costs related to pension and other postretirement benefits, and all other pension related amounts are recorded in Pension and other postretirement plan non-service income and remeasurement adjustments, net. As a result, during the nine months ended June 30, 2017, less than \$1 million was recognized in Cost of sales for pension and other postretirement service cost.

(In millions)	Nine months ended June 30		
	2017	2016	Change
Selling, general and administrative expense	\$ 292	\$ 273	\$ 19
<b>As a percent of sales</b>	19.0%	19.0%	

Total selling, general and administrative expenses increased \$19 million, or 7%, during the nine months ended June 30, 2017 as compared to the prior year period. The key drivers of this increase were costs associated with acquisitions completed, general inflationary costs, legal reserves and expenses related to historical tax matters in the International reportable segment, and new public company costs, including employee costs, consulting and legal, which were partially offset by a decrease in pension and other postretirement plan service costs.

(In millions)	Nine months ended June 30		
	2017	2016	Change
Pension and other postretirement plan non-service income and remeasurement adjustments, net	\$ (60)	\$ (3)	\$ (57)
<b>As a percent of sales</b>	(3.9)%	(0.2)%	

Pension and other postretirement plan non-service income and remeasurement adjustments, net increased by \$57 million during the current period primarily due to an increase in pension and other postretirement benefit income, as well as a gain on other postretirement plan remeasurement of \$8 million during the current period, compared to a loss on pension and other postretirement plan remeasurement of \$5 million during the prior period.

(In millions)	Nine months ended June 30		
	2017	2016	Change
Separation costs	\$ 27	\$ —	\$ 27

The Company incurred \$27 million of Separation costs during the current period in relation to the Separation from Ashland, which was primarily driven by administrative costs, professional fees, and a success fee associated with completing the Distribution.

(In millions)	Nine months ended June 30		
	2017	2016	Change
<b>Equity and other income</b>			
Equity income	\$ 10	\$ 11	\$ (1)
Other income	10	5	5
	<u>\$ 20</u>	<u>\$ 16</u>	<u>\$ 4</u>

Equity and other income increased \$4 million during the current period driven by an increase of \$5 million in royalty and other income, offset by a decrease of \$1 million in equity income.

(In millions)	Nine months ended June 30		
	2017	2016	Change
Net interest and other financing expense	\$ 28	\$ —	\$ 28

Net interest and other financing expense increased by \$28 million during the nine months ended June 30, 2017 compared to the nine months ended June 30, 2016. This increase was driven by the increase in outstanding debt in the current period, of which there were none in the prior year.

(In millions)	Nine months ended June 30		
	2017	2016	Change
Net loss on acquisition	\$ —	\$ 1	\$ (1)

The loss on acquisition in 2016 represents costs to complete the Oil Can Henry acquisition.

(In millions)	Nine months ended June 30		
	2017	2016	Change
Income tax expense	\$ 114	\$ 104	\$ 10
<b>Effective tax rate</b>	36.4%	33.3%	

Income tax expense for the nine months ended June 30, 2017 was \$114 million or an effective tax rate of 36.4% compared to an expense of \$104 million or an effective tax rate of 33.3% for the nine months ended June 30, 2016. The increase in the effective tax rate in the current year was primarily attributed to certain non-deductible Separation costs, additional income tax expense resulting from the Tax Matters Agreement with Ashland, and net favorable discrete items in the prior year related to the tax law change from the reinstatement of research and development credits. We could have similar Tax Matters Agreement activity in future periods based upon Ashland's ability to utilize Valvoline's estimated tax benefits in the Ashland Group Returns for the pre-Distribution periods.

## RESULTS OF OPERATIONS – REPORTABLE SEGMENT REVIEW

Valvoline's business is managed within three reportable segments: Core North America, Quick Lubes and International. Results of Valvoline's reportable segments are presented based on its management structure and internal accounting practices. The structure and practices are specific to Valvoline; therefore, the financial results of its reportable segments are not necessarily comparable with similar information for other comparable companies. Valvoline allocates all costs to its reportable segments except for certain significant company-wide restructuring activities and other costs or adjustments that relate to former businesses that Valvoline no longer operates. The service cost component of pension and other postretirement benefits costs has historically been allocated to each reportable segment on a ratable basis (going forward the only plans with ongoing service costs will be international plans within the International reportable segment); while the remaining components of pension and other postretirement benefits costs are recorded to Unallocated and other. Valvoline refines its expense allocation methodologies to the reportable segments from time to time as internal accounting practices are improved, more refined information becomes available and the industry or market changes. Revisions to Valvoline's methodologies that are deemed insignificant are applied on a prospective basis.

The EBITDA and Adjusted EBITDA amounts presented within this section are provided as a means to enhance the understanding of financial measurements that Valvoline has internally determined to be relevant measures of comparison for each reportable segment. Each of these non-GAAP measures is defined as follows: EBITDA (operating income plus depreciation and amortization), Adjusted EBITDA (EBITDA adjusted for key items, which may include pro forma effects for significant acquisitions or divestitures, as applicable), and Adjusted EBITDA margin (Adjusted EBITDA divided by sales). Valvoline does not allocate items to each reportable segment below operating income, such as interest expense and income taxes. As a result, reportable segment EBITDA and Adjusted EBITDA are reconciled directly to operating income since it is the most directly comparable Condensed Consolidated Statements of Comprehensive Income caption.

The following table presents sales, operating income and statistical operating information by reportable segment for the three and nine months ended June 30, 2017 and 2016.

(In millions)	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
<b>Sales</b>				
Core North America	\$ 258	\$ 251	\$ 748	\$ 740
Quick Lubes	139	119	394	332
International	137	129	395	363
	<u>\$ 534</u>	<u>\$ 499</u>	<u>\$ 1,537</u>	<u>\$ 1,435</u>
<b>Operating income</b>				
Core North America	\$ 48	\$ 58	\$ 156	\$ 170
Quick Lubes	34	32	94	84
International	18	20	56	53
<b>Total operating segments</b>	<u>100</u>	<u>110</u>	<u>306</u>	<u>307</u>
Unallocated and other	4	3	35	6
	<u>\$ 104</u>	<u>\$ 113</u>	<u>\$ 341</u>	<u>\$ 313</u>
<b>Depreciation and amortization</b>				
Core North America	\$ 4	\$ 4	\$ 10	\$ 12
Quick Lubes	6	4	16	12
International	2	2	4	5
	<u>\$ 12</u>	<u>\$ 10</u>	<u>\$ 30</u>	<u>\$ 29</u>
<b>Operating information</b>				
<b>Core North America</b>				
Lubricant sales gallons	25.8	26.7	74.5	76.1
Premium lubricants (percent of U.S. branded volumes)	45.0%	41.5%	45.1%	41.0%
Gross profit as a percent of sales <sup>(a)</sup>	38.3%	42.5%	40.4%	42.6%
<b>Quick Lubes</b>				
Lubricant sales gallons	5.6	5.2	16.4	14.6
Premium lubricants (percent of U.S. branded volumes)	60.3%	56.5%	59.5%	56.7%
Gross profit as a percent of sales <sup>(a)</sup>	40.2%	42.3%	40.0%	41.6%
<b>International</b>				
Lubricant sales gallons <sup>(b)</sup>	14.6	13.9	43.2	39.3
Lubricant sales gallons, including unconsolidated joint ventures	24.4	22.8	71.4	64.4
Premium lubricants (percent of lubricant volumes)	27.7%	28.2%	27.2%	29.1%
Gross profit as a percent of sales <sup>(a)</sup>	29.5%	31.8%	30.2%	30.8%

(a) Gross profit is defined as sales, less cost of sales.

(b) Excludes volumes from unconsolidated joint ventures.

## Core North America

### *Three months ended June 30, 2017 and 2016*

Core North America sales increased \$7 million, or 3%, to \$258 million during the current quarter compared to the prior year quarter. This increase was primarily driven by higher pricing and changes in product mix, which increased sales by \$12 million, or 5%, and \$3 million, or 1%, respectively. These increases were partially offset by lower volumes that decreased sales by \$7 million, or 3%.

Gross profit decreased \$7 million, or 7% compared to the prior year quarter. Gross margin was 38.3% for the quarter ended June 30, 2017. Higher product costs, partially offset by higher pricing decreased gross profit by \$8 million. Favorable product mix offset by a decrease in volume led to a \$1 million increase in gross profit.

Selling, general and administrative expenses increased \$1 million, or 3%, during the current quarter compared to the prior year quarter.

Operating income totaled \$48 million in the current quarter compared to \$58 million in the prior year quarter. EBITDA decreased \$10 million to \$52 million in the current quarter. EBITDA margin decreased 4.5 percentage points to 20.2% in the current quarter.

### *Nine months ended June 30, 2017 and 2016*

Core North America sales increased \$8 million, or 1% to \$748 million during the nine months ended June 30, 2017 compared to the prior year period. This increase was primarily driven by higher pricing and changes in product mix, which increased sales by \$8 million, or 1%, and \$12 million, or 2%, respectively. These increases were partially offset by lower volumes that decreased sales by \$12 million, or 2%.

Gross profit decreased \$13 million, or 4% compared to the prior year period. Gross margin was 40.4% for the nine months ended June 30, 2017. Higher product costs, partially offset by higher pricing decreased gross profit by \$17 million. Favorable product mix increased gross profit by \$7 million, which was partially offset by a decrease in volume leading to a \$3 million decrease in gross profit.

Selling, general and administrative expenses increased \$2 million, or 1%, during the nine months ending June 30, 2017 compared to the prior year period.

Operating income totaled \$156 million during the nine months ended June 30, 2017 as compared to \$170 million during the nine months ended June 30, 2016. EBITDA decreased \$16 million to \$166 million during the nine months ended June 30, 2017. EBITDA margin decreased 2.4 percentage points to 22.2% in the current period.

### *EBITDA and Adjusted EBITDA reconciliation*

The following EBITDA presentation is provided as a means to enhance the understanding of financial measurements that the Company has internally determined to be relevant measures of comparison for the results of Core North America. There were no unusual or key items that affected comparability for Adjusted EBITDA during the three or nine months ended June 30, 2017 and 2016.

(In millions)	Three months ended			
	June 30		Nine months ended June 30	
	2017	2016	2017	2016
Operating income	48	58	156	170
Depreciation and amortization	4	4	10	12
EBITDA	\$ 52	\$ 62	\$ 166	\$ 182

## Quick Lubes

### *Three months ended June 30, 2017 and 2016*

Quick Lubes sales increased \$20 million, or 17%, to \$139 million during the current quarter compared to the prior year quarter. The acquisitions of Time-It Lube and other Quick Lubes locations increased sales by \$5 million during the three months ended June 30, 2017. Higher volumes, higher pricing and favorable product mix increased sales by \$7 million, \$6 million and \$2 million, respectively.

Gross profit increased \$6 million during the current quarter compared to the prior year quarter. Increases in volumes and changes in product mix increased gross profit by \$3 million and \$1 million, respectively, while increases in pricing and the acquisition of Time-It Lube increased gross profit by \$2 million. Gross profit margin during the current quarter decreased 2.1 percentage points to 40.2% as revenues for the quarter, driven primarily by increases in volumes, grew faster than costs.

Selling, general and administrative expense increased \$3 million during the current quarter. The increase was primarily a result of marketing related costs of \$2 million for the quarter.

Operating income totaled \$34 million in the current quarter as compared to \$32 million in the prior year quarter. EBITDA increased \$4 million to \$40 million in the current quarter. EBITDA margin decreased 1.5 percentage points to 28.8% in the current quarter.

### *Nine months ended June 30, 2017 and 2016*

Quick Lubes sales increased \$62 million, or 19%, to \$394 million during the nine months ended June 30, 2017 compared to the prior year period. The acquisitions of Time-It Lube and Oil Can Henry's increased sales by \$26 million during the nine months ended June 30, 2017. Increased volumes, favorable pricing and changes in product mix increased sales by \$19 million, \$12 million and \$5 million, respectively.

Gross profit increased \$20 million during the nine months ended June 30, 2017 compared to the prior year period. Favorable product pricing and changes in product mix combined to increase gross profit by approximately \$7 million. Higher volumes increased gross profit by \$7 million, while the acquisitions of Time-It Lube and Oil Can Henry's increased gross profit by \$6 million. Gross profit margin during the current period decreased 1.6 percentage points to 40.0% as revenues for the period, driven primarily by increases in volumes, grew faster than costs.

Selling, general and administrative expense increased \$10 million during the nine months ended June 30, 2017. The increase was primarily a result of marketing related costs of \$2 million, a \$2 million increase in expenses related to the acquisitions of Time-It Lube and Oil Can Henry's, and an increase of \$4 million related to stand-alone public company costs.

Operating income totaled \$94 million during the nine months ended June 30, 2017 as compared to \$84 million during the nine months ended June 30, 2016. EBITDA increased \$14 million to \$110 million during the nine months ended June 30, 2017. EBITDA margin decreased 1.0 percentage point to 27.9% in the current period.



*Additional Sales and Growth Information*

Quick Lubes sales are influenced by the number of company-owned stores and the business performance of those stores. Through Quick Lubes, Valvoline sells products to and receives royalty fees from VIOC franchisees. As a result, Quick Lubes sales are influenced by the number of units owned by franchisees and the business performance of franchisees. The following tables provide supplemental information regarding company-owned stores and franchisees that Valvoline believes is relevant to an understanding of the Quick Lubes business.

	Company-owned				
	Third Quarter 2017	Second Quarter 2017	First Quarter 2017	Fourth Quarter 2016	Third Quarter 2016
Beginning of period	374	347	342	333	331
Opened	1	—	—	2	—
Acquired	—	28	—	—	1
Conversions between company-owned and franchise	9	—	5	7	1
Closed	(1)	(1)	—	—	—
End of period	383	374	347	342	333

  

	Franchise				
	Third Quarter 2017	Second Quarter 2017	First Quarter 2017	Fourth Quarter 2016	Third Quarter 2016
Beginning of period	734	729	726	722	721
Opened	6	7	10	12	4
Acquired	—	—	—	—	—
Conversions between company-owned and franchise	(9)	—	(5)	(7)	(1)
Closed	(1)	(2)	(2)	(1)	(2)
End of period	730	734	729	726	722

  

Total VIOC Stores	1,113	1,108	1,076	1,068	1,055
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The year over year change from June 30, 2017 to June 30, 2016 is primarily driven by opening new company-owned stores and franchise locations, as well as the acquisition of Time-It Lube in the second quarter of 2017, which added 28 company-owned locations.

	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
Same-Store Sales Growth** - Company-owned	6.9%	6.8%	6.1%	6.5%
Same-Store Sales Growth** - Franchisee*	8.3%	8.5%	7.3%	8.2%
Same-Store Sales Growth** - Combined*	7.9%	8.0%	6.9%	7.7%

\* Valvoline's franchisees are distinct legal entities and Valvoline does not consolidate the results of operations of its franchisees.

\*\*Valvoline has historically determined same-store sales growth on a fiscal year basis, with new stores excluded from the metric until the completion of their first full fiscal year in operation.

### EBITDA and Adjusted EBITDA reconciliation

The following EBITDA presentation is provided as a means to enhance the understanding of financial measurements that the Company has internally determined to be relevant measures of comparison for the results of Quick Lubes. There were no unusual or key items that affected comparability for Adjusted EBITDA for the three or nine months ended June 30, 2017 and 2016.

(In millions)	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
Operating income	34	32	94	84
Depreciation and amortization	6	4	16	12
EBITDA	\$ 40	\$ 36	\$ 110	\$ 96

### International

#### Three months ended June 30, 2017 and 2016

International sales increased \$8 million, or 6%, to \$137 million during the current quarter. This was primarily driven by higher volume levels.

Gross profit decreased \$1 million, or 2%, during the current quarter compared to the prior year quarter. Gross profit margin decreased by 2.3 percentage points to 29.5% compared to the prior year quarter.

Selling, general and administrative expenses increased \$1 million, or 3%, during the current quarter compared to the prior year quarter. The increase was primarily related to stand-alone public company costs.

Operating income totaled \$18 million in the current quarter as compared to \$20 million in the prior year quarter. EBITDA decreased \$2 million to \$20 million in the current quarter. EBITDA margin decreased 2.5 percentage points to 14.6% in the current quarter.

#### Nine months ended June 30, 2017 and 2016

International sales increased \$32 million, or 9%, to \$395 million during the nine months ended June 30, 2017 as compared to the prior year period. This was primarily driven by higher volumes, which increased sales by \$36 million, or 10%, partially offset by approximately \$3 million related to unfavorable foreign currency impacts.

Gross profit increased \$8 million during the current year period compared to the prior year period. This increase was primarily driven by increases in volumes. Gross profit margin during the nine months ended June 30, 2017 decreased 0.6 percentage points to 30.2% as compared to the prior year period.

Selling, general and administrative expense increased \$6 million during the nine months ended June 30, 2017, primarily due to a \$2 million increase in legal reserves and expenses related to historical tax matters, and \$2 million of increased employee related costs.

Equity and other income increased \$2 million compared to the prior year period primarily as a result of an increase in royalty income.

Operating income totaled \$56 million during the nine months ended June 30, 2017 as compared to \$53 million in the prior year period. EBITDA increased \$2 million in the nine months ended June 30, 2017 to \$60 million. EBITDA margin decreased 0.8 percentage points to 15.2% in the current period.

### EBITDA and Adjusted EBITDA reconciliation

The following EBITDA presentation is provided as a means to enhance the understanding of financial measurements that Valvoline has internally determined to be relevant measures of comparison for the results of International. There were no unusual or key items that affected comparability for Adjusted EBITDA for three or nine months ended June 30, 2017 and 2016.

(In millions)	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
Operating income	18	20	56	53
Depreciation and amortization	2	2	4	5
EBITDA	<u>\$ 20</u>	<u>\$ 22</u>	<u>\$ 60</u>	<u>\$ 58</u>

### Unallocated and Other

Unallocated and other generally includes items such as components of pension and other postretirement plan non-service income and rereasurement adjustments (excludes service costs, which are reported within the operating segments), Separation costs, and certain other corporate and non-operational costs, such as significant restructuring activities and legacy costs.

The following table summarizes the key components of Unallocated and other operating income for the three and nine months ended June 30, 2017 and 2016.

(In millions)	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
Gain (loss) on pension and other postretirement plan rereasurements	—	—	8	(5)
Non-service pension and other postretirement net periodic income (a)	17	3	52	10
Separation costs	(15)	—	(27)	—
Adjustment associated with Ashland tax indemnity	2	—	2	—
Other	—	—	—	1
Total income	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ 35</u>	<u>\$ 6</u>

(a) Amounts exclude service costs of \$1 million and \$3 million, which are recorded within the results of the operating segments for the three months ended June 30, 2017 and 2016, respectively. Amounts exclude service costs of \$2 million and \$7 million which are recorded within the results of the operating segments for the nine months ended June 30, 2017 and 2016, respectively.

Unallocated and other recorded income of \$4 million and \$3 million during the three months ended June 30, 2017 and 2016, respectively. Unallocated and other recorded of income of \$35 million and \$6 million during the nine months ended June 30, 2017 and 2016, respectively. Unallocated and other includes non-service pension and other postretirement net periodic costs and income within operations that have not been allocated to reportable segments.

In connection with Valvoline's Separation from Ashland, the Company assumed pension and other postretirement benefit obligations and plan assets, of which a substantial portion relates to the U.S. pension and other postretirement plans. Before the transfer on September 1, 2016, these plans were accounted for by Valvoline as multi-employer plans. See Note 8 of Notes

to the Condensed Consolidated Financial Statements as changes made to these plans will significantly impact amounts recorded by Valvoline in the future. In the historical periods presented, Valvoline received an allocation of the cost for these benefits based on Valvoline employees' relative participation in the plan. However, as the responsibility for several of Ashland's pension and other postretirement plans transferred to Valvoline, the full amount of any costs or gains related to the transferred plans has been reflected within the Valvoline condensed consolidated financial statements for the three and nine months ended June 30, 2017 and will continue going forward. These pension and other postretirement plan costs include interest cost, expected return on assets and amortization of prior service credit, which resulted in income of \$17 million within Pension and other postretirement plan non-service income and remeasurement adjustments, net in the Condensed Consolidated Statements of Comprehensive Income during the three months ended June 30, 2017. During the three months ended June 30, 2016, \$1 million of income was recorded within Cost of sales and \$2 million within Pension and other postretirement plan non-service income and remeasurement adjustments, net in the Condensed Consolidated Statements of Comprehensive Income. These pension and other postretirement plans resulted in income of \$60 million within Pension and other postretirement plan non-service income and remeasurement adjustments, net in the Condensed Consolidated Statements of Comprehensive Income during the nine months ended June 30, 2017. During the nine months ended June 30, 2016, \$2 million of income was recorded within Cost of sales and \$3 million within Pension and other postretirement plan non-service income and remeasurement adjustments, net in the Condensed Consolidated Statements of Comprehensive Income. The nine months ended June 30, 2017 also included an \$8 million gain on the remeasurement of certain other postretirement health and life insurance benefits that were discontinued. Recent plan amendments froze the pension benefits for the majority of Ashland's U.S. pension plans as of September 30, 2016 and reduced the retiree life and medical benefits effective October 1, 2016 and January 1, 2017, respectively. As a result of these amendments, the amounts recorded for pension and other postretirement plans are expected to be substantially different in 2017 and beyond.

Unallocated and other also included \$15 million and \$27 million of Separation costs in the three and nine months ended June 30, 2017, respectively. There were no such costs in the same periods of the prior year.

## **FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES**

### **Liquidity**

In periods prior to the IPO, the cash flow provided by operations was transferred to Ashland to support its overall centralized cash management strategy. In connection with Valvoline's initial Separation from Ashland and prior to its IPO, Valvoline received \$60 million in cash from Ashland. Since its IPO, Valvoline currently maintains separate cash management and financing functions for operations.

Valvoline had \$132 million in cash and cash equivalents as of June 30, 2017, of which \$94 million was held by foreign subsidiaries. Valvoline currently has no plans to repatriate any amounts for which additional U.S. taxes would need to be accrued.

During the first quarter of fiscal 2017, Valvoline entered into an accounts receivable securitization, which makes available up to \$125 million. Valvoline borrowed \$75 million under this facility during the first quarter of fiscal 2017 and applied the net proceeds to reduce borrowings under the Term Loan A by the same amount.

Valvoline's cash flows from operating, investing and financing activities, as reflected in the Condensed Consolidated Cash Flows are summarized as follows for the nine months ended June 30, 2017 and 2016:

(In millions)	Nine months ended June 30	
	2017	2016
<b>Cash provided by (used in):</b>		
Operating activities	\$ 157	\$ 186
Investing activities	(109)	(101)
Financing activities	(87)	(85)
Effect of currency exchange rate changes on cash and cash equivalents	(1)	—
Net change in cash and cash equivalents	\$ (40)	\$ —

### *Operating activities*

The following discloses the cash flows associated with Valvoline's operating activities for the nine months ended June 30, 2017 and 2016.

(In millions)	Nine months ended June 30	
	2017	2016
<b>Cash flows from operating activities:</b>		
Net income	\$ 199	\$ 208
Adjustments to reconcile income to cash flows from operating activities		
Depreciation and amortization	30	29
Debt issuance cost amortization	2	—
Equity income from affiliates	(10)	(11)
Distributions from equity affiliates	7	11
Net loss on acquisition	—	1
Pension contributions	(16)	—
Gain on pension and other postretirement plan remeasurements	(8)	—
Stock-based compensation expense	6	—
Change in assets and liabilities <sup>(a)</sup>		
Accounts receivable	(39)	(3)
Inventories	(41)	(10)
Payables and accrued liabilities	43	(14)
Other assets and liabilities	(16)	(25)
Total cash flows provided by operating activities	\$ 157	\$ 186

(a) Excludes changes resulting from operations acquired or sold.

Cash provided by operating activities was \$ 157 million in the nine months ended June 30, 2017 and \$ 186 million in the nine months ended June 30, 2016. The decrease in cash flows provided by operating activities was primarily related to \$35 million of additional interest and retirement contributions.

### ***Investing activities***

The following table sets forth the cash flows associated with investing activities for the nine months ended June 30, 2017 and 2016:

(In millions)	Nine months ended June 30	
	2017	2016
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	\$ (43)	\$ (32)
Proceeds from disposal of property, plant and equipment	1	1
Acquisitions, net of cash acquired	(66)	(70)
Other investing activities, net	(1)	—
Total cash flows used in investing activities	<u>\$ (109)</u>	<u>\$ (101)</u>

Cash used by investing activities was \$ 109 million and \$ 101 million during the nine months ended June 30, 2017 and 2016, respectively. Increases in capital expenditures compared to the prior year were generally related to investments in preparation for full Separation from Ashland to operate as a stand-alone company.

### ***Financing activities***

The following table sets forth the cash flows associated with financing activities for the nine months ended June 30, 2017 and 2016:

(In millions)	Nine months ended June 30	
	2017	2016
<b>Cash flows from financing activities</b>		
Net transfers from (to) Ashland	\$ 5	\$ (85)
Proceeds from borrowings	75	—
Repayments on borrowings	(87)	—
Repurchase of common stock	(50)	—
Cash dividends paid	(30)	—
Total cash flows used in financing activities	<u>\$ (87)</u>	<u>\$ (85)</u>

Cash flows used in financing activities were \$ 87 million for the nine months ended June 30, 2017 and \$ 85 million in the nine months ended June 30, 2016. Cash flows used by financing activities in the current year were related to the quarterly payments of cash dividends of \$0.049 per share for a total of \$30 million, share repurchases of \$50 million during the third quarter, as well as repayments on the term loan borrowing, net of proceeds related to the issuance of accounts receivable securitization of \$75 million. Cash flows used by financing activities in the prior year quarter were primarily the net remittances to Ashland as Ashland managed Valvoline's cash and financing arrangements prior to the IPO and all excess cash generated through earnings was remitted to Ashland and all sources of cash were funded by Ashland.

### ***Free cash flow and other liquidity information***

The following table sets forth free cash flow for the disclosed periods and reconciles free cash flow to cash flows provided by operating activities. Free cash flow has certain limitations, including that it does not reflect adjustments for certain non-discretionary cash flows, such as allocated costs, and includes the pension and other postretirement plan remeasurement losses or gains related to Ashland sponsored benefit plans accounted for as a participation in a multi-employer plan prior to

their transfer to Valvoline in September 2016. See “Results of Operations-Consolidated Review-Non-GAAP Performance Measures” for additional information.

(In millions)	Nine months ended June 30	
	2017	2016
Cash flows provided by operating activities	\$ 157	\$ 186
Less:		
Additions to property, plant and equipment	(43)	(32)
Free cash flows	\$ 114	\$ 154

At June 30, 2017, working capital (current assets minus current liabilities, excluding long-term debt due within one year) amounted to \$242 million, compared to \$349 million at September 30, 2016. Liquid assets, (cash, cash equivalents, and accounts receivable) amounted to 103% of current liabilities at June 30, 2017 and 134% at September 30, 2016.

#### **Debt**

The following summary reflects Valvoline’s debt as of June 30, 2017 and September 30, 2016:

(In millions)	June 30 2017	September 30 2016
Short-term debt	\$ 75	\$ —
Long-term debt (including current portion and debt issuance cost discounts) <sup>(a)</sup>	658	743
Total debt	\$ 733	\$ 743

(a) Amount is net of \$8 million and \$9 million of debt issuance cost discounts as of June 30, 2017 and September 30, 2016, respectively.

#### **Debt covenant restrictions**

Valvoline’s debt contains usual and customary representations and warranties, and usual and customary affirmative and negative covenants, including limitations on liens, additional indebtedness, investments, restricted payments, asset sales, mergers, affiliate transactions and other customary limitations, as well as financial covenants (including maintenance of a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio). As of the end of any fiscal quarter, the maximum consolidated net leverage ratio and minimum consolidated interest coverage ratio permitted under the 2016 Senior Credit Agreement are 4.5 and 3.0, respectively.

As of June 30, 2017, Valvoline is in compliance with all covenants under the 2016 Senior Credit Agreement.

#### **Share repurchases**

On April 24, 2017, Valvoline’s Board of Directors authorized a share repurchase program, under which Valvoline may repurchase up to \$150 million of its common stock through December 31, 2019. During the three and nine months ended June 30, 2017, \$50 million was used to repurchase 2 million common shares. Repurchases were and will continue to be in accordance with all applicable securities laws and regulations and funded from available liquidity.

#### **Liquidity projection**

Valvoline projects that cash flow from operations and other available financial resources, such as cash on hand and revolving credit, should be sufficient to meet investing and financing requirements to enable Valvoline to comply with the covenants and other terms of its financing obligations. These projections are based on various assumptions that include, but are not

limited to: operational results, working capital cash generation, capital expenditures, divestitures and acquisitions, pension funding requirements and tax payments and receipts.

On July 27, 2017, the Board of Directors of Valvoline declared a quarterly cash dividend of \$0.049 per share on Valvoline common stock. The dividend is payable on September 15, 2017 to shareholders of record on September 1, 2017.

On August 8, 2017, Valvoline made a voluntary contribution of approximately \$395 million to its U.S. qualified pension plan. This contribution was funded by net proceeds from the issuance of 4.375% senior unsecured notes due 2025 with an aggregate principal amount of \$400 million received on August 8, 2017. This voluntary contribution significantly reduces the underfunded position of the plan and is expected to minimize risk and long-term volatility of the Company's underfunded obligation associated with this pension plan. As a result, overall balance sheet obligations have not materially changed. 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 based upon current conditions, expects to recognize a noteworthy remeasurement gain in the fourth quarter of fiscal 2017.

### ***Capital expenditures***

Valvoline is currently forecasting approximately \$70 million to \$80 million of capital expenditures for fiscal 2017, funded primarily from operating cash flows. Capital expenditures were \$43 million and \$32 million for the nine months ended June 30, 2017 and 2016, respectively.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

For a discussion and analysis of recently issued accounting pronouncements and the impact on Valvoline, see Note 1 in the Notes to Condensed Consolidated Financial Statements.

## **CRITICAL ACCOUNTING POLICIES**

The preparation of Valvoline's condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses, and the disclosures of contingent assets and liabilities. Significant items that are subject to such estimates and assumptions include, but are not limited to, long-lived assets (including goodwill and other intangible assets), sales deductions, employee benefit obligations, and income taxes. These accounting policies are discussed in detail in "Management's Discussion and Analysis - Critical Accounting Policies" in Valvoline's Annual Report on Form 10-K for the fiscal year ended September 30, 2016. 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. Management has reassessed the critical accounting policies as disclosed in our Annual Report on Form 10-K and determined there were no changes to our critical accounting policies in the nine months ended June 30, 2017. Also, there were no significant changes in our estimates associated with those policies.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Valvoline's market risk exposure at June 30, 2017 is generally consistent with the types and amounts of market risk exposures presented in Valvoline's Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Disclosure Controls and Procedures**

As of the end of the period covered by this quarterly report, Valvoline, under the supervision and with the participation of its management, including Valvoline's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), 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). Based upon that evaluation, the CEO and CFO concluded that the disclosure controls and procedures were effective as of June 30, 2017.

**Changes in Internal Control**

During the three months ended June 30, 2017, there were no significant changes in Valvoline's internal control over financial reporting that occurred during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, Valvoline's internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time to time Valvoline is involved in claims and legal actions that arise in the ordinary course of business. While Valvoline cannot predict with certainty the outcome, costs recognized with respect to such actions were not material during the nine months ended June 30, 2017. Valvoline does not have any currently pending claims or litigation which Valvoline believes, individually or in the aggregate, will have a material adverse effect on its financial position, results of operations, liquidity or capital resources.

### ITEM 1A. RISK FACTORS

Information about our risk factors is contained in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2016. With the exception of the change in risk factors discussed below, we believe that at June 30, 2017, there have been no material changes to this information.

#### **Risks Related to Valvoline's Separation from Ashland**

*Valvoline may not fully realize the anticipated benefits of being a stand-alone public company.*

Although it became a stand-alone public company upon completion of the IPO on September 28, 2016, Valvoline was controlled by Ashland until May 12, 2017, at which time Ashland completed the Distribution. The process of operating as a stand-alone public company may distract Valvoline's management from focusing on its business and strategic priorities. Further, as a stand-alone public company, although Valvoline expects to maintain direct access to the debt and equity capital markets, Valvoline may not be able to issue debt or equity on terms acceptable to it or at all. Moreover, even with equity compensation tied to Valvoline's business, Valvoline may not be able to attract and retain employees as desired. Valvoline also may not fully realize the anticipated benefits of being a stand-alone public company if any of the risks identified in this "Risk Factors" section, or other events, were to occur. If Valvoline does not realize these anticipated benefits for any reason, its business may be negatively affected. In addition, the Separation could adversely affect Valvoline's operating results and financial condition.

*The Distribution could result in significant tax liability to Ashland, and in certain circumstances, Valvoline could be required to indemnify Ashland for material taxes pursuant to indemnification obligations under the Tax Matters Agreement.*

Ashland obtained a written opinion of counsel to the effect that the Distribution should qualify for non-recognition of gain and loss under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"). The opinion of counsel does not address any U.S. state or local or foreign tax consequences of the Distribution. The opinion assumes that the Distribution is completed according to the terms of the Separation Agreement entered into between Ashland and Valvoline ("Separation Agreement") and relies on the facts as described in the Separation Agreement, the Tax Matters Agreement, other ancillary agreements, the information statement distributed to Ashland's shareholders in connection with the Distribution and a number of other documents. In addition, the opinion is based on certain representations as to factual matters from, and certain covenants by, Ashland and Valvoline. The opinion cannot be relied on if any of the assumptions, representations or covenants is incorrect, incomplete or inaccurate or is violated in any material respect.

The opinion of counsel is not binding on the Internal Revenue Service (the "IRS") or the courts, and thus there can be no assurance that the IRS or a court will not take a contrary position. Ashland has not requested, and does not intend to request, a ruling from the IRS regarding the U.S. federal income tax consequences of the Distribution.

If the Distribution were determined not to qualify for non-recognition of gain and loss, then Ashland would recognize a gain as if it had sold its Valvoline common stock in a taxable transaction in an amount up to the fair market value of the common stock it distributed in the Distribution. In addition, certain reorganization transactions undertaken in connection with the Separation and the Distribution could be determined to be taxable, which could result in additional taxable gain. Under

certain circumstances, Valvoline could have an indemnification obligation to Ashland with respect to tax on some or all of such gain.

***Valvoline could have an indemnification obligation to Ashland if events or actions subsequent to the Distribution cause the Distribution to be taxable.***

If, due to breaches of covenants that Valvoline has agreed to in connection with the Separation or the Distribution, it were determined that the Distribution did not qualify for non-recognition of gain and loss, Valvoline could be required to indemnify Ashland for the resulting taxes (and reasonable expenses). In addition, Section 355(e) of the Code generally creates a presumption that the Distribution would be taxable to Ashland, but not to its shareholders, if Valvoline or its shareholders were to engage in transactions that result in a 50% or greater change (by vote or value) in the ownership of Valvoline's stock during the four-year period beginning on the date that begins two years before the date of the Distribution, unless it were established that such transactions and the Distribution were not part of a plan or series of related transactions. If the Distribution were taxable for U.S. federal income tax purposes to Ashland due to a breach of Valvoline's covenants or a 50% or greater change in the ownership of Valvoline's stock, Ashland would recognize gain as if it had sold Valvoline common stock in a taxable transaction in an amount up to the fair market value of the stock held by it immediately before the Distribution, and Valvoline generally would be required to indemnify Ashland for the tax on such gain and related expenses, as well as any additional gain in connection with certain reorganization transactions undertaken to effect the Separation and the Distribution. Any such obligation could have a material impact on Valvoline's operations.

***Valvoline has agreed to numerous restrictions to preserve the tax-free nature of the Distribution, which may reduce its strategic and operating flexibility.***

Valvoline has agreed in the Tax Matters Agreement to covenants and indemnification obligations designed to preserve the tax-free nature of the Distribution. These covenants and indemnification obligations may limit Valvoline's ability to pursue strategic transactions or engage in new businesses or other transactions that might be beneficial and could discourage or delay a strategic transaction that its shareholders may consider favorable.

***Although Valvoline entered into a Tax Matters Agreement under which the amount of its tax sharing payments to Ashland during the period between the IPO and the Distribution will generally be determined as if Valvoline filed its own consolidated, combined or separate tax returns, Valvoline nevertheless will have joint and several liability with Ashland for the consolidated U.S. federal income taxes of the Ashland consolidated group for the taxable periods in which Valvoline was part of the Ashland consolidated group. In addition, Valvoline has agreed to indemnify Ashland for certain pre-IPO U.S. taxes that arise on audit and are directly attributable to neither the Valvoline business nor Ashland's specialty ingredients and performance materials businesses (collectively, the "Chemicals business").***

Valvoline and Ashland as well as their respective subsidiaries were part of U.S. federal consolidated group tax returns and certain combined or similar group tax returns (together, "Combined Tax Returns") through the date of the Distribution. Therefore, Valvoline has joint and several liability with Ashland to the respective taxing authorities for the Combined Tax Returns for the periods up to and including the date of the Distribution.

Pursuant to the Tax Matters Agreement, Valvoline is required to indemnify Ashland for: (a) certain U.S. federal, state or local taxes of Ashland and/or its subsidiaries for any tax period ending on or prior to the Distribution that arise on audit or examination and are (i) directly attributable to Valvoline or (ii) prior to the IPO that arise on audit or examination and are directly attributable to neither the Valvoline business nor the Chemicals business; and (b) certain foreign taxes of Ashland and/or its subsidiaries for any tax period ending on or prior to the Distribution that arise on audit or examination and are directly attributable to Valvoline.

The Tax Matters Agreement also requires Valvoline to indemnify Ashland for any taxes (and reasonable expenses) resulting from the failure of the Distribution to qualify for non-recognition of gain and loss or certain reorganization transactions related to the Separation or the IPO and Distribution to qualify for their intended tax treatment ("Transaction Taxes"), where the taxes result from (1) breaches of representations or covenants that Valvoline made or agreed to in connection with these transactions, (2) the application of certain provisions of U.S. federal income tax law to the Distribution with respect to

acquisitions of Valvoline common stock or (3) any other actions that Valvoline knows or reasonably should expect would give rise to such taxes.

The Tax Matters Agreement also requires Valvoline to indemnify Ashland for a portion of certain other Transaction Taxes allocated to Valvoline generally based on Valvoline's market capitalization relative to the market capitalization of Ashland at the time of the Distribution.

***Valvoline has only been a stand-alone public company since September 2016, and its historical financial information is not necessarily representative of the results it would have achieved as a stand-alone public company prior to September 2016 and may not be a reliable indicator of its future results.***

The historical financial information Valvoline has included in this quarterly report on Form 10-Q does not reflect what its financial position, results of operations or cash flows would have been had it been a stand-alone entity during the historical periods presented, or what its financial position, results of operations or cash flows will be in the future.

***Valvoline's ability to operate its business effectively may suffer if it is unable to cost-effectively establish its own administrative and other support functions in order to operate as a stand-alone company after the expiration of its shared services and other intercompany agreements with Ashland.***

As a business segment of Ashland, Valvoline relied on administrative and other resources of Ashland, including information technology, accounting, finance, human resources and legal, to operate Valvoline's business. In connection with the IPO, Valvoline entered into various service agreements to retain the ability for specified periods to use these Ashland resources. These services may not be provided at the same level as when Valvoline was a business segment within Ashland, and Valvoline may not be able to obtain the same benefits that it received prior to the IPO. These services may not be sufficient to meet Valvoline's needs, and after Valvoline's agreements with Ashland expire (which will generally occur within 24 months following the closing of the IPO), Valvoline may not be able to replace these services at all or obtain these services at prices and on terms as favorable as it currently has with Ashland. Valvoline will need to create its own administrative and other support systems or contract with third parties to replace Ashland's systems. In addition, Valvoline has received informal support from Ashland which may not be addressed in the agreements it has entered into with Ashland, and the level of this informal support will not be available after the Distribution.

***After the IPO and the Separation, Valvoline may not have the same purchasing power as when it was part of Ashland which could result in increased costs to us.***

Prior to the IPO and the Separation, Valvoline was able to take advantage of the combined companies size and purchasing power in procuring goods, technology and services, including insurance, employee benefit support and audit and other professional services. Subsequent to the IPO and the Separation, Valvoline cannot assure you that it will continue to have access to financial and other resources comparable to those available to it prior to the IPO and the Separation. As a stand-alone company, Valvoline may be unable to obtain office space, goods, technology and services at prices or on terms as favorable as those available to it prior to the IPO and the Separation, which could increase its costs and reduce our profitability.

***Ashland has agreed to indemnify Valvoline for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure Valvoline against the full amount of such liabilities, or that Ashland's ability to satisfy its indemnification obligation will not be impaired in the future.***

Pursuant to the Separation Agreement and certain other agreements with Ashland, Ashland has agreed to indemnify Valvoline for certain liabilities. However, third parties could also seek to hold Valvoline responsible for any of the liabilities that Ashland has agreed to retain, and there can be no assurance that the indemnity from Ashland will be sufficient to protect Valvoline against the full amount of such liabilities, or that Ashland will be able to fully satisfy its indemnification obligations in the future. Even if Valvoline ultimately succeeded in recovering from Ashland any amounts for which Valvoline is held liable, Valvoline may be temporarily required to bear these losses. Each of these risks could negatively affect Valvoline's business, financial position, results of operations and cash flows.

***Valvoline's Non-Executive Chairman holds positions with Ashland, which could cause conflicts of interest, or the appearance of conflicts of interest, that result in Valvoline not acting on opportunities it otherwise may have.***

Mr. Wulfsohn serves as Non-Executive Chairman of Valvoline's board of directors and as Chairman and Chief Executive Officer of Ashland. The presence of an executive officer or director of Ashland on Valvoline's board of directors could create, or appear to create, conflicts of interest with respect to matters involving both Valvoline and Ashland that could have different implications for Ashland than they do for Valvoline. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between Ashland and Valvoline regarding terms of the agreements entered into by Ashland and Valvoline governing the Separation and the relationship between Ashland and Valvoline thereafter, including the Separation Agreement, the Tax Matters Agreement, the Employee Matters Agreement ("Employee Matters Agreement"), the Transition Services Agreement ("Transition Services Agreement"), Reverse Transition Services Agreement entered into ("Reverse Transition Services Agreement") and certain commercial agreements. Potential conflicts of interest could also arise if Valvoline entered into commercial arrangements with Ashland in the future. As a result of these actual or apparent conflicts of interest, Valvoline may be precluded from pursuing certain growth initiatives.

***Valvoline's inability to resolve favorably any disputes that arise between Valvoline and Ashland with respect to their past and ongoing relationships may adversely affect its operating results.***

Disputes may arise between Ashland and Valvoline in a number of areas relating to their past and ongoing relationships, including:

- labor, tax, employee benefit, indemnification and other matters arising from Valvoline's Separation from Ashland;
- employee retention and recruiting;
- business combinations involving Valvoline; and
- the nature, quality and pricing of services that Valvoline and Ashland have agreed to provide each other.

Valvoline may not be able to resolve potential conflicts, and even if it does, the resolution may be less favorable than if Valvoline were dealing with an unaffiliated party. The agreements Valvoline entered into with Ashland may be amended upon agreement between the parties.

***Valvoline may have received better terms from unaffiliated third parties than the terms it received in the agreements it entered into with Ashland.***

The agreements Valvoline entered into with Ashland in connection with the Separation, including the Separation Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the Transition Services Agreement, the Reverse Transition Services Agreement, the equity registration rights agreement with respect to Ashland's continuing ownership of Valvoline common stock, a shared environmental liabilities agreement and certain commercial agreements, were prepared in the context of the Separation while Valvoline was still a wholly owned subsidiary of Ashland. Accordingly, during the period in which the terms of those agreements were prepared, Valvoline did not have an independent board of directors or a management team that was independent of Ashland. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties.

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

Share repurchase activity during the three months ended June 30, 2017 was as follows:

### Issuer Purchases of Equity Securities

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share, including commission	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in millions) <sup>(1)</sup>
April 1, 2017 to April 30, 2017	—	\$ —	—	\$ —
May 1, 2017 to May 31, 2017	2,183,328	\$ 22.90	2,183,328	\$ 100
June 1, 2017 to June 30, 2017	—	\$ —	—	\$ —
Total	2,183,328		2,183,328	\$ 100

<sup>(1)</sup> On April 24, 2017, the Company's Board of Directors approved and authorized a Stock Purchase Program for up to \$150 million of the Company's common stock with the authorization expiring December 31, 2019, during the three months ended June 30, 2017, \$50 million was used to repurchase the Company's common stock. Under the program, shares may be repurchased on the open market, through Rule 10b5-1 trading plans, Rule 10b-18 repurchase program and accelerated share acquisition programs. As of June 30, 2017, \$100 million remains available for repurchase under this authorization.

## ITEM 5. OTHER INFORMATION

On August 8, 2017, Valvoline Inc. (“Valvoline”) closed the previously announced offering (the “Notes Offering”) of \$400 million aggregate principal amount of its 4.375% senior notes due 2025 (the “Notes”). The Notes are unsecured obligations of Valvoline and are guaranteed on an unsubordinated unsecured basis by certain of Valvoline's domestic subsidiaries (the “Subsidiary Guarantors”).

The Notes have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The Notes were offered and sold only to qualified institutional buyers pursuant to Rule 144A under the Securities Act, and outside the United States pursuant to Regulation S under the Securities Act.

The Notes were issued under the indenture dated August 8, 2017 (the “Indenture”), among Valvoline, the Subsidiary Guarantors and U.S. Bank National Association, as trustee (the “Trustee”). The Indenture contains customary events of default for similar debt securities, which if triggered may accelerate payment of principal, premium, if any, and accrued but unpaid interest on the Notes. Such events of default include non-payment of principal and interest, non-performance of covenants and obligations, default on other material debt, and bankruptcy or insolvency. If a change of control repurchase event as described in the Indenture occurs, Valvoline may be required to offer to purchase the Notes from the holders thereof. The Notes issued under the Indenture may be redeemed at the option of Valvoline at any time prior to their maturity in the manner specified in the Indenture.

On August 8, 2017, in connection with the Notes Offering, Valvoline, the Subsidiary Guarantors and Citigroup Global Markets Inc., as representative of the several initial purchasers of the Notes, entered into a registration rights agreement (the “Registration Rights Agreement”). Pursuant to the Registration Rights Agreement, Valvoline and the Subsidiary Guarantors have agreed, among other things, and subject to certain restrictions and conditions, to file a registration statement under the Securities Act to permit either the exchange of the Notes for registered notes having terms substantially identical to those of

the Notes (except that the registered notes will not be subject to restrictions on ownership and transfer) or, in the alternative, the registered resale of the Notes by holders of the Notes.

The Indenture and the Registration Rights Agreement are filed as Exhibits 4.1 and 4.2, respectively, to this Form 10-Q and are incorporated herein by reference. The descriptions of the material terms of the Indenture, the Notes and the Registration Rights Agreement are qualified in their entirety by reference to those exhibits.

## ITEM 6. EXHIBITS

- 3.1 Article of Amendment to the Amended and Restated Articles of Incorporation of Valvoline Inc., effective May 9, 2017 (filed as Exhibit 3.1 to Valvoline's Form 8-K on May 15, 2017 (SEC File No. 001-37884, and incorporated herein by reference).
- 3.2 Amended and Restated Articles of Incorporation of Valvoline Inc., as amended by the Articles of Amendment (filed as Exhibit 3(i) to Valvoline's Form 8-K on April 27, 2017 (SEC File No. 001-37884, and incorporated herein by reference).
- 4.1\* Indenture dated as of August 8, 2017, among Valvoline Inc., the guarantors thereto and U.S. Bank National Association, as Trustee.
- 4.2\* Registration Rights Agreement dated as of August 8, 2017, among Valvoline Inc., the guarantors thereto and Citigroup Global Markets Inc., as representative of the several initial purchasers.
- 10.4 Form of Inducement Restricted Stock Award Agreement entered into between Mary Meixelsperger and Ashland Inc. (assumed by Valvoline on April 27, 2017) (filed as Exhibit 4.1 to Valvoline's Form S-8 on June 7, 2017 (SEC File No. 333-218580), and incorporated herein by reference).
- 10.5 Form of CEO Change in Control Agreement (filed as Exhibit 10.1 to Valvoline's Form 8-K on May 15, 2017 (SEC File No. 001-37884), and incorporated herein by reference).
- 10.6 Form of Executive Officer Change in Control Agreement (filed as Exhibit 10.2 to Valvoline's Form 8-K on May 15, 2017 (SEC File No. 001-37884), and incorporated herein by reference).
- 10.7 Valvoline Change in Control Severance Plan (filed as Exhibit 10.3 to Valvoline's Form 8-K on May 15, 2017 (SEC File No. 001-37884), and incorporated herein by reference).
- 10.8 Valvoline Severance Pay Plan (filed as Exhibit 10.4 to Valvoline's Form 8-K on May 15, 2017 (SEC File No. 001-37884), and incorporated herein by reference).
- 10.9 Form of Performance Unit Award Agreement (filed as Exhibit 10.5 to Valvoline's Form 8-K on May 15, 2017 (SEC File No. 001-37884), and incorporated herein by reference).
- 10.10 Form of Stock Appreciation Right Award Agreement (filed as Exhibit 10.6 to Valvoline's Form 8-K on May 15, 2017 (SEC File No. 001-37884), and incorporated herein by reference).
- 10.11 Form of Restricted Stock Unit Agreement (filed as Exhibit 10.7 to Valvoline's Form 8-K on May 15, 2017 (SEC File No. 001-37884), and incorporated herein by reference).
- 10.12 Form of Restricted Stock Unit Agreement (Cash-Settled) (filed as Exhibit 10.8 to Valvoline's Form 8-K on May 15, 2017 (SEC File No. 001-37884), and incorporated herein by reference).
- 31.1\* Certification of Samuel J. Mitchell, Jr., Chief Executive Officer of Valvoline, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2\* Certification of Mary E. Meixelsperger, Chief Financial Officer of Valvoline, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32\* Certification of Samuel J. Mitchell, Jr., Chief Executive Officer of Valvoline, and Mary E. Meixelsperger, Chief Financial Officer of Valvoline, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended June 30, 2017 and 2016, (ii) the Condensed Consolidated Balance Sheets at June 30, 2017 and September 30, 2016, (iii) the Condensed Consolidated Statement of Stockholders' Deficit for the nine months ended June 30, 2017, (iv) the Condensed Consolidated Statements of Cash Flows for the nine months ended June 30, 2017 and 2016, and (v) the Notes to Condensed Consolidated Financial Statements.

\* Filed herewith.

<sup>SM</sup> Service mark, Valvoline or its subsidiaries, registered in various countries.

<sup>TM</sup> Trademark, Valvoline or its subsidiaries, registered in various countries.

<sup>†</sup> Trademark owned by a third party.





**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VALVOLINE INC.  
(Registrant)

August 8, 2017

By: /s/ Mary E. Meixelsperger  
Mary E. Meixelsperger  
Chief Financial Officer

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INDENTURE

Dated as of August 8, 2017

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VALVOLINE INC.

THE GUARANTORS NAMED ON THE SIGNATURE PAGES HERETO

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

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## CROSS-REFERENCE TABLE\*

<u>Trust Indenture Act Section</u>	<u>Indenture Section</u>
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
310(b)(1)	7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
312(a)	2.04
(b)	11.03
(c)	11.03
313(a)	7.06
(b)(1)	N.A.
(b)(2)	7.06
(c)	7.06, 11.02
(d)	7.06
314(a)	4.02, 4.03, 11.02
(b)	N.A.
(c)(1)	7.02, 11.04, 11.05
(c)(2)	7.02, 11.04, 11.05
(c)(3)	N.A.
(d)	N.A.
(e)	11.05
(f)	N.A.
315(a)	7.01(b), 7.02(a)
(b)	7.05, 11.02
(c)	7.01
(d)	6.05, 7.01(c)
(e)	6.11
316(a) (last sentence)	2.11
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	9.03
317(a)(1)	6.08
(a)(2)	6.09

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\* N.A. means not applicable.

\* This Cross-Reference Table is not part of this Indenture.

**Trust Indenture Act Section**

**Indenture Section**

(b)	2.05
318(a)	11.01
(b)	N.A.
(c)	11.01

INDENTURE dated as of August 8, 2017, among VALVOLINE INC., a Kentucky corporation, each of the Company's (as defined herein) subsidiaries that become a Guarantor (as defined herein) pursuant to the terms of this Indenture (the "Subsidiary Guarantors"), U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States, as trustee (the "Trustee").

## WITNESSETH

WHEREAS, the term "the Company" refers only to Valvoline Inc., and not to any of its Subsidiaries (as defined herein) or Affiliates (as defined herein).

WHEREAS, the Company has duly authorized the creation of an issue of (a) \$400,000,000 aggregate principal amount of 4.375% Senior Notes due 2025 (the "Initial Notes") and (b) if and when issued as provided in the Registration Rights Agreement (as defined herein) in a Registered Exchange Offer (as defined herein) in exchange for any Initial Notes or otherwise registered under the Securities Act (as defined herein) and issued in the form of Exhibit A hereto, the Company's 4.375% Senior Notes due 2025 (the "Exchange Notes" and, together with the Initial Notes and any Additional Notes, the "Notes"). The Initial Notes, the Exchange Notes and any Additional Notes shall be treated as a single class for all purposes under this Indenture, including waivers, amendments, redemptions and offers to purchase.

WHEREAS, the Company has duly authorized the execution and delivery of this Indenture.

NOW, THEREFORE, the Company, the Subsidiary Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined herein).

## ARTICLE I

### DEFINITIONS

Section 1.01 Definitions. The following terms shall have the following meanings:

"2024 Notes" means the Company's 5.500% senior unsecured notes due 2024.

"144A Global Note" means a Global Note in the form of Exhibit A hereto, bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depository or its nominee, issued in a denomination equal to the Outstanding principal amount of Notes initially sold in reliance on Rule 144A.

"Acquired Indebtedness" means, with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Restricted Subsidiary of such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Additional Notes” means any additional notes issued by the Company having the same terms as the Notes, except for the public offering price and the issue date and, if applicable, the initial interest accrual date and the initial Interest Payment Date.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this Indenture, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

“Agent” means any Registrar, Paying Agent and Custodian.

“Applicable Premium” means, with respect to any Note on any date of redemption, the greater of:

(1) 1.0% of the then Outstanding principal amount (1) of such Note; and

(2) the excess, if any, of (a) the present value at such date of redemption of (i) the redemption price of such Note at August 15, 2020 (such redemption price being set forth in Section 3.08(b) plus (ii) all required interest payments due on such Note through August 15, 2020 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the Treasury Rate as of such date of redemption plus 50 basis points; over (b) the then Outstanding principal amount of such Note.

“Applicable Procedures” means, with respect to any transfer, redemption, tender or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depository, Euroclear or Clearstream that apply to such transfer or exchange.

“Ashland” means Ashland LLC, a Kentucky limited liability company.

“Ashland Chemco” means Ashland Chemco Inc., a Delaware corporation.

“Ashland Chemco Internal Spin-Off” means the distribution by Valvoline of the shares of Ashland Chemco, a newly formed entity that will ultimately be the direct parent of Ashland, to Ashland Global, such that Ashland Global holds the Valvoline Business exclusively through Valvoline and Ashland Global holds Ashland and the Chemicals Business exclusively through Ashland Chemco.

“Ashland Global” means Ashland Global Holdings Inc., a Delaware corporation.

“Ashland Reorganization” means the reorganization of Ashland, Valvoline and their respective subsidiaries under a new public holding company, Ashland Global.

“ Asset Sale ” means:

(1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Lease-Back Transaction) of the Company or any of its Restricted Subsidiaries (each referred to in this definition as a “disposition”); or

(2) the issuance or sale of Equity Interests of any Restricted Subsidiary (other than Preferred Stock of Restricted Subsidiaries issued in compliance with Section 4.09), whether in a single transaction or a series of related transactions;

in each case, other than:

(a) any disposition of Cash Equivalents or Investment Grade Securities, obsolete or worn-out property or equipment in the ordinary course of business or any disposition of inventory or goods (or other assets) held for sale or no longer used in the ordinary course of business;

(b) the disposition of all or substantially all of the assets of the Company in a manner permitted pursuant to Section 5.01 or any disposition that constitutes a Change of Control pursuant to this Indenture;

(c) the making of any Restricted Payment or Permitted Investment that is permitted to be made, and is made, under Section 4.07;

(d) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of transactions with an aggregate fair market value of less than \$25.0 million;

(e) any disposition of property or assets or issuance of securities by a Restricted Subsidiary of the Company to the Company or by the Company or a Restricted Subsidiary of the Company to another Restricted Subsidiary of the Company;

(f) to the extent allowable under Section 1031 of the Internal Revenue Code of 1986, as amended, or comparable law or regulation, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(g) the lease, assignment or sub-lease of any real or personal property in the ordinary course of business or to the extent required by, or made pursuant to, customary buy/sell arrangements between joint venture parties set forth in any joint venture or similar binding agreement;

(h) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(i) foreclosures, condemnations or any similar action with respect to assets or the granting of Liens not prohibited by this Indenture;



(j) any financing transaction with respect to the acquisition or construction of property by the Company or any Restricted Subsidiary after the Issue Date, including Sale and Lease-Back Transactions, and asset securitizations permitted by this Indenture;

(k) (i) the licensing and sub-licensing of intellectual property or other general intangibles in the ordinary course of business or consistent with past practice and (ii) a grant of a license to use the Company's or any Restricted Subsidiary's patents, trade secrets, know-how or other intellectual property to the extent that such license does not limit in any material respect the licensor's use of the patent, trade secret, know-how or other intellectual property in the Company's business;

(l) the sale, discount or other disposition of inventory, accounts receivable or notes receivable in the ordinary course of business or the conversion of accounts receivable to notes receivable;

(m) any surrender or waiver of contract rights or the settlement, release or surrender of contract rights or other litigation claims in the ordinary course of business;

(n) any contribution, sale, conveyance, transfer or other disposition of Securitization Assets to a Securitization Special Purpose Entity as part of, pursuant to or in connection with a Qualified Securitization Transaction; and

(o) any disposition of assets effected pursuant to the Separation Transactions.

“Assumption” means the merger of Valvoline Finco Two LLC (“Finco Two”) with and into the Company, with the Company surviving, and the assumption by the Company of the obligations of Finco Two under the indenture for the 2024 Notes, the 2024 Notes and the Senior Secured Credit Facilities.

“Assumption Date” means September 26, 2016.

“Attributable Indebtedness” means, on any date, but without duplication, (a) in respect of any Capitalized Lease Obligation of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease or similar payments under the relevant lease or other applicable agreement or instrument that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease or other agreement or instrument were accounted for as a Capitalized Lease Obligation and (c) all Synthetic Debt of such Person.

“Bankruptcy Law” means Title 11, U.S. Code or any similar federal or state law for the relief of debtors or other relevant law in any jurisdiction of competent authority for the relief of debtors relating to moratorium, bankruptcy, insolvency, receivership, winding up, liquidation, examinership or reorganization or any amendment to, succession to or change in any such law.

“Board of Directors” means, with respect to a corporation, the board of directors of the corporation, and, with respect to any other Person, the board or committee of such Person, or board of directors of the general partner or general manager of such Person, serving a similar function.

“Board Resolution” means a copy of a resolution certified by the secretary or an assistant secretary of the Company to have been adopted by the Board of Directors of the Company or pursuant to authorization by the Board of Directors of the Company, including by an authorized officer, and to be in full force and effect on the date of the certificate, and delivered to the Trustee.

“Business Day” means each day that is not a Legal Holiday.

“Calculation Date” means the date on which the event for which the calculation of the Consolidated Net Leverage Ratio, Consolidated Secured Net Leverage Ratio or the Fixed Charge Coverage Ratio, as applicable, shall occur.

When calculating the availability under any basket or ratio under this Indenture, in each case in connection with a Limited Condition Acquisition (as defined herein), the date of calculation of such basket or ratio and determination as to whether any Default or Event of Default shall have occurred and be continuing may, at the option of the Company, be the date the definitive agreements for such Limited Condition Acquisition are entered into and, if the Company so elects, such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such Limited Condition Acquisition, and, for the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in EBITDA of the Company or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant Limited Condition Acquisition, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Acquisition is permitted under this Indenture and (y) such baskets or ratios need not be tested at the time of consummation of such Limited Condition Acquisition or related transactions; *provided, however*, that if the Company elects to have such calculation and determination occur at the time of entry into such definitive agreements, any such transactions (including any incurrence of Indebtedness and the use of proceeds thereof) shall be deemed to have occurred on the date the definitive agreements are entered into for purposes of calculating any baskets or ratios under this Indenture after the date of such agreements and before the consummation of such Limited Condition Acquisition or, if applicable, the date that the definitive agreement for such Limited Condition Acquisition is terminated or expires without consummation of such Limited Condition Acquisition.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation (including, without limitation, quotas) that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“Capitalized Lease Obligation” means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP.

“Cash Equivalents” means:

(1) readily marketable obligations issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof having maturities of not more than 360 days from the date of acquisition thereof; *provided* that the full faith and credit of the United States is pledged in support thereof;

(2) time deposits with, or insured certificates of deposit or bankers’ acceptances of, any commercial bank that (i) (A) is a lender under the Senior Secured Credit Facilities or (B) is organized under the laws of the United States, any State thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of the United States, any State thereof or the District of Columbia, and is a member of the Federal Reserve System, (ii) issues (or the parent of which issues) commercial paper rated as described in clause (3) of this definition and (iii) has combined capital and surplus of at least \$1,000,000,000, in each case with maturities of not more than 360 days from the date of acquisition thereof;

(3) commercial paper issued by any Person organized under the laws of any State of the United States and rated at least “Prime-2” (or the then equivalent grade) by Moody’s or at least “A-2” (or the then equivalent grade) by S&P, in each case with maturities of not more than 360 days from the date of acquisition thereof;

(4) Investments, classified in accordance with GAAP as current assets of the Company or any of its Restricted Subsidiaries, in money market investment programs registered under the Investment Company Act of 1940, which are administered by financial institutions that have the highest rating obtainable from either Moody’s or S&P, and the portfolios of which are limited solely to Investments of the character, quality and maturity described in clauses (1), (2) and (3) of this definition;

(5) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (1) above and entered into with a financial institution satisfying the criteria described in clause (2) above; and

(6) in the case of any Foreign Subsidiary, investments which are similar to the items specified in subsections (1) through (5) of this definition made in the ordinary course of business.

“Change of Control” means the occurrence of any one of the following:

(1) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the property and assets of the Company and its Subsidiaries, taken as a whole, to any Person other than the Company or any of its Subsidiaries; or

(2) the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), in a single transaction or in a related series of transactions, by way of acquisition, merger, amalgamation, consolidation, transfer, conveyance or other business combination or purchase of ultimate beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, other than by virtue of (a) the imposition of one or more holding companies (including in connection with a business combination and regardless of whether any such holding company has other assets) or (b) the reincorporation of the Company in another jurisdiction, if in the case of either (a) or (b) the beneficial owners of the Voting Stock of the Company immediately prior to such transaction directly or indirectly hold a majority of the voting power of the Voting Stock of such holding company or reincorporation entity immediately thereafter.

For the purposes of this definition, the term “Person” shall be defined as that term is used in Section 13(d)(3) of the Exchange Act and the term “beneficial owner” shall be defined as that term is used in Rules 13d-3 and 13d-5 under the Exchange Act.

“Chemicals Business” means Ashland’s specialty ingredients and performance materials businesses.

“Clearstream” means Clearstream Banking, SA, and any successor thereto.

“Company” has the meaning assigned to it in the preamble to this Indenture.

“Company Order” means a written order signed in the name of the Company by an Officer.

“Consolidated Depreciation and Amortization Expense” means, with respect to any Person for any period, the total amount of depreciation and amortization expense and capitalized fees related to any Qualified Securitization Transaction or a Receivables Facility and amortization of intangible assets, debt issuance costs, commissions, fees and expenses, including the amortization of deferred financing fees of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP (excluding, in each case, amortization expense attributable to a prepaid cash item that was paid in a prior period).

“Consolidated Indebtedness” means, as of any date of determination, for the Company and its Restricted Subsidiaries on a consolidated basis, the sum of, without duplication (a) the outstanding principal amount of all obligations (as calculated under GAAP), whether current or long-term, for borrowed money (including Obligations in respect of the Indebtedness hereunder), reimbursement obligations for amounts drawn under letters of credit and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (b) all direct (but, for the avoidance of doubt, not contingent) obligations arising under bankers’ acceptances and bank guaranties, (c) all Attributable Indebtedness, and (d) without duplication, all guarantees with respect to outstanding Indebtedness of the types specified in clauses (a) through (c) above of Persons other than the Company or any Restricted Subsidiary. For purposes hereof, the Consolidated Indebtedness of the Company and the Restricted Subsidiaries shall include any of the items in clauses (a) through (d) above of any other entity (including any partnership in which the Company or any consolidated Subsidiary is a general partner) to the extent the Company or such consolidated Subsidiary is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of that item expressly provide that such Person is not liable therefor. For all purposes hereunder, Consolidated Indebtedness shall (i) be calculated on a *pro forma* basis unless otherwise specified and (ii) include all outstandings of the Company and its Restricted Subsidiaries under any Receivables Facility. Notwithstanding the foregoing, the principal amount outstanding at any time of any Indebtedness included in Consolidated Indebtedness issued with original issue discount shall be the principal amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP, but such Indebtedness shall be deemed incurred only as of the date of original issuance thereof.

“Consolidated Interest Expense” means, as of any date of determination for any period, the excess of (a) the sum, without duplication, of

(i) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP,

(ii) cash payments made in respect of obligations referred to in clause (b)(ii) below,

(iii) the portion of rent expense under Capitalized Lease Obligations that is treated as interest in accordance with GAAP, in each case, of or by the Company and its Restricted Subsidiaries on a consolidated basis at such determination date,

(iv) all interest, premium payments, debt discount, fees, charges and related expenses in connection with a Receivables Facility,

(v) solely for the purpose of determining the ability to incur Indebtedness under Section 4.09(a), any interest expense of Indebtedness of another Person guaranteed by such Person or one or more of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (as reasonably determined by such Person or one or more of its Restricted Subsidiaries, as applicable (which determination shall be conclusive)) and

(vi) whether or not treated as interest expense in accordance with GAAP, all cash dividends or other distributions accrued (excluding dividends payable solely in Equity Interests (other than Disqualified Stock) of the Company) on any series of Disqualified Stock or any series of Preferred Stock during such period,

minus

(b) to the extent included in such consolidated interest expense at such determination date, the sum, without duplication, of

(i) extinguishment charges relating to the early extinguishment of Indebtedness or obligations under Swap Contracts,

(ii) noncash amounts attributable to the amortization of debt discounts or accrued interest payable in kind,

(iii) noncash amounts attributable to amortization or write-off of capitalized interest or other financing costs paid in a previous period,

(iv) interest income treated as such in accordance with GAAP and

(v) fees and expenses, original issue discount and upfront fees, in each case of or by the Company and its Restricted Subsidiaries on a consolidated basis at such determination data.

“Consolidated Net Income” means, as of any date of determination, the Net Income (or loss) of the Company and its Restricted Subsidiaries on a consolidated basis for any period (determined on a *pro forma* basis for any period of time prior to the Assumption Date as if the Company and its Restricted Subsidiaries owned the Valvoline Business during such period of time); *provided* that Consolidated Net Income shall exclude:

(1) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(a) of Section 4.07(a), the Net Income of any Subsidiary during such period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its organizational documents or any agreement, instrument or law applicable to such Subsidiary during such period (unless such restrictions on dividends or similar distributions have been legally and effectively waived), except that the Company’s equity in any net loss of any such Subsidiary for such period shall be included in determining Consolidated Net Income;

- (2) any after-tax income (or after-tax loss) for such period of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in such income of any such Person for such period shall be included in Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Restricted Subsidiary, such Restricted Subsidiary is not precluded from further distributing such amount to the Company as described in clause (1) of this proviso);
- (3) any after-tax gain or after-tax loss realized as a result of the cumulative effect of a change in accounting principles or the implementation of new accounting standards related to revenue and lease accounting;
- (4) any after-tax gain or after-tax loss attributable to any foreign currency hedging arrangements or currency fluctuations;
- (5) after-tax extinguishment charges relating to the early extinguishment of Indebtedness and obligations under Swap Contracts and after-tax extinguishment charges relating to upfront fees and original issue discount on Indebtedness;
- (6) any pension or other post-retirement after-tax gain or after-tax expense for such determination date; *provided* that Consolidated Net Income shall be reduced by the amount of any cash payments at such determination date relating to pension and other post-retirement costs (except for any payments made in respect of the pension funding in excess of the amount of required regulatory contributions at such determination date (as reasonably determined by the Company, which determination shall be conclusive)); and
- (7) any gains or losses or other financial impact from any restructuring related to, connected with, or in any way arising from the Separation Transactions.

“Consolidated Net Leverage Ratio” means, as of the applicable Calculation Date, the ratio of (a) the Consolidated Indebtedness of the Company and its Restricted Subsidiaries as of such Calculation Date less Unrestricted Cash of the Company and its Restricted Subsidiaries as of such Calculation Date (in each case, determined after giving *pro forma* effect to such incurrence of Indebtedness, and each other incurrence, assumption, guarantee, redemption, retirement and extinguishment of Indebtedness as of such Calculation Date) to (b) EBITDA of the Company and its Restricted Subsidiaries for the most recent four fiscal quarter period ending immediately prior to such Calculation Date for which internal financial statements are available. For purposes of determining the “Consolidated Net Leverage Ratio,” “EBITDA” shall be subject to the adjustments applicable to “EBITDA” as provided for in the definition of “Fixed Charge Coverage Ratio.”

“Consolidated Secured Net Leverage Ratio” means, as of the applicable Calculation Date, the ratio of (a) the Consolidated Indebtedness of the Company and its Restricted Subsidiaries that is secured as of such Calculation Date less Unrestricted Cash of the Company and its Restricted Subsidiaries as of such Calculation Date (in each case, determined after giving *pro forma* effect to such incurrence of Indebtedness, and each other incurrence, assumption, guarantee, redemption, retirement and

extinguishment of Indebtedness as of such Calculation Date) to (b) EBITDA of the Company and its Restricted Subsidiaries for the most recent four fiscal quarter period ending immediately prior to such Calculation Date for which internal financial statements are available. For purposes of determining the “Consolidated Secured Leverage Ratio,” “EBITDA” shall be subject to the adjustments applicable to “EBITDA” as provided for in the definition of “Fixed Charge Coverage Ratio.”

“Contingent Obligations” means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness (“primary obligations”) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent,

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,
- (2) to advance or supply funds
  - (a) for the purchase or payment of any such primary obligation, or
  - (b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“Contribution” means the transfer by Ashland to the Company of substantially all of the historical assets and liabilities related to the Valvoline Business, as well as other assets and liabilities.

“Credit Facilities” means, with respect to the Company or any of its Restricted Subsidiaries, one or more debt facilities, including the Senior Secured Credit Facilities, or other financing arrangements (including, without limitation, commercial paper facilities or indentures), providing for revolving credit loans, term loans or letters of credit or other long-term indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof and any indentures or credit facilities or commercial paper facilities that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof (*provided* that such increase in borrowings is permitted under Section 4.09) or adds Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender, investor or group of lenders.

“Custodian” means (other than as used and defined in Article VI) the Trustee, as custodian with respect to any Notes in global form.



“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“Definitive Note” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06(c) hereof, substantially in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

“Depository” means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depository with respect to the Notes, and any and all successors thereto appointed as Depository hereunder and having become such pursuant to the applicable provisions of this Indenture.

“Designated Non-cash Consideration” means the fair market value of non-cash consideration received by the Company or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, executed by the principal financial officer of the Company, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

“Designated Preferred Stock” means Preferred Stock of the Company or any parent corporation thereof (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any of its Subsidiaries) and is so designated as Designated Preferred Stock pursuant to an Officer’s Certificate executed by the principal financial officer of the Company on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (3) of Section 4.07(a).

“Disqualified Stock” means, with respect to any Person, any Capital Stock of such Person that, by its terms, or by the terms of any security into which it is convertible or for which it is putable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable (other than solely as a result of a change of control or asset sale and other than if redeemable for Capital Stock of such Person that is not itself Disqualified Stock) pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than solely as a result of a change of control or asset sale and other than if redeemable for Capital Stock of such Person that is not itself Disqualified Stock), in whole or in part, in each case prior to the date that is 91 days after the Maturity Date of the Notes; *provided, however*, that if such Capital Stock is issued to any plan for the benefit of employees of the Company or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

“Domestic Restricted Subsidiary” means any Restricted Subsidiary that is organized or existing under the laws of the United States, any state thereof, or the District of Columbia other than any such Restricted Subsidiary that is a (a) direct or indirect Subsidiary of a Foreign Subsidiary or a Foreign Subsidiary Holding Company or (b) Foreign Subsidiary Holding Company.

“DTC” means The Depository Trust Company or its successors.

“EBITDA” means, as of any date of determination for any period, an amount equal to Consolidated Net Income for such period plus

(1) proceeds of business interruption insurance received during such period, but only to the extent not included in Consolidated Net Income plus

(2) the following to the extent deducted in calculating such Consolidated Net Income, but without duplication and in each case at such determination date:

(i) Consolidated Interest Expense;

(ii) the provision for federal, state, local and foreign income taxes payable;

(iii) Consolidated Depreciation and Amortization Expense;

(iv) asset impairment charges;

(v) expenses reimbursed by third parties (including through insurance and indemnity payments);

(vi) fees and expenses incurred in connection with the Separation Transactions, any Receivables Facility, any proposed or actual issuance of any Indebtedness or Equity Interests (including upfront fees and original issue discount), or any proposed or actual acquisitions, investments, asset sales or divestitures permitted hereunder, in each case that are expensed;

(vii) non-cash restructuring and integration charges and cash restructuring and integration charges; provided that the aggregate amount of all cash restructuring and integration charges shall not exceed 15% of EBITDA for any twelve-month period, calculated immediately before giving effect to the addback in this clause (vii);

(viii) non-cash stock expense and non-cash equity compensation expense;

(ix) other expenses or losses, including purchase accounting entries such as the inventory adjustment to fair value, reducing such Consolidated Net Income which do not represent a cash item in such period or any future period;

(x) expenses or losses in respect of discontinued operations of the Company or any of its Restricted Subsidiaries;

(xi) any unrealized losses attributable to the application of “mark to market” accounting in respect of Swap Contracts; and

(xii) with respect to any Asset Sale for which pro forma effect is required to be given, any loss thereon;

and minus

(3) the following to the extent included in calculating such Consolidated Net Income, but without duplication and in each case at such determination date:

(i) federal, state, local and foreign income tax credits;

(ii) all non-cash gains or other items increasing Consolidated Net Income;

(iii) gains in respect of discontinued operations of the Company or any of its Restricted Subsidiaries;

(iv) any unrealized gains for such period attributable to the application of “mark-to-market” accounting in respect of Swap Contracts; and

(v) with respect to any Asset Sale for which pro forma effect is required to be given, any gain thereon.

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

“Equity Offering” means any public or private sale of common stock or Preferred Stock of the Company (excluding Disqualified Stock), other than:

(1) public offerings with respect to the Company’s common stock registered on Form S-8; and

(2) issuances to any Subsidiary of the Company or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Company.

“Euroclear” means Euroclear S.A./N.V., as operator of the Euroclear system, and any successor thereto.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“fair market value” means, with respect to any asset or liability, the fair market value of such asset or liability as determined by the Company in good faith (which determination shall be conclusive).

“Fixed Charge Coverage Ratio” means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Consolidated Interest Expense of such Person for such period. In the event that the Company or any Restricted Subsidiary incurs, assumes, guarantees, redeems, retires or extinguishes any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, redemption, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, consolidations and disposed operations (as determined in accordance with GAAP) that have been made by the Company or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis, assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed operations (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to an Investment, acquisition, disposition, merger, consolidation, disposed operation or any other transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of the Company (and may include, for the avoidance of doubt and without duplication, cost savings and operating expense reduction resulting from such Investment, acquisition, disposition, merger, consolidation, disposed operation or other transaction, in each case calculated in the manner described in the definition of “EBITDA” herein). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Swap Contracts applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with

GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a Eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate.

“Foreign Subsidiary” means, with respect to any Person, any Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof, or the District of Columbia and any direct or indirect Subsidiary of such Foreign Subsidiary.

“Foreign Subsidiary Holding Company” means, with respect to any Person, any Subsidiary of such Person substantially all of whose assets consist of Equity Interests and/or Indebtedness of one or more (a) Foreign Subsidiaries and/or (b) Subsidiaries described in this definition.

“GAAP” means generally accepted accounting principles in the United States of America which are in effect from time to time that are applicable as of the date of determination; *provided* that no effect shall be given to any change in GAAP arising out of a change described in the Accounting Standard Update Exposure Drafts related to leases (including capital leases) or any other substantially similar pronouncement.

“Global Note” has the meaning set forth in Section 2.01 hereof.

“Global Note Legend” means the legend initially set forth on the Notes in the form set forth in Section 2.06(f)(2) hereof.

“Government Securities” means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged;

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt; or

(3) AAA rated money market mutual funds, where 100% of the holdings are in securities described in clauses (1) or (2) of this definition of Government Securities or repurchase agreements that are fully collateralized by securities described in clauses (1) or (2) of this definition of Government Securities.

“guarantee” means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business and Standard Securitization Undertakings), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

“Guarantee” means the guarantee by any Guarantor of the Company’s Obligations under this Indenture and the Notes.

“Guarantor” means each Subsidiary Guarantor and any other Person that becomes a Guarantor in accordance with the terms of this Indenture.

“Holder” means the Person in whose name a Note is registered on the applicable Registrar’s books.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(1) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(2) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments, except to the extent that such instruments support Indebtedness of the type referred to in subclause (i) of the parenthetical in clause (4) of this defined term;

(3) net obligations of such Person under any Swap Contract, other than any Swap Contract that pursuant to its terms may be satisfied by delivery of Equity Interests of the Company;

(4) all obligations of such Person to pay the deferred purchase price of property or services (other than (i) trade accounts payable in the ordinary course of business, (ii) any earn-out or similar obligation that is a contingent obligation or that is not reasonably determinable as of the applicable date of determination and (iii) any earn-out or similar obligation that is not a contingent obligation and that is reasonably determinable as of the applicable date of determination to the extent that (A) such Person is indemnified for the payment thereof by a third party reasonably believed by such Person to be solvent or (B) amounts to be applied to the payment therefor are in escrow);

(5) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales

or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(6) (i) all Attributable Indebtedness of such Person and (ii) all obligations of such Person under any Receivables Facility; and

(7) all guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the swap termination value thereof as of such date. Notwithstanding the foregoing, the principal amount outstanding at any time of any Indebtedness issued with original issue discount shall be the principal amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP, but such Indebtedness shall be deemed incurred only as of the date of original issuance thereof.

“Indenture” means this Indenture, as amended or supplemented from time to time.

“Independent Financial Advisor” means an accounting, appraisal or investment banking firm of nationally recognized standing that is, in the good faith judgment of the Company, qualified to perform the task for which it has been engaged.

“Interest Payment Date” means the date specified in the Notes for the payment of any installment of interest on the Notes.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

“Investment Grade Rating” means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

“Investment Grade Securities” means:

(1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries;

(3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2) (which fund may also hold immaterial amounts of cash pending investment or distribution thereof); and

(4) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

“Investments” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit, advances to customers, commission, travel and similar advances to directors, officers, employees and consultants in each case made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of the Company in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. For purposes of the definition of “Unrestricted Subsidiary” and Section 4.07:

(1) “Investments” shall include the portion (proportionate to the Company’s equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Company’s “Investment” in such Subsidiary at the time of such redesignation; less

(b) the portion (proportionate to the Company’s equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash or Cash Equivalents by the Company or a Restricted Subsidiary in respect of such Investment.

“IPO” means the Company’s initial public offering, which closed on September 28, 2016.

“Issue Date” means August 8, 2017.

“Lien” means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, hypothecation, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale



or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided* that in no event shall an operating lease be deemed to constitute a Lien.

“Limited Condition Acquisition” means any acquisition, including by way of merger or consolidation, by the Company or one or more of its Restricted Subsidiaries in which consummation is not conditioned upon the availability of, or on obtaining, third party financing.

“Maturity Date,” when used with respect to any Note or installment of principal thereof, means the date on which the principal of such Note or such installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity Date or by declaration of acceleration, call for redemption, notice of option to elect repayment or otherwise.

“Moody’s” means Moody’s Investors Service, Inc. and any successor to its rating agency business.

“Net Income” means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

“Net Proceeds” means the aggregate cash proceeds and Cash Equivalents received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale, including any cash and Cash Equivalents received upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale, net of the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration, including legal, accounting and investment banking fees, and brokerage and sales commissions, any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), amounts required to be applied to the repayment of Indebtedness secured by a Lien on such assets (other than required by clause (1) of Section 4.10(b)) and any deduction of appropriate amounts to be provided by the Company or any of its Restricted Subsidiaries as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Company or any of its Restricted Subsidiaries after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

“Notes” has the meaning assigned to it in the preamble to this Indenture.

“Obligations” means any principal, interest (including any interest accruing subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, federal or foreign law), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and banker’s acceptances), damages and other

liabilities, and guarantees of payment of such principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness.

“Offering Memorandum” means the offering memorandum of the Company with respect to the Notes issued on the Issue Date, dated August 3, 2017.

“Officer” means the Chairman of the Board of Directors, the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, the President, any Executive Vice President, any Senior Vice President, any duly authorized Vice President, the Treasurer or the Secretary of the Company or a Guarantor.

“Officer’s Certificate” means a certificate signed on behalf of the Company by an Officer of the Company or on behalf of a Guarantor by an Officer of such Guarantor (or if such Guarantor is a general partnership, one of the partners of the Guarantor).

“Opinion of Counsel” means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or a Subsidiary of the Company.

“Outstanding” means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

- (1) Notes theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (2) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent); *provided* that if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture;
- (3) Notes that have been defeased pursuant to the procedures specified in Article VIII; and
- (4) Notes that have been paid in lieu of reissuance relating to lost, stolen, destroyed or mutilated certificates, or in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture;

*provided, however*, that in determining whether the Holders of the requisite principal amount of the Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Notes owned by the Company or any other obligor upon the Notes or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that a Responsible Officer of the Trustee knows to be so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right so to act with respect to such Notes and that the pledgee is not the Company or any other obligor upon the Notes or any Affiliate of the Company or of such other obligor.

“ Participant ” means a Person who has an account with the Depository and shall include other indirect participants in The Depository Trust Company serving a similar function.

“ Permitted Investment ” means:

- (1) any Investment in the Company or any of its Restricted Subsidiaries or any Person that will become a Restricted Subsidiary as a result of such Investment;
- (2) any Investment in cash or Cash Equivalents or Investment Grade Securities;
- (3) any Investment acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of the Company of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by Section 5.01, to the extent that such Investments were not made in anticipation or contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (4) any Investment in securities or other assets, including earn-outs, not constituting Cash Equivalents or Investment Grade Securities and received in connection with an Asset Sale made pursuant to Section 4.10(a) or any other disposition of assets not constituting an Asset Sale;
- (5) any Investment existing on the Issue Date or an Investment consisting of any extension, modification or renewal of any such Investment or made pursuant to binding commitments in effect on the Issue Date; *provided* that the amount of any such Investment may be increased pursuant to such extension, modification or renewal only (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (b) as otherwise permitted under this Indenture;
- (6) any Investment acquired by the Company or any of its Restricted Subsidiaries:
  - (A) consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business;
  - (B) in exchange for any other Investment or accounts receivable, endorsements for collection or deposit held by the Company or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable (including any trade counterparty or customer);

(C) in satisfaction of judgments against other Persons; or

(D) as a result of a foreclosure by the Company or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(7) Swap Contracts permitted under Section 4.09(b)(10);

(8) Investments the payment for which consists of Equity Interests (other than Disqualified Stock) of the Company; *provided, however*, that such Equity Interests will not increase the amount available for Restricted Payments under clause (3) of Section 4.07(a);

(9) guarantees of Indebtedness permitted under Section 4.09;

(10) any transaction to the extent it constitutes an Investment that is permitted and made in accordance with the provisions of Section 4.11(b) (except transactions described in clause (2), (4), (6), (8) or (12) of such Section);

(11) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment;

(12) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (12) that are at that time outstanding, not to exceed the greater of \$200.0 million and 10.00% of Total Assets (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(13) Investments (including debt obligations and Equity Interests) received in connection with the bankruptcy or reorganization of suppliers and customers or in settlement of delinquent obligations of, or other disputes with, customers and suppliers arising in the ordinary course of business or upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(14) Investments in joint ventures of the Company or any of its Restricted Subsidiaries in any calendar year in an aggregate amount invested, taken together with all other amounts invested pursuant to this clause (14) in such calendar year that are at that time outstanding not to exceed the greater of \$200.0 million and 10.00% of Total Assets; *provided* that in the event the Company or any of its Restricted Subsidiaries receives any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash or Cash Equivalents in respect of any Investment made pursuant to this clause (14), an amount equal to such dividend, distribution, interest payment, return of capital, repayment or other amount received in cash or Cash Equivalents, not to exceed the original amount invested, shall be available for Investments under this clause (14) in the calendar year in which such return is received and thereafter;

(15) [Reserved];

- (16) loans and advances to, or guarantees of Indebtedness of, officers, directors and employees not in excess of \$10.0 million outstanding at any one time, in the aggregate;
- (17) advances, loans or extensions of trade credit in the ordinary course of business by the Company or any of its Restricted Subsidiaries;
- (18) any Investment in any Subsidiary or any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business;
- (19) Investments consisting of purchases and acquisitions of assets or services in the ordinary course of business;
- (20) Investments made in the ordinary course of business in connection with obtaining, maintaining or renewing client contacts;
- (21) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business;
- (22) repurchases of Notes;
- (23) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection of deposit and Article 4 customary trade arrangements with customers;
- (24) Investments by the Company or any Restricted Subsidiary in a Securitization Special Purpose Entity or any Investment by a Securitization Special Purpose Entity in any other Person, in each case, as part of, pursuant to or in connection with a Qualified Securitization Transaction, including contributions of Securitization Assets to a Securitization Special Purpose Entity, the retention of interests in Securitization Assets contributed, sold, conveyed, transferred or otherwise disposed of to a Securitization Special Purpose Entity and Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Securitization Transaction or any related Indebtedness;
- (25) Investments in the ordinary course of business in connection with joint marketing arrangements with another Person (including the licensing or contribution of intellectual property in connection therewith);
- (26) any Investment in a Similar Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (26) that are at that time outstanding, not to exceed the greater of \$200.0 million and 10.00% of Total Assets (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); and

(27) Investments made as part of the Separation Transactions.

“ Permitted Liens ” means, with respect to any Person:

(1) pledges or deposits by such Person under workmen’s compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case incurred in the ordinary course of business;

(2) Liens imposed by law, such as carriers’, warehousemen’s and mechanics’ Liens, in each case for sums not yet overdue for a period of more than 30 days or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP;

(3) Liens for taxes, assessments or other governmental charges not yet overdue for a period of more than 30 days or not yet payable or subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of such Person to the extent required by GAAP;

(4) Liens to secure the performance of statutory obligations or in favor of issuers of performance, surety, bid or appeal bonds or with respect to other regulatory requirements or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(5) survey exceptions, title defects, encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties that, in all cases, were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(6) Liens securing Indebtedness permitted to be incurred pursuant to clause (4), (10) or (27) of Section 4.09(b); *provided* that (a) Liens securing Indebtedness permitted to be incurred pursuant to clause (4) of Section 4.09(b) extend only to the assets or Capital Stock, the acquisition, lease, construction, repair, replacement or improvement of which is financed thereby and any replacements, additions and accessions thereto and any income or profits thereof and (b) Liens securing Indebtedness permitted to be incurred pursuant to clause (27) of Section 4.09(b) extend only to the assets of such Foreign Subsidiaries;

(7) Liens existing on the Issue Date;

(8) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary; *provided*, *however*, such Liens are not created or incurred in connection with, or in anticipation or contemplation of, such other Person becoming such a Subsidiary; *provided further*, *however*, that such Liens may not extend to any other property owned by the Company or any of its Restricted Subsidiaries (other than after-acquired property of the acquired Person of the same nature as the property that is the subject of such Lien at the time such Person becomes a Subsidiary);

(9) Liens on property at the time the Company or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Company or any of its Restricted Subsidiaries; *provided*, *however*, that such Liens are not created or incurred in connection with, or in anticipation or contemplation of, such acquisition; *provided further*, *however*, that the Liens may not extend to any other property owned by the Company or any of its Restricted Subsidiaries (other than after-acquired property of the acquired Person of the same nature as the property that is the subject of such Lien at the time such Person becomes a Subsidiary);

(10) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary permitted to be incurred in accordance with Section 4.09;

(11) Liens on specific items of inventory of other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(12) leases, subleases, licenses or sublicenses granted to others in the ordinary course of business that do not materially interfere with the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries and that do not secure any Indebtedness;

(13) Liens arising from Uniform Commercial Code financing statement filings (or similar filings under applicable law) regarding operating leases, consignment of goods or similar arrangements entered into by the Company and its Restricted Subsidiaries in the ordinary course of business and Liens of a collecting bank arising in the ordinary course of business under Section 4-208 (or the applicable corresponding section) of the Uniform Commercial Code in effect in the relevant jurisdiction covering only the items being collected upon;

(14) Liens in favor of the Company or any Subsidiary Guarantor;

(15) Liens on equipment of the Company or any of its Restricted Subsidiaries granted in the ordinary course of business to the Company's clients;

(16) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extension, renewal or replacement) as a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clause (6), (7), (8) or (9) of this definition to the extent that the Indebtedness secured by such new Lien is an amount equal to the sum of (i) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clause (6), (7), (8) or (9) of this definition at the time the original Lien became a

Permitted Lien under this Indenture, and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement; *provided, however*, that in each case such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property);

(17) deposits made in the ordinary course of business to secure liability to insurance carriers;

(18) other Liens securing obligations not to exceed the greater of \$300.0 million and 15.00% of Total Assets in aggregate principal amount at any one time outstanding;

(19) Liens securing Indebtedness of any non-Guarantor Restricted Subsidiary permitted to be incurred under this Indenture, to the extent such Liens relate only to the assets and properties of a non-Guarantor Restricted Subsidiary (and for the avoidance of doubt, any Liens permitted by this clause (19) at the time of incurrence thereof shall continue to be permitted by this clause (19) if such non-Guarantor Restricted Subsidiary later provides a Guarantee of the Notes);

(20) Liens securing judgments for the payment of money not constituting an Event of Default under Section 6.01(e) so long as such Liens are adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(21) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(22) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code or any comparable or successor provision on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business and (iii) in favor of banking institutions arising as a matter of law encumbering deposits (including the right of setoff) and which are within the general parameters customary in the banking industry;

(23) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 4.09; *provided* that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;

(24) [Reserved]

(25) Liens that are contractual rights of setoff (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts or other cash management arrangements of the



Company or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Company and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(26) Liens securing Indebtedness and other obligations to the extent permitted to be incurred under Credit Facilities, including any letter of credit facility relating thereto, incurred pursuant to Section 4.09(b)(1);

(27) any encumbrance or restriction (including put and call arrangements) with respect to capital stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(28) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(29) Liens solely on any cash earnest money deposits made by the Company or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(30) Liens securing the Notes (other than any Additional Note) or the Guarantees thereof;

(31) ground leases in respect of real property on which facilities owned or leased by the Company or any of its Subsidiaries are located;

(32) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(33) Liens on Capital Stock of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(34) Liens on cash advances in favor of the seller of any property to be acquired in an Investment permitted under this Indenture to be applied against the purchase price for such Investment;

(35) any interest or title of a lessor, sub-lessor, licensor or sub-licensor or secured by a lessor's, sub-lessor's, licensor's or sub-licensor's interest under leases or licenses entered into by the Company or any of the Restricted Subsidiaries in the ordinary course of business;

(36) deposits of cash with the owner or lessor of premises leased and operated by the Company or any of its Subsidiaries in the ordinary course of business of the Company and such Subsidiary to secure the performance of the Company's or such Subsidiary's obligations under the terms of the lease for such premises;

(37) prior to the date on which a Permitted Investment is consummated, Liens arising from any escrow arrangement pursuant to which the proceeds of any equity issuance or other funds used to finance all or a portion of such Permitted Investment are required to be held in escrow pending release to consummate such Permitted Investment;

(38) Liens in connection with contracts for the sale of assets, including customary provisions with respect to a Restricted Subsidiary of the Company pursuant to an agreement that has been entered into for the sale or disposition of any Capital Stock or assets of such Subsidiary;

(39) Liens on trusts, cash or Cash Equivalents or other funds in connection with the defeasance (whether by covenant or legal defeasance), discharge or redemption of Indebtedness pending consummation of a strategic transaction, or similar obligations; *provided* that such defeasance, discharge or redemption is otherwise permitted by this Indenture;

(40) Standard Securitization Undertakings and Liens on Securitization Assets or on assets of a Securitization Special Purpose Entity, in either case incurred in connection with a Qualified Securitization Transaction or a Receivables Facility, in each case, incurred in compliance with Section 4.09(b)(24) (for the avoidance of doubt, Liens permitted under this clause (40) shall include Liens in connection with the trade receivables securitization facility to be entered into in a manner consistent in all material respects with the disclosures set forth in the Offering Memorandum); and

(41) any Liens arising from the Separation Transactions.

In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Company in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with this definition and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of Permitted Lien to which such Permitted Lien has been classified or reclassified.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Preferred Stock” means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution, or winding up.

“Private Placement Legend” means the legend set forth in Section 2.06(f)(1) hereof to be placed on all Notes issued under this Indenture, except where otherwise permitted by the provisions of this Indenture.

“QIB” means a “qualified institutional buyer” as defined in Rule 144A.

“Qualified Securitization Transaction” means any transaction or series of transactions entered into by the Company or any Restricted Subsidiary pursuant to which the Company or such

Restricted Subsidiary contributes, sells, conveys, grants a security interest in or otherwise transfers to a Securitization Special Purpose Entity, and such Securitization Special Purpose Entity contributes, sells, conveys, grants a security interest in or otherwise transfers to one or more other Persons, any Securitization Assets (whether now existing or arising in the future) or any beneficial or participation interests therein.

“Rating Agencies” means Moody’s and S&P or if Moody’s or S&P or both shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Company which shall be substituted for Moody’s or S&P or both, as the case may be.

“Receivables Facility” means any receivables financing facilities or factoring (or reverse factoring) agreements or facilities, as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, the obligations in respect of which are non-recourse (except for customary representations, warranties, covenants and indemnities made in connection with such facilities) to the Company or any of its Restricted Subsidiaries pursuant to which the Company or any of its Restricted Subsidiaries sells its accounts receivable to a Person that is not a Restricted Subsidiary. The term “Receivables Facility” does not include a Qualified Securitization Transaction.

“Registered Exchange Offer” means the offer by the Company, pursuant to the Registration Rights Agreement, to certain Holders of Initial Notes, to issue and deliver to such Holders, in exchange for their Initial Notes, a like aggregate principal amount of Exchange Notes registered under the Securities Act, or any other registration rights agreement entered into in connection with the issuance of Additional Notes.

“Registration Rights Agreement” means the Registration Rights Agreement to be dated the Issue Date, among the Company, the Subsidiary Guarantors and Citigroup Global Markets Inc., as representative of the initial purchasers, or any other registration rights agreement entered into in connection with the issuance of Additional Notes.

“Regular Record Date” means the Record Dates specified in the Notes; provided that if any such date is not a Business Day, the Record Date shall be the first day immediately preceding such specified day that is a Business Day.

“Regulation S” means Regulation S promulgated under the Securities Act.

“Regulation S Global Note” means a Regulation S Temporary Global Note or Regulation S Permanent Global Note, as applicable.

“Regulation S Permanent Global Note” means a permanent Global Note in the form of Exhibit A hereto, bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depository or its nominee, issued in a denomination equal to the Outstanding principal amount of the Regulation S Temporary Global Note upon expiration of the applicable Restricted Period.

“Regulation S Temporary Global Note” means a temporary Global Note in the form of Exhibit A hereto, bearing the Global Note Legend, the Private Placement Legend and the Regulation S Temporary Global Note Legend and deposited with or on behalf of, and registered in the name of, the

Depository or its nominee, issued in a denomination equal to the Outstanding principal amount of the Notes initially sold in reliance on Rule 903.

“Regulation S Temporary Global Note Legend” means the legend set forth in Section 2.06(f)(3) hereof.

“Responsible Officer” with respect to the Trustee, means any vice president, assistant vice president, trust officer, assistant trust officer or any other officer of the Trustee within the corporate trust department of the Trustee who customarily performs functions similar to those performed by the above designated officers or to whom any corporate trust matter is referred because of such Person’s knowledge of and familiarity with the particular subject, and who shall have direct responsibility for the administration of this Indenture.

“Restricted Investment” means an Investment other than a Permitted Investment.

“Restricted Definitive Note” means a Definite Note bearing the Private Placement Legend.

“Restricted Global Note” means a Global Note bearing the Private Placement Legend.

“Restricted Period” means the 40-day distribution compliance period as defined in Regulation S.

“Restricted Subsidiary” means, at any time, any direct or indirect Subsidiary of the Company (including any Foreign Subsidiary and Foreign Subsidiary Holding Company) that is not then an Unrestricted Subsidiary. Upon an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be a Restricted Subsidiary.

“S&P” means Standard & Poor’s, a division of S&P Global Inc., and any successor to its rating agency business.

“Sale and Lease-Back Transaction” means any arrangement providing for the leasing by the Company or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to a third Person in contemplation of such leasing.

“SEC” means the U.S. Securities and Exchange Commission.

“Second Step Spin-Off” means the distribution by Ashland Global of all shares of common stock of the Company held by Ashland Global to the holders of Ashland Global’s common stock on May 12, 2017.

“Secured Indebtedness” means any Indebtedness of the Company or any of its Restricted Subsidiaries secured by a Lien.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Securitization Assets” means (i) all receivables, inventory or royalty or other revenue streams contributed, sold, conveyed, granted or otherwise transferred as part of, pursuant to or in connection with asset securitization transactions by the Company or any Restricted Subsidiary pursuant to agreements, instruments and other documents relating to any Qualified Securitization Transaction, (ii) all assets related to such receivables, inventory or royalty or other revenue streams, including rights arising under the contracts governing or related to such receivables, inventory or royalty or other revenue streams, rights in respect of collateral and Liens securing such receivables, inventory or royalty or other revenue streams and all contracts and contractual and other rights, guarantees and other credit support in respect of such receivables, inventory or royalty or other revenue streams, any proceeds of such receivables, inventory or royalty or other revenue streams and any lockboxes or accounts in which such proceeds are deposited, spread accounts and other similar accounts (and any amounts on deposit therein) established as part of, pursuant to or in connection with a Qualified Securitization Transaction, any warranty, indemnity, repurchase, dilution and other claim, arising out of the agreements, instruments and other documents relating to such Qualified Securitization Transaction and other assets that are transferred or in respect of which security interests are granted in connection with asset securitizations involving similar assets, and (iii) all collections (including recoveries) and other proceeds of the assets described in the foregoing clauses (i) and (ii).

“Securitization Fees” means distributions or payments made directly or indirectly by means of discounts with respect to any Securitization Assets or beneficial or participation interests therein contributed, sold, conveyed, granted or otherwise transferred to, and other fees paid to a Person that is not a Restricted Subsidiary as part of, pursuant to or in connection with, any Qualified Securitization Transaction.

“Securitization Special Purpose Entity” means a Person (including, without limitation, a Restricted Subsidiary) created in connection with the transactions contemplated by a Qualified Securitization Transaction, which Person engages in no business or activities other than in connection with the acquisition, disposition and financing of Securitization Assets and any business or activities incidental or related thereto and holds no assets other than Securitization Assets and other assets incidental or related to such Qualified Securitization Transaction.

“Senior Indebtedness” means any Indebtedness of the Company or any Subsidiary Guarantor that ranks equal in right of payment with the Notes or the Guarantee of such Subsidiary Guarantor, as the case may be. For the avoidance of doubt, any Indebtedness of the Company or any Subsidiary Guarantor that is permitted to be incurred under the terms of this Indenture shall constitute Senior Indebtedness for the purposes of this Indenture unless the instrument under which such Indebtedness is incurred expressly provides that it is subordinate in right of payment to the Notes or any related Guarantee.

“Senior Secured Credit Facilities” means the Credit Agreement dated as of July 11, 2016, by and among the Company, The Bank Of Nova Scotia, as administrative agent, and the other agents and

lenders party thereto, including any guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof.

“Separation” means collectively, the Ashland Chemco Internal Spin-Off, the Valvoline Reorganization, the Ashland Reorganization and the Transfer.

“Separation Documents” means each of the following agreements: the Separation Agreement dated September 22, 2016, between the Company and Ashland, the Transition Services Agreement dated September 22, 2016, between the Company and Ashland, the Reverse Transition Services Agreement dated September 22, 2016, between the Company and Ashland, the Tax Matters Agreement dated September 22, 2016, between the Company and Ashland, the Employee Matters Agreement dated September 22, 2016, between the Company and Ashland, the Shared Environmental Liabilities Agreement dated September 22, 2016, between the Company and Ashland and the Registration Rights Agreement dated September 22, 2016, between the Company and Ashland, and any other instruments, assignments, documents and agreements executed in connection with the implementation of the Separation Transactions.

“Separation Transactions” means, collectively, the Separation, the Contribution, the Assumption, the IPO and the Second Step Spin-Off.

“Shelf Registration Statement” means a registration statement filed by the Company in connection with the offer and sale of Initial Notes pursuant to the Registration Rights Agreement.

“Significant Subsidiary” means any Restricted Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

“Similar Business” means any business conducted or proposed to be conducted by the Company and its Subsidiaries on the Assumption Date or any business that is similar, reasonably related, incidental or ancillary thereto or a reasonable extension, development or expansion of such business.

“Standard Securitization Undertakings” means all representations, warranties, covenants, indemnities, performance guarantees and servicing obligations entered into by the Company or any Subsidiary (other than a Securitization Special Purpose Entity) that, taken as a whole, are customary in connection with a Qualified Securitization Transaction.

“Stated Maturity Date,” when used with respect to any Note, means the date specified in such Note as the fixed date on which an amount equal to the principal amount of such Note is due and payable.

“Subordinated Indebtedness” means, with respect to the Notes,

- (1) any Indebtedness of the Company that is by its terms subordinated in right of payment to the Notes, and

(2) any Indebtedness of any Subsidiary Guarantor that is by its terms subordinated in right of payment to the Guarantee of such entity of the Notes.

“Subsidiary” means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; and

(2) any partnership, joint venture, limited liability company or similar entity of which

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership otherwise, and

(b) such Person or any Restricted Subsidiary of such Person is a general partner or otherwise controls such entity.

“Subsidiary Guarantor” has the meaning assigned to it in the preamble to this Indenture.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Synthetic Debt” means, with respect to any Person as of any date of determination thereof, all obligations of such Person in respect of transactions entered into by such Person that are intended to function primarily as a borrowing of funds (including any minority interest transactions that function primarily as a borrowing) but are not otherwise included in the definition of “Indebtedness” or as a liability on the consolidated balance sheet of such Person and its Subsidiaries in accordance with GAAP.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property (including Sale and Lease-Back Transactions), in each case, creating obligations that do not appear on the balance sheet of such Person but which, upon the application of any Debtor Relief Laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Total Assets” means the total assets of the Company and the Restricted Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of the Company or such other Person as may be expressly stated, as the case may be (giving *pro forma* effect to any acquisitions or dispositions of assets or properties that have been made by the Company or any of its Restricted Subsidiaries subsequent to the date of such balance sheet, including through mergers or consolidations).

“Transfer” means the transfer of certain assets and liabilities among Ashland, Ashland Global, the Company and their respective subsidiaries.

“Treasury Rate” means, as of any date of redemption, the yield to maturity as of such date of redemption of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days prior to the date of redemption (or in connection with a discharge, two Business Days prior to the date of deposit with the Trustee or paying agent, as applicable) (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the date of redemption to August 15, 2020; *provided, however*, that if the period from the date of redemption to the Stated Maturity Date of the Notes to be redeemed is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended.

“Trustee” means the party named as such in the preamble to this Indenture until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

“Unrestricted Cash” means, at any time, all cash and Cash Equivalents held by the Company and its Restricted Subsidiaries at such time; *provided* that such cash and Cash Equivalents (a) do not appear (and would not be required to appear) as “restricted” on a consolidated balance sheet of the Company prepared in conformity with GAAP (unless such classification results solely from any Lien referred to in clause (b) below) and (b) are not controlled by or subject to any Lien or other preferential arrangement in favor of any creditor, other than Liens created under a Credit Facility.

“Unrestricted Definitive Note” means a Definitive Note without the Private Placement Legend.



“Unrestricted Global Note” means a Global Note without the Private Placement Legend.

“Unrestricted Subsidiary” means:

- (1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Company, as provided below); and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Company may designate any Subsidiary of the Company (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Company or any Subsidiary of the Company (other than solely any Subsidiary of the Subsidiary to be so designated); *provided* that

- (a) such designation complies with Section 4.07; and
- (b) each of the Subsidiary to be so designated and its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Company or any Restricted Subsidiary.

The Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that, immediately after giving effect to such designation, no Default shall have occurred and be continuing and either:

- (i) the Company could incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a); or
- (ii) the Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries would be greater than such ratio of the Company and its Restricted Subsidiaries immediately prior to such designation, in each case on a *pro forma* basis taking into account such designation.

Any such designation by the Company shall be notified by the Company to the Trustee by promptly filing with the Trustee a copy of the Board Resolution of the Company or any committee thereof giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

Actions taken by an Unrestricted Subsidiary will not be deemed to have been taken, directly or indirectly, by the Company or any Restricted Subsidiary.

“Valvoline Business” means Ashland's automotive, commercial and industrial lubricant and automotive chemical business substantially as described in the Valvoline Inc. Registration Statement on Form S-1 (#333-211720), as filed on May 31, 2016.

“Valvoline Reorganization” means the reorganization of the Valvoline Business such that Valvoline is the owner, directly or indirectly, of substantially all of the Valvoline Business.

“Voting Stock” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness or Disqualified Stock, as the case may be, at any date, the number of years obtained by dividing:

- (1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock multiplied by the amount of such payment; by
- (2) the sum of all such payments.

Section 1.02      Other Definitions.

<b>Term</b>	<b>Defined in Section</b>
“ <u>Acceptable Commitment</u> ”	4.10(b)
“ <u>Affiliate Transaction</u> ”	4.11(a)
“ <u>Asset Sale Offer</u> ”	4.10(c)
“ <u>Change of Control Offer</u> ”	4.13(a)
“ <u>Change of Control Payment</u> ”	4.13(a)
“ <u>Change of Control Payment Date</u> ”	4.13(a)(2)
“ <u>Covenant Defeasance</u> ”	8.03
“ <u>Covenant Suspension Event</u> ”	4.14(a)
“ <u>Event of Default</u> ”	6.01
“ <u>Excess Proceeds Threshold</u> ”	4.10(c)
“ <u>Guaranteed Obligations</u> ”	10.01(a)
“ <u>incur</u> ”	9.09(a)
“ <u>Legal Defeasance</u> ”	8.02
“ <u>Legal Holiday</u> ”	11.07
“ <u>OID</u> ”	4.06
“ <u>Paying Agent</u> ”	2.03
“ <u>Refinancing Indebtedness</u> ”	4.09(b)(13)
“ <u>Refunding Capital Stock</u> ”	4.07(b)(2)
“ <u>Registrar</u> ”	2.03
“ <u>Reversion Date</u> ”	4.14(c)
“ <u>Successor Company</u> ”	5.01(a)(1)
“ <u>Successor Person</u> ”	5.01(b)(1)(a)
“ <u>Suspended Covenants</u> ”	4.14(a)
“ <u>Suspension Period</u> ”	4.14(a)
“ <u>Treasury Capital Stock</u> ”	4.07(b)(2)

Section 1.03    Incorporation by Reference of Trust Indenture Act.

When qualified under the Trust Indenture Act, this Indenture shall be subject to the mandatory provisions of the Trust Indenture Act, which are incorporated by reference in and made a part of this Indenture. Whether or not this Indenture is so qualified, the following Trust Indenture Act terms used in this Indenture have the following meanings:

“indenture securities” means the Notes;

“indenture security Holder” means a Holder of a Note;

“indenture to be qualified” means this Indenture;

“indenture trustee” or “institutional trustee” means the Trustee; and

“obligor” on the Notes means the Company and each Guarantor, until a successor replaces the Company or a Guarantor and thereafter means, as to such replaced Company or Guarantor, its successor.

When qualified under the Trust Indenture Act, all other terms used in this Indenture that are defined by the Trust Indenture Act, defined by the Trust Indenture Act’s reference to another statute or defined by SEC rule under the Trust Indenture Act shall have the meanings so assigned to them.

Section 1.04    Rules of Construction. Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) “or” is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) provisions apply to successive events and transactions;

(f) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time;

(g) the term “consolidated” with respect to any Person refers to such Person consolidated with its Restricted Subsidiaries, and excludes from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person; and

(h) all covenant basket sizes set forth herein, including any definitions relating thereto, are as specified in U.S. dollars.

## ARTICLE II

### THE NOTES

#### Section 2.01 Form and Dating; Terms.

(a) General. The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rules or usage in addition to those provided for in Exhibit A hereto. Each Note shall be dated the date of its authentication. The Notes shall be in minimum amounts of \$2,000 and integral multiples of \$1,000 in excess of \$2,000.

#### (b) Global Notes.

(1) Notes issued in global form shall be substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such aggregate principal amount of the Outstanding Notes as shall be specified in the "Schedule of Exchanges of Interests in the Global Note" attached thereto and each shall provide that it shall represent up to the aggregate principal amount of Notes from time to time endorsed thereon and that the aggregate principal amount of Outstanding Notes represented thereby may from time to time be reduced or increased, as applicable, to reflect exchanges and redemptions and transfers of interests therein. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of Outstanding Notes represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(2) Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Temporary Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, as custodian for the Depository, and registered in the name of the Depository or the nominee of the Depository for the accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by the Company and authenticated by the Trustee as provided in this Indenture. Following the termination of the Restricted Period, beneficial interests in the Regulation S Temporary Global Note shall be exchanged for beneficial interests in the Regulation S Permanent Global Note pursuant to Section 2.06 hereof and the Applicable Procedures. Simultaneously with the authentication of the Regulation S Permanent Global Note, the Trustee shall cancel such Regulation S Temporary Global Note. The aggregate principal amount of a Regulation S Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee, as the case may be, in connection with transfers of interest as provided in this Indenture.

(c) Participants shall have no rights under this Indenture or any Global Note with respect to any Global Note held on their behalf by the Depository or by the Trustee as custodian for the Depository, and the Depository shall be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Participants, the Applicable Procedures or the operation of customary practices of the Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Note.

(d) Terms. The aggregate principal amount of Initial Notes that may be authenticated and delivered under this Indenture on the Issue Date is \$400,000,000, and the aggregate amount of Additional Notes that may be authenticated and delivered under this Indenture is unlimited (so long as not otherwise prohibited by the terms of this Indenture, including Section 4.09 hereof). With respect to any Additional Notes, the Company shall set forth in (1) a Board Resolution and (2) (i) an Officer's Certificate or (ii) one or more indentures supplemental hereto, the following information:

- (A) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture;
- (B) the issue price and the issue date of such Additional Notes, including the date from which interest shall accrue; and
- (C) whether such Additional Notes shall be either Restricted Definitive Notes or Restricted Global Notes.

In authenticating and delivering Additional Notes, the Trustee shall be entitled to receive and shall be fully protected in relying upon, in addition to the Opinion of Counsel and Officer's Certificate required by Section 11.04 hereof, an Opinion of Counsel as to the due authorization, execution, delivery, validity and enforceability of such Additional Notes.

In addition, Exchange Notes may be authenticated and delivered under this Indenture for issue in a Registered Exchange Offer pursuant to the Registration Rights Agreement in a like principal amount of the Initial Notes or Additional Notes exchanged pursuant thereto or otherwise pursuant to an effective registration statement under the Securities Act.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(e) Euroclear and Clearstream Procedures Applicable. The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream shall be applicable to transfers of beneficial interests in a Regulation S Global Note that are held by Participants through Euroclear or Clearstream.

## Section 2.02 Execution and Authentication.

One Officer shall execute the Notes on behalf of the Company by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be entitled to any benefit under this Indenture or be valid or obligatory for any purpose until authenticated substantially in the form of Exhibit A hereto, as the case may be, by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been duly authenticated and delivered under this Indenture.

On the Issue Date, the Trustee shall, upon receipt of a written order of the Company directing authentication (an “Authentication Order”), authenticate and deliver the Initial Notes specified in such Authentication Order. In addition, at any time, from time to time, the Trustee shall, upon receipt of an Authentication Order, authenticate and deliver (i) any Additional Notes for an aggregate principal amount specified in such Authentication Order for such Additional Notes issued hereunder and (ii) the Exchange Notes for issue in a Registered Exchange Offer pursuant to the Registration Rights Agreement for a like principal amount of Initial Notes exchanged pursuant thereto or otherwise pursuant to an effective registration statement under the Securities Act.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. Unless otherwise provided in such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent shall have the same rights as the Trustee to deal with Holders, the Company or an Affiliate of the Company.

## Section 2.03 Registrar and Paying Agent

The Company shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange (the “Registrar”) and an office or agency where Notes may be presented for payment (the “Paying Agent”). The Registrar shall keep a register of the Notes (the “Note Register”) and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term “Registrar” includes any co-registrar and the term “Paying Agent” includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder but upon written notice to such Registrar or Paying Agent and to the Trustee; *provided, however*, that no such removal shall become effective until (i) acceptance of any appointment by a successor as evidenced by an appropriate agreement entered into by the Company and such successor Registrar or Paying Agent, as the case may be, and delivered to the Trustee and the passage of any waiting or notice periods required by DTC procedures or (ii) written notification to the Trustee that the Trustee shall serve as Registrar or Paying Agent until the appointment of a successor in accordance with clause (i) of this Section 2.03 above. The Registrar or Paying Agent may resign at any time upon written notice to the Company and the Trustee. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints DTC to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Paying Agent and Registrar for the Notes. The Trustee will also act as Custodian for the Depositary with respect to the Global Notes.

Section 2.04 Paying Agent to Hold Money in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes, and shall notify the Trustee in writing of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it relating to the Notes to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or one of its Subsidiaries) shall have no further liability for the money. If the Company or one of its Subsidiaries acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any Event of Default under Sections 6.01(f) or (g) hereof, the Trustee shall serve as Paying Agent for the Notes.

Section 2.05 Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with Section 312(a) of the Trust Indenture Act. If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least two Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Company shall otherwise comply with Section 312(a) of the Trust Indenture Act.

Section 2.06 Transfer and Exchange.

(a) Transfer and Exchange of Global Notes. Except as otherwise set forth in this Section 2.06, a Global Note may be transferred, in whole and not in part, only to another nominee of the Depositary or to a successor Depositary or a nominee of such successor Depositary. A beneficial interest in a Global Note may not be exchanged for a Definitive Note unless (i) the Depositary (x) notifies the Company that it is unwilling or unable to continue as Depositary for such Global Note or (y) has ceased to be a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 90 days; (ii) there shall have occurred and be continuing an Event of Default with respect to the Notes; or (iii) the Company, at its option, notifies the Trustee in writing that it elects to cause the issuance of Definitive Notes (*provided, however*, that the Regulation S Temporary Global Note may not be exchanged for Definitive Notes prior to (1) the expiration of the Restricted Period and (2) the receipt by the Registrar of any certificates required by Rule 903(b)(3)(ii)(B)). Upon the

occurrence of any of the preceding events in subclauses (i), (ii) or (iii) of this Section 2.06(a) above, Definitive Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the Depository (in accordance with its customary procedures). Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note, except for Definitive Notes issued subsequent to any of the preceding events in subclauses (i), (ii) or (iii) of this Section 2.06(a) above and pursuant to Section 2.06(c) hereof. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); *provided, however*, that beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b) or (c) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (1) or (2) of this Section 2.06(b) below, as applicable, as well as one or more of the other following subparagraphs of this Section 2.06(b), as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note*. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend and any Applicable Procedures; *provided, however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Temporary Global Note may not be made to a U.S. Person, as defined in Regulation S under the Securities Act, or for the account or benefit of a U.S. Person (other than an initial purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. Except as may be required by any Applicable Procedures, no written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes*. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) hereof, the transferor of such beneficial interest must deliver to the Registrar either (A) (1) a written order from a Participant or an indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable



Procedures containing information regarding the Participant account to be credited with such increase or (B) (1) if permitted under Section 2.06(a) hereof, a written order from a Participant or an indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above; *provided* that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S Temporary Global Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B). Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(g) hereof.

(3) *Transfer of Beneficial Interests to Another Restricted Global Note*. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) hereof and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; or

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note*. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) hereof and:

(A) such exchange or transfer is effected pursuant to a Registered Exchange Offer and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, makes any and all certifications required in the applicable letter of transmittal (or is deemed to have made such certifications if delivery is made through the Applicable Procedures) as may be required by the applicable Registration Rights Agreement;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with the applicable Registration Rights Agreement;

(C) such transfer is effected by a broker-dealer pursuant to an Exchange Offer Registration Statement in accordance with the applicable Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) of this Section 2.06(b)(4) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) of this Section 2.06(b)(4) above.

Beneficial interests in an Unrestricted Global Note may not be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(1) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes.* If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon the occurrence

of any of the events in paragraph (i), (ii) or (iii) of Section 2.06(a) hereof and receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to the Company or any of its Restricted Subsidiaries, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof;

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company shall execute and the Trustee shall authenticate and mail to the Person designated in the instructions a Definitive Note in the applicable principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or indirect Participant. The Trustee shall mail such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) *Beneficial Interests in Regulation S Temporary Global Note to Definitive Notes*. Notwithstanding Sections 2.06 (c)(1)(A) and (C) hereof, a beneficial interest in the Regulation S Temporary Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) of the Securities Act, except in the case of a transfer pursuant to an

exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(3) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes*. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only upon the occurrence of any of the events in subclause (i), (ii) or (iii) of Section 2.06(a) hereof and if:

(A) such exchange or transfer is effected pursuant to a Registered Exchange Offer and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, makes any and all certifications required in the applicable letter of transmittal (or is deemed to have made such certifications if delivery is made through the Applicable Procedures) as may be required by such Registration Rights Agreement;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with the applicable Registration Rights Agreement;

(C) such transfer is effected by a broker-dealer pursuant to an Exchange Offer Registration Statement in accordance with the applicable Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D) an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(4) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes*. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon the occurrence of any of the events in subclause (i), (ii) or (iii) of Section 2.06(a) hereof and satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the

Company shall execute and the Trustee shall authenticate and mail to the Person designated in the instructions a Definitive Note in the applicable principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from or through the Depository and the Participant or indirect Participant. The Trustee shall mail such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) shall not bear the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes*. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to the Company or any of its Restricted Subsidiaries, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of, in the case of clause (A) of this Section 2.06(d)(1) above, the applicable Restricted Global Note, in the case of clause (B) of this Section 2.06(d)(1) above, the applicable 144A Global Note, and in the case of clause (C) of this Section 2.06(d)(1) above, the applicable Regulation S Global Note.

(2) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) such exchange or transfer is effected pursuant to a Registered Exchange Offer and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, makes any and all certifications required in the applicable letter of transmittal (or is deemed to have made such certifications if delivery is made through the Applicable Procedures) as may be required by the applicable Registration Rights Agreement;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with the applicable Registration Rights Agreement;

(C) such transfer is effected by a broker-dealer pursuant to an Exchange Offer Registration Statement in accordance with the applicable Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(2) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee shall cancel the Definitive Notes and increase or cause to be increased in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of the Unrestricted Global Note.

(3) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a written request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraph (2)(B), (2)(D) or (3) of this Section 2.06(d) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon written request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e):

(1) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made to a QIB in accordance with Rule 144A, then the transferor must deliver a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; or

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications required by item (3) thereof, if applicable.

(2) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) such exchange or transfer is effected pursuant to a Registered Exchange Offer and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, makes any and all certifications required in the applicable letter of transmittal (or is deemed to have made such certifications if delivery is made through the Applicable Procedures) as may be required by such Registration Rights Agreement;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with the applicable Registration Rights Agreement;

(C) such transfer is effected by a broker-dealer pursuant to an Exchange Offer Registration Statement in accordance with the applicable Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(2) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a written request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.



(f) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture:

(1) Private Placement Legend.

(A) Except as permitted by subparagraphs (B), (C) and (D) of this Section 2.06(f)(1) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT PRIOR TO (I) IN THE CASE OF RULE 144A NOTES, THE DATE WHICH IS ONE YEAR (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE THEREOF, THE DATE OF ORIGINAL ISSUANCE OF ANY ADDITIONAL NOTES OR THE LAST DAY ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS NOTE AND (II) IN THE CASE OF REGULATION S NOTES, 40 DAYS AFTER THE ORIGINAL ISSUE DATE THEREOF, RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.”

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraph (b)(4), (c)(3), (c)(4), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(C) After a transfer of any Initial Notes during the period of the effectiveness of a Shelf Registration Statement with respect to such Initial Notes, all requirements pertaining to the Private Placement Legend on such Initial Notes shall cease to apply and the requirements that any such Initial Notes be issued in global form shall continue to apply.

(D) Upon the consummation of a Registered Exchange Offer with respect to the Initial Notes pursuant to which Holders of such Initial Notes are offered Exchange Notes in exchange for their Initial Notes, all requirements pertaining to Initial Notes that Initial Notes be issued in global form shall continue to apply, and Exchange Notes in global form without the Private Placement Legend shall be available to Holders that exchange such Initial Notes in such Registered Exchange Offer.

(2) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

“THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06(g) OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”) TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

(3) Regulation S Temporary Global Note Legend. The Regulation S Temporary Global Note shall bear a legend in substantially the following form:

“THIS GLOBAL NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION ORIGINALLY EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.”

(g) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and, if the Registrar and the Trustee are not the same entity, notice to the Trustee of such exchange or transfer an endorsement shall be made on such Global Note by the Trustee or by the Depository at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, the aggregate principal amount of such other Global Note shall be increased in a corresponding amount pursuant to this Section 2.06(g) and if the Registrar and the Trustee are not the same entity, notice to the Trustee of such exchange or transfer an endorsement shall be made on such Global Note by the Trustee or by the Depository at the direction of the Trustee to reflect such increase.

(h) General Provisions Relating to Transfers and Exchanges.

(1) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar’s written request.

(2) No service charge shall be made to a holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company or the Trustee may require payment of a sum sufficient to cover any transfer tax or

similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.11, 3.06, 4.13 or 9.04 hereof).

(3) Neither the Registrar nor the Company shall be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(5) The Company shall not be required (A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of the sending of a notice of redemption of Notes for redemption under Section 3.03 hereof and ending at the close of business on the day such notice was sent, (B) to register the transfer of or to exchange any Note so selected for redemption or tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a Regular Record Date and the next succeeding Interest Payment Date.

(6) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of (and premium, if any) and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(7) Upon surrender for registration of transfer of any Note at the office or agency of the Company designated pursuant to Section 2.03 hereof, the Company shall execute, and the Trustee shall authenticate and mail, in the name of the designated transferee or transferees, one or more replacement Notes of any authorized denomination or denominations of a like aggregate principal amount.

(8) At the option of the Holder, subject to Section 2.06(a) hereof, Notes may be exchanged for other Notes of any authorized denomination or denominations of a like aggregate principal amount upon surrender of the Notes to be exchanged at such office or agency. Whenever any Global Notes or Definitive Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and mail, the replacement Global Notes and Definitive Notes to which the Holder making the exchange is entitled in accordance with the provisions of Section 2.02 hereof.

(9) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile or electronically (in PDF format).

(10) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Neither the Trustee nor any Trustee agent shall have any responsibility or liability for any actions taken or not taken by the Depository.

#### Section 2.07 Replacement Notes.

If any mutilated Note is surrendered to the Trustee, the Registrar or the Company and the Trustee receives evidence to their satisfaction of the ownership and destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon receipt of an Authentication Order, shall authenticate a replacement Note if the Trustee's requirements are met. An indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, the Registrar and the Paying Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. At the Company's request, such Holder shall reimburse the Company for its expenses in replacing a Note.

Every replacement Note issued in accordance with this Section 2.07 is a contractual obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

#### Section 2.08 Outstanding Notes.

The Notes Outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not Outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be Outstanding because the Company or an Affiliate of the Company holds the Note.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be Outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be Outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or Maturity Date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer Outstanding and shall cease to accrue interest.

Section 2.09 Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, or by any Affiliate of the Company, shall be considered as though not Outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. Notes so owned that have been pledged in good faith shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to deliver any such direction, waiver or consent with respect to the pledged Notes and that the pledgee is not the Company or any obligor upon the Notes or any Affiliate of the Company or of such other obligor.

Section 2.10 Temporary Notes.

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes.

Holders and beneficial holders, as the case may be, of temporary Notes shall be entitled to all of the benefits accorded to Holders, or beneficial holders, respectively, of Notes under this Indenture.

Section 2.11 Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee or, at the direction of the Trustee, the Registrar or the Paying Agent and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall dispose of cancelled Notes in accordance with its customary procedures (subject to the record retention requirement of the Exchange Act). The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 Defaulted Interest.

If the Company defaults in a payment of interest on the Notes, the Company shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest to the Persons who are Holders on a special record date, which may be after the existing record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Trustee shall fix or cause to be fixed each such special record date and payment date; provided that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. The Trustee shall promptly notify the Company of such special record date and in any event at least 20 days before such special record date. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall send or cause to be sent, via electronic transmission or by first-class postage prepaid, to each Holder a notice at his or her address as it appears in the Note Register that states the special record date, the related payment date and the amount of such interest to be paid.

Subject to the foregoing provisions of this Section 2.12 and for greater certainty, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

Section 2.13    CUSIP or ISIN Numbers.

The Company in issuing the Notes may use CUSIP or ISIN numbers (if then generally in use) and, if so, the Trustee shall use CUSIP or ISIN numbers in notices, including notices of redemption, exchange or offers to purchase as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice and that reliance may be placed only on the other identification numbers printed on the Notes, and any related redemption, exchange or offers to purchase shall not be affected by any defect in or omission of such numbers. The Company will as promptly as practicable notify the Trustee in writing of any change in the CUSIP or ISIN numbers. Additional Notes issued under this Indenture may have the same or differing CUSIP or ISIN numbers as those given to the Initial Notes or the Exchange Notes.

Section 2.14    Additional Interest.

In the event that the Company is required to pay Additional Interest to holders of Notes pursuant to the Registration Rights Agreement, the Company will provide written notice (“Additional Interest Notice”) to the Trustee of its obligation to pay Additional Interest 15 or more days prior to the proposed payment date for the Additional Interest to the extent reasonably practicable, but in no event later than five Business Days prior to such proposed payment date, and the Additional Interest Notice shall set forth the amount of Additional Interest to be paid by the Company on such payment date. The Trustee shall not at any time be under any duty or responsibility to any holder of Notes to determine the Additional Interest, or with respect to the nature, extent or calculation of the amount of Additional Interest owed, or with respect to the method employed in such calculation of the Additional Interest.

Section 2.15    Benefits of Indenture.

Nothing in this Indenture or in the Notes, express or implied, shall give or be construed to give to any Person, other than the parties hereto and the Holders of the Notes, any legal or equitable right, remedy or claim under or in respect of this Indenture, or under any covenant, condition or provision herein contained; all such covenants, conditions and provisions being for the sole benefit of the parties hereto and of the Holders of the Notes.

## ARTICLE III

### REDEMPTION AND PREPAYMENT

Section 3.01 Notices to Trustee. The Company may redeem and pay the Notes or may covenant to redeem and pay the Notes or any part thereof prior to the Stated Maturity Date thereof at such time and on such terms as provided for in this Indenture. If a Note is redeemable and the Company wants or is obligated to redeem prior to the Stated Maturity Date thereof all or part of the Notes pursuant to the terms of this Indenture, the Company shall notify the Trustee in writing of the redemption date and the principal amount of the Notes to be redeemed and the redemption price. Except as otherwise provided in Section 3.03, the Company shall give such written notice to the Trustee in the form of an Officer's Certificate at least 10 days before notice of redemption is required to be mailed or caused to be mailed to Holders pursuant to Section 3.03 hereof unless the Trustee consents to a shorter period.

Section 3.02 Selection of Notes To Be Redeemed. If less than all of the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee shall select the Notes to be redeemed or purchased as follows:

- (a) if the Company notifies the Trustee in writing that the Notes are listed on an exchange, in compliance with the requirements of such exchange; or
- (b) on a pro rata basis to the extent practicable, or, if a pro rata basis is not practicable or permitted for any reason, by lot or by such other method as may be prescribed by DTC's applicable procedures.

No Notes of \$2,000 of principal amount or less will be redeemed in part. Except as provided in the two preceding sentences, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption. The Trustee shall make the selection from Outstanding Notes not previously called for redemption.

If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount of that Note to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note presented for redemption will be issued in the name of the Holder thereof upon cancellation of the original Note. On and after the redemption date, interest ceases to accrue or accrete on Notes or portions of them called for redemption.

Section 3.03 Notice of Redemption. At least 30 days but not more than 60 days before a redemption date, the Company shall deliver electronically or mail or cause to be mailed, by first-class mail, postage prepaid (or otherwise delivered in accordance with the procedures of DTC), a notice of redemption to each Holder whose Notes are to be redeemed at its registered address.

The notice shall identify the Notes to be redeemed and shall state:

- (a) the redemption date;



- (a) the redemption price, which will include interest accrued and unpaid to the date fixed for redemption;
- (b) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;
- (c) the name and address of the Paying Agent;
- (d) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (e) that, unless the Company defaults in making such redemption payment or the Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture, interest on Notes (or portion thereof) called for redemption ceases to accrue on and after the redemption date;
- (f) the paragraph of the Notes or provision of this Indenture or any supplemental indenture pursuant to which the Notes called for redemption are being redeemed;
- (g) the CUSIP number, or ISIN, if any, printed on the Notes being redeemed;
- (h) any applicable conditions precedent and the procedures for notice to the Trustee and Holders of any failure or delay to satisfy such conditions;
- (i) whether payment of the redemption price and the performance of the Company's obligations with respect to such redemption will be performed by another Person; and
- (j) that no representation is made as to the correctness or accuracy of the CUSIP number, or ISIN, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; *provided, however*, that the Company shall deliver to the Trustee, at least 10 days prior to the intended delivery or mailing of any such notice (or such shorter period as may be acceptable to the Trustee), an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as required by this Section.

Section 3.04 Effect of Notice of Redemption. Once notice of redemption is delivered or mailed in accordance with Section 3.03 hereof and any conditions set forth therein have been satisfied, Notes called for redemption become due and payable on the redemption date at the redemption price, subject to the following paragraph. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

Notice of any redemption may be given prior to the completion of any offering or other corporate transaction, and any redemption or notice may, at the Company's discretion, be subject to one or

more conditions precedent, including, but not limited to, the completion of the related offering or corporate transaction.

Section 3.05 Deposit of Redemption Price. No later than 10:00 a.m. local time on the redemption date in the place of payment of such redemption, the Company shall deposit with the Trustee or with the applicable Paying Agent money in U.S. dollars sufficient to pay the redemption price of and accrued interest on all Notes (or portions of Notes) to be redeemed on that date. Neither the Trustee nor the applicable Paying Agent shall be obligated to make payments to Holders or the Depository without receipt of such sufficient funds. The Trustee or the Paying Agent shall as promptly as practicable return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued interest on, all Notes to be redeemed. If such money is then held by the Company in trust and is not required for such purpose it shall be discharged from such trust.

If the Company complies with the provisions of the immediately preceding paragraph, on and after the redemption date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after a Regular Record Date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest shall be paid on the redemption date to the Person in whose name such Note was registered at the close of business on such Regular Record Date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and, to the extent permitted by law and the terms the Notes, on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes.

Section 3.06 Notes Redeemed in Part. Upon surrender of a Note that is redeemed in part, the Company shall execute and the Trustee, upon a Company Order and receipt of the deliverables required hereunder, shall authenticate for the Holder (at the Company's expense) a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07 No Mandatory Redemption. The Company shall not be required to make any mandatory redemption or sinking fund payments with respect to the Notes.

Section 3.08 Optional Redemption. Except as set forth below, the Company will not be entitled to redeem the Notes at its option prior to August 15, 2020.

(a) At any time prior to August 15, 2020, the Company may redeem all or a part of the Notes upon notice pursuant to Section 3.03 above, at a redemption price equal to 100% of the principal amount of Notes to be redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but excluding, the date of redemption, subject to the rights of Holders on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date.

(b) On and after August 15, 2020, the Company may redeem the Notes, in whole or in part, upon notice pursuant to Section 3.03 above, at the redemption prices (expressed as percentages of

principal amount of the Notes to be redeemed) set forth below, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption, subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date, if redeemed beginning on August 15 of the years indicated below:

<u>Date</u>	<u>Percentage</u>
2,020	103.281%
2,021	102.188%
2,022	101.094%
20 23 and thereafter	100.000%

(c) At any time prior to August 15, 2020, the Company may, at its option, on one or more occasions, redeem up to 40% of the aggregate principal amount of Notes issued by it at a redemption price equal to 104.375% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption, subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date, with the net cash proceeds of one or more Equity Offerings; *provided* that at least 60% of the aggregate principal amount of the Notes originally issued under this Indenture (calculated after giving effect to any issuance of Additional Notes) remains Outstanding immediately after the occurrence of each such redemption; *provided further* that each such redemption occurs within 90 days of the date of closing of the applicable Equity Offering.

(d) Notwithstanding the foregoing, in connection with any tender offer for all of the Outstanding Notes at a price of at least 100% of the principal amount of the Notes tendered, plus accrued and unpaid interest thereon to, but excluding, the applicable tender settlement date (including any Change of Control Offer), if Holders of not less than 90% in aggregate principal amount of the Notes validly tender and do not withdraw such Notes in such tender offer and the Company, or any third party making such a tender offer in lieu of the Company, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Company or such third party will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following such purchase date, to redeem all Notes that remain Outstanding following such purchase at a price equal to the price offered to each other Holder in such tender offer plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the date of redemption.

Section 3.09 Offers to Purchase; Acquisition of Notes. The Company and its Affiliates may, at any time and from time to time, acquire Notes by means other than a redemption, including by tender offer, open market purchases, negotiated transactions or otherwise (including in connection with a consent solicitation).

#### ARTICLE IV

#### COVENANTS

Section 4.01 Payment of Notes. The Company covenants and agrees, for the benefit of the Holders of the Notes, that it will duly and punctually make all payments in respect of the Notes on the

dates and in the manner provided in the Notes and this Indenture. Principal, premium, if any, and interest will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. local time in the place of payment on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest, if any, then due. Such payments shall be considered made on the date due if on such date the Trustee or the Paying Agent holds, in accordance with this Indenture, money sufficient to make all payments with respect to such Notes then due and the Trustee or the Paying Agent, as the case may be, is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture. Neither the Trustee nor the applicable Paying Agent shall be obligated to make payments to Holders or the Depository without receipt of such sufficient funds.

Section 4.02 Reports and Other Information.

(a) For so long as the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will file with the SEC and make available (without exhibits), without cost, to Holders or to the Trustee for provision to Holders, within the time periods specified in such Sections, to the extent not publicly available on the SEC's EDGAR system or the Company's public website; *provided, however*, that the Trustee shall have no responsibility whatsoever to determine whether such filing or any other filing described below has occurred),

(1) within the time period then in effect under the rules and regulations of the Exchange Act with respect to the filing of a Form 10-K by a non-accelerated filer, annual reports on Form 10-K, or any successor or comparable form, containing the information required to be contained therein, or required in such successor or comparable form;

(2) within the time period then in effect under the rules and regulations of the Exchange Act with respect to the filing of a Form 10-Q by a non-accelerated filer, for each of the first three fiscal quarters of each fiscal year, reports on Form 10-Q containing all quarterly information that would be required to be contained in Form 10-Q, or any successor or comparable form; and

(3) within the time period then in effect under the rules and regulations of the Exchange Act with respect to the filing of a Form 8-K, after the occurrence of an event required to be therein reported, such other reports on Form 8-K, or any successor or comparable form;

in each case, taking into account any extension of time, deemed filing date or safe harbor contemplated or provided by Rule 12b-25, Rule 13a-11(c) and Rule 15d-11(c) under the Exchange Act or successor provisions and in a manner that complies in all material respects with the requirements specified in such form.

(b) If, at any time, the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for any reason, the Company will nevertheless post the information required to be set forth in the reports specified above (other than (a) separate financial statements or

condensed consolidating financial information required by Rule 3-10 or 3-16 of Regulation S-X, (b) information required by Item 10(e) of Regulation S-K or Regulation G under the Securities Act (in each case with respect to any non-GAAP financial measures contained therein) and (c) information required by Item 402 or 601 of Regulation S-K) on a public or password protected website and will provide such information to Holders and the Trustee (but will not be required to file such information with the SEC), in each case within the time periods that would apply if the Company were required to file such information with the SEC.

(c) For purposes of this Section 4.02, the Company will be deemed to have provided a required report to Holders and the Trustee if it has timely filed such report with the SEC via the EDGAR filing system (or any successor system).

(d) Notwithstanding the foregoing, if any parent of the Company becomes a Guarantor (there being no obligation of such parent to do so), the reports, information and other documents required to be filed and provided as described above may, at the option of the Company, be filed by and be those of the parent, rather than those of the Company; *provided* that such reports include a reasonable explanation of the material differences (if any) between the assets, liabilities and results of operations of such parent and its consolidated Subsidiaries, on the one hand, and the Company and its Restricted Subsidiaries, on the other hand.

(e) At any time when the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and to the extent not satisfied by this Section 4.02, for so long as any Notes are Outstanding, the Company will furnish to Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. For the avoidance of doubt, this Section 4.02 will not require the Company or the Restricted Subsidiaries to provide or file any information pursuant to the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC that would not otherwise be applicable to them.

(f) To the extent that any reports or other information is not furnished within the time periods specified in this Section 4.02 and such reports or other information is subsequently furnished prior to the time such failure results in an Event of Default, the Company will be deemed to have satisfied its obligations with respect thereto and any Default with respect thereto shall be deemed to have been cured.

(g) At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries, if any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, taken together as one Subsidiary, would constitute a Significant Subsidiary of the Company, then the quarterly and annual financial information required pursuant to this Section 4.02 will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, or in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" or other comparable section, of the financial condition and results of operations of the Company and Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries.

Section 4.03 Compliance Certificate. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company an Officer's Certificate stating that a review of

the activities of the Company and its Restricted Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officer with a view to determining whether the Company and each of its Restricted Subsidiaries has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to such Officer signing such certificate, that, to such Officer's knowledge, the Company and each of its Restricted Subsidiaries has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred and is continuing, describing all such Defaults or Events of Default of which such Officer has knowledge and what action the Company and its Restricted Subsidiaries are taking or propose to take, if any, with respect thereto).

Section 4.04 Further Instruments and Acts. The Company and the Guarantors shall execute and deliver to the Trustee such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

Section 4.05 [Intentionally Omitted].

Section 4.06 [Intentionally Omitted].

Section 4.07 Limitation on Restricted Payments.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(I) declare or pay any dividend or make any payment or distribution on account of the Company's, or any of its Restricted Subsidiaries' Equity Interests, including any dividend or distribution payable in connection with any merger or consolidation involving the Company or any Restricted Subsidiary, other than:

(A) dividends or distributions by the Company payable solely in Equity Interests (other than Disqualified Stock) of the Company; or

(B) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary that is not a wholly owned Subsidiary, the Company or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities;

(II) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Company, or any direct or indirect parent of the Company, including any such purchase, redemption, defeasance, acquisition or retirement in connection with any merger or consolidation;

(III) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case, prior to any scheduled repayment, sinking fund

payment or maturity, any Subordinated Indebtedness, other than (a) Indebtedness permitted under Section 4.09(b)(7) or 4.09(b)(8) or (b) the payment, redemption, repurchase, defeasance or other acquisition of Subordinated Indebtedness in anticipation of satisfying a rescheduled payment, sinking fund obligation, principal installment or maturity, in each case due within one year of the date of payment, redemption, repurchase, defeasance or acquisition; or

(IV) make any Restricted Investment (all such payments and other actions set forth in clauses (I) through (IV) above (other than any exceptions thereto) being collectively referred to as “Restricted Payments”), unless, at the time of such Restricted Payment:

(4) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(5) immediately after giving effect to such transaction on a *pro forma* basis, the Company could incur \$1.00 of additional Indebtedness under Section 4.09(a); and

(6) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the July 1, 2016 (including Restricted Payments permitted by Section 4.07(b)(1), but excluding all other Restricted Payments permitted by Section 4.07(b)), is less than the sum of (without duplication).

(A) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) beginning on July 1, 2016 to the end of the Company’s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment, or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit; plus

(B) 100% of the aggregate net cash proceeds and the fair market value of marketable securities or other property received by the Company since immediately after July 1, 2016 from the issue or sale of:

(i) Equity Interests of the Company, including Treasury Capital Stock, but excluding cash proceeds and the fair market value of marketable securities or other property received from the sale of:

(I) Equity Interests to any present, former or future employees, directors, officers, managers or consultants of the Company or any of the Company’s Subsidiaries after July 1, 2016 to the extent such amounts have been applied to the amount of available Restricted Payments in accordance with Section 4.07(b)(5); and

(II) Designated Preferred Stock; and

(ii) debt securities of the Company or any Restricted Subsidiary that have been converted into or exchanged for such Equity Interests of the Company;

(iii)

*provided, however*, that this clause (B) shall not include the proceeds from (W) Refunding Capital Stock (as defined below), (X) Equity Interests or convertible debt securities of the Company sold to a Restricted Subsidiary, (Y) Disqualified Stock or debt securities that have been converted into Disqualified Stock or (Z) the issuance or sale of Equity Interests or the fair market value of any assets received by the Company or any Restricted Subsidiary as part of the Separation Transactions (including, for the avoidance of doubt, such proceeds of the IPO); plus

(C) 100% of the aggregate net cash proceeds and the fair market value of marketable securities or other property received by the Company or any Restricted Subsidiary by means of:

(i) the sale or other disposition (other than to the Company or a Restricted Subsidiary) of Restricted Investments made by the Company or its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Company or its Restricted Subsidiaries and repayments of loans or advances that constitute Restricted Investments by the Company or its Restricted Subsidiaries, in each case after July 1, 2016; or

(ii) the sale (other than to the Company or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary (other than to the extent the Investment in such Unrestricted Subsidiary was made by the Company or a Restricted Subsidiary pursuant to Section 4.07(b)(10) or 4.07(b)(15) or to the extent such Investment constituted a Permitted Investment) or a distribution or dividend from an Unrestricted Subsidiary, in each case, after July 1, 2016; plus

(D) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary, the fair market value (as determined in good faith by the Company; *provided* that if such fair market value may exceed \$50.0 million, such determination shall be made by the Board of Directors of the Company and evidenced by a board resolution (which determination in either case shall be conclusive)) of the Investment in such Unrestricted Subsidiary at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary other than to the extent the Investment in such Unrestricted Subsidiary was made by the Company or a Restricted Subsidiary pursuant to Section 4.07(b)(10) or 4.07(b)(15) or to the extent such Investment constituted a Permitted Investment.

(b) The provisions of Section 4.07(a) will not prohibit:



(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration thereof or the giving of the irrevocable redemption notice, as applicable, if at the date of declaration or notice such payment would have complied with the provisions of this Indenture;

(2) (a) the redemption, repurchase, defeasance, retirement or other acquisition of any Equity Interests (“Treasury Capital Stock”) or Subordinated Indebtedness of the Company in exchange for, or out of the proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary) of, Equity Interests of the Company (in each case, other than any Disqualified Stock or Designated Preferred Stock) (“Refunding Capital Stock”) and (b) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under Section 4.07(b) (7), the declaration and payment of dividends on the Refunding Capital Stock in an aggregate per annum amount no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) any other Restricted Payment made in exchange for, or out of the proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary) of, Equity Interests of the Company (other than any Disqualified Stock or Designated Preferred Stock);

(4) the redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Indebtedness or Disqualified Stock of the Company or a Subsidiary Guarantor made in exchange for, or out of the proceeds of the substantially concurrent sale of, new Indebtedness or Disqualified Stock of the Company or a Subsidiary Guarantor, as the case may be, that in each case is incurred in compliance with Section 4.09 but only:

(A) if the principal amount (or accreted value, if applicable) of such new Indebtedness or the liquidation preference of such new Disqualified Stock does not exceed the principal amount of (or accreted value, if applicable), plus any accrued and unpaid interest on, the Subordinated Indebtedness, or the liquidation preference of, plus any accrued and unpaid dividends on, the Disqualified Stock, as applicable, being so purchased, redeemed, defeased, repurchased, acquired or retired, plus the amount of any premium and any fees and expenses incurred in connection with the issuance of such new Indebtedness or Disqualified Stock;

(B) if such new Indebtedness is subordinated to the Notes or the applicable Guarantee at least to the same extent, if at all, as such Subordinated Indebtedness so purchased, exchanged, redeemed, repurchased, defeased, acquired or retired for value;

(C) if such new Indebtedness or Disqualified Stock has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Subordinated

Indebtedness or Disqualified Stock being so redeemed, repurchased, defeased, acquired or retired; and

(D) if such new Indebtedness or Disqualified Stock has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness or Disqualified Stock being so redeemed, repurchased, defeased, acquired or retired;

(5) a Restricted Payment to pay for the repurchase, redemption or other acquisition or retirement for value of Equity Interests (other than Disqualified Stock) of the Company held by any future, present or former employee, director, officer, manager or consultant of the Company or any of its Subsidiaries pursuant to any management equity plan or stock option plan or any other management, director or employee benefit plan or agreement (x) upon the death or disability of such employee, director, officer, manager or consultant or (y) upon the resignation or other termination of employment of such employee, director, officer, manager or consultant; *provided, however*, that the aggregate Restricted Payments made under this clause (5) do not exceed in any calendar year \$20.0 million (with unused amounts in any calendar year being carried over to succeeding calendar years); *provided further* that such amount in any calendar year may be increased by an amount not to exceed:

(A) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Company to employees, directors, officers, managers or consultants of the Company or any of its Restricted Subsidiaries that occurs after July 1, 2016, to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of Section 4.07(a)(3); plus

(B) the cash proceeds of key man life insurance policies received by the Company or its Restricted Subsidiaries after July 1, 2016; less

(C) the amount of any Restricted Payments previously made with the cash proceeds described in clause (A) or (B) of this clause (5); and; *provided further* that cancellation of Indebtedness owing to the Company or any of its Restricted Subsidiaries from any future, present or former employees, directors, officers, managers or consultants of the Company or any of its Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Company will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of this Indenture;

(6) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Company or any of its Restricted Subsidiaries, or of Preferred Stock of any Restricted Subsidiary, in each case issued in accordance with Section 4.09;

(7) (A) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued by the Company after July 1, 2016; and

(B) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to Section 4.07(b)(2);

*provided, however*, in the case of each of subclauses (A) and (B) of this clause (7), that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance or declaration on a *pro forma* basis, the Company and its Restricted Subsidiaries on a consolidated basis would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00;

(8) repurchases of Equity Interests deemed to occur (i) upon the exercise of stock options, warrants or other equity-based awards if such Equity Interests represent all or a portion of the exercise price of such options, warrants or awards or payments, in lieu of the issuance of fractional Equity Interests or (ii) for the purposes of satisfying any required tax withholding obligation upon the exercise or vesting of a grant or award of any stock options, warrants or other equity-based awards;

(9) the declaration and payment of dividends or distributions in respect of, or repurchases of, the Company's common stock in an aggregate amount not to exceed \$175.0 million in any calendar year;

(10) other Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this clause (10) not to exceed the greater of \$200.0 million and 10.00% of Total Assets;

(11) Restricted Payments comprising (a) the payment, redemption, repurchase, defeasance or other acquisition of Indebtedness incurred by a Securitization Special Purpose Entity in accordance with Section 4.09(b)(24) and (b) the payment or distribution of any Securitization Fees;

(12) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness in accordance with the provisions similar to those set forth in Sections 4.10 and 4.13; *provided* that all Notes tendered in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have first been repurchased, redeemed or acquired for value;

(13) the distribution, by dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Company or a Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries the primary assets of which are cash or Cash Equivalents);

(14) any Restricted Payment made as part of the Separation Transactions;

(15) the making of other Restricted Payments if, at the time of the making of such Restricted Payment, and after giving *pro forma* effect thereto (including, without limitation, the incurrence of any Indebtedness to finance such Restricted Payment and the application of the net proceeds thereof), the Consolidated Net Leverage Ratio of the Company would not exceed 3.50 to 1.00;

(16) the making of cash payments in satisfaction of the conversion obligation upon conversion of convertible Indebtedness permitted to be incurred pursuant to Section 4.09 in an aggregate amount since the Issue Date not to exceed the sum of (a) the principal amount of such convertible Indebtedness plus (b) any payment received by the Company or a Restricted Subsidiaries pursuant to the exercise, settlement or termination of any related hedge or warrant option transactions; and

(17) the purchase of any call option, purchase option or other similar contract in respect of Equity Interests of the Company in connection with the issuance of convertible Indebtedness permitted to be incurred pursuant to Section 4.09 to mitigate dilution attributable to such convertible Indebtedness;

*provided, however*, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (3), (9), (10), (13) and (15) of this Section 4.07(b), no Default shall have occurred and be continuing or would occur as a consequence thereof.

(c) For purposes of determining compliance with this Section 4.07, in the event that a proposed Restricted Payment (or a portion thereof) meets the criteria of clauses (1) through (17) of Section 4.07(b) or is entitled to be made pursuant to Section 4.07(a), the Company will be entitled to classify or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment (or a portion thereof) between such clauses (1) through (17) and Section 4.07(a) in any manner that otherwise complies with this Section 4.07.

(d) The Company will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the provisions of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Company and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of "Investments." Such designation will be permitted only if a Restricted Payment or Permitted Investment in such amount would be permitted at such time, and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in this Indenture.

#### Section 4.08 Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries that are not Guarantors to, directly or indirectly, create or otherwise cause or suffer to exist or become

effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary that is not a Guarantor to:

- (1) (A) pay dividends or make any other distributions to the Company or any Subsidiary Guarantor on its Capital Stock, or (B) pay any Indebtedness owed to the Company or any Subsidiary Guarantor;
- (2) make loans or advances to the Company or any Subsidiary Guarantor; or
- (3) sell, lease or transfer any of its properties or assets to the Company or any Subsidiary Guarantor.

(b) The restrictions in Section 4.08(a) shall not apply to encumbrances or restrictions existing under or by reason of:

- (1) contractual encumbrances or restrictions in effect on the Issue Date, including pursuant to the Senior Secured Credit Facilities and the related documentation and Swap Contracts in effect on the Issue Date and any related documentation;
- (2) this Indenture, the Notes and the Guarantees thereof;
- (3) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature discussed in Section 4.08(a)(3) above on the property so acquired;
- (4) applicable law or any applicable rule, regulation, order, approval, license, permit or other similar restriction, including under contracts with domestic or foreign governments or agencies thereof entered into in the ordinary course of business;
- (5) any agreement or other instrument (including an instrument governing Capital Stock or Indebtedness) of a Person acquired by the Company or any Restricted Subsidiaries in existence at the time of such acquisition or at the time it merges with or into the Company or any of its Restricted Subsidiaries or assumed in connection with the acquisition of assets from such Person (but, in any such case, not created in anticipation or contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired or the property or assets so assumed;
- (6) contracts for the sale of assets, including customary restrictions with respect to a Subsidiary of the Company pursuant to an agreement that has been entered into for the sale or disposition of any Capital Stock or assets of such Subsidiary;
- (7) Secured Indebtedness otherwise permitted to be incurred pursuant to Sections 4.09 and 4.12 to the extent limiting the right of the Company or any of its Restricted Subsidiaries to dispose of assets subject to such Lien;

(8) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(9) contractual encumbrances or restrictions existing under an agreement evidencing Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary of the Company permitted to be incurred subsequent to the Issue Date pursuant to Section 4.09; *provided* that (A) in the good faith judgment of the Company, such incurrence will not materially impair the Company's ability to make payments under the Notes when due or (B) such encumbrances and restrictions apply only during the continuance of a default in respect of a payment or financial maintenance covenant relating to such Indebtedness;

(10) customary provisions in joint venture agreements and other similar agreements or arrangements relating solely to such joint venture;

(11) customary provisions contained in leases, licenses or similar agreements, including with respect to intellectual property and other agreements, in each case, entered into in the ordinary course of business;

(12) non-assignment provisions of any contract or any lease of any Restricted Subsidiary entered into in the ordinary course of business;

(13) restrictions on the transfer of assets subject to any Lien permitted under this Indenture imposed by the holder of such Lien;

(14) any agreement or instrument governing Capital Stock of any Person that is acquired;

(15) restrictions or conditions contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Company or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business; *provided* that such agreement prohibits the encumbrance solely of the property or assets of the Company or such Restricted Subsidiary that are subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Company or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary;

(16) restrictions (contractual or otherwise) applicable to a Securitization Special Purpose Entity in connection with a Qualified Securitization Transaction; *provided* that such restrictions apply only to such Securitization Special Purpose Entity;

(17) Indebtedness of Foreign Subsidiaries permitted to be incurred pursuant to Section 4.09(b)(27); or

(18) any encumbrances or restrictions of the type referred to in Sections 4.08(a)(1), (2) and (3) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or

obligations referred to in clauses (1) through (17) of this Section 4.08(b); *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Company, either (i) not materially more restrictive with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing, (ii) ordinary and customary with respect to such instruments and obligations at the time of such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing, or (iii) for purposes of determining compliance with this Section 4.08, (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (y) the subordination of loans or advances made to the Company or a Restricted Subsidiary to other Indebtedness incurred by the Company or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

Section 4.09    Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock .

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, “incur” and each instance thereof, an “incurrence”), with respect to any Indebtedness (including Acquired Indebtedness), and the Company will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or Preferred Stock; *provided, however*, that the Company may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of Preferred Stock, if the Fixed Charge Coverage Ratio on a consolidated basis for the Company and its Restricted Subsidiaries’ most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or Preferred Stock is issued would have been at least 2.00 to 1.00, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period.

(b) The provisions of Section 4.09(a) shall not prohibit the incurrence of any of the following:

(1) the incurrence of Indebtedness under Credit Facilities by the Company or any of its Restricted Subsidiaries and the issuance and creation of letters of credit and bankers’ acceptances thereunder (with letters of credit and bankers’ acceptances being deemed to have a principal amount equal to the face amount thereof); *provided, however*, that immediately after giving effect to any such incurrence, the then outstanding aggregate principal amount of all Indebtedness under this clause (1) does not exceed the sum of (x) \$1,700.0 million plus (y) the maximum principal amount of additional Indebtedness that could be incurred such that after giving effect to such incurrence, the Consolidated Secured Net Leverage Ratio of the Company would be

no greater than 2.75 to 1.00 (calculated assuming that all Indebtedness incurred under this clause (1) is secured and without netting the cash proceeds of any such Indebtedness);

(2) the incurrence by the Company and any Subsidiary Guarantor of Indebtedness under the Notes issued on the Issue Date (including Guarantees thereof) and any Notes (including Guarantees thereof) issued in exchange for such Notes pursuant to a registration rights agreement;

(3) Indebtedness and Disqualified Stock of the Company and its Restricted Subsidiaries in existence on the Issue Date;

(4) Indebtedness in respect of Capitalized Lease Obligations, Synthetic Lease Obligations and purchase money obligations for fixed or capital assets; *provided* that such Indebtedness does not at any time encumber any property other than the property financed by such Indebtedness, other than proceeds and products thereof and either (a) the Indebtedness related thereto does not exceed the cost or fair market value, whichever is lower, of the property being financed and such Indebtedness exists at the date of such purchase or transaction or is created within 365 days thereafter (for the avoidance of doubt, the purchase date for any asset shall be the later of the date of completion of installation and the beginning of the full productive use of such asset) or (b) the Indebtedness related thereto does not exceed the fair market value of the property being financed and after giving effect to the incurrence of any such Indebtedness and, after giving effect thereto (and the use of the proceeds therefrom), the Company would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a);

(5) Indebtedness incurred by the Company or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including letters of credit in respect of workers' compensation claims, death, disability or other employee benefits or property, casualty or liability insurance, or other Indebtedness with respect to reimbursement-type obligations regarding workers' compensation claims; *provided, however*, that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations (a) are reimbursed within 30 days following such drawing or incurrence or (b) are permitted to be incurred (and thereupon shall be deemed to be incurred) pursuant to clause (4) above following the expiry of such 30 day period;

(6) Indebtedness arising from agreements of the Company or its Restricted Subsidiaries providing for indemnification, adjustment of purchase price or similar obligations, including earnouts, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; *provided, however*, that such Indebtedness is not reflected on the balance sheet of the Company or any of its Restricted Subsidiaries (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (6));



(7) Indebtedness of the Company to a Restricted Subsidiary; *provided* that any such Indebtedness owing to a Restricted Subsidiary that is not a Subsidiary Guarantor shall be subordinated in right of payment to the Notes; *provided further* that any subsequent issuance or transfer of any Capital Stock or any other event which results in the Restricted Subsidiary holding such Indebtedness ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Company or another Restricted Subsidiary) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (7);

(8) Indebtedness of a Restricted Subsidiary to the Company or another Restricted Subsidiary; *provided* that if a Subsidiary Guarantor incurs such Indebtedness to a Restricted Subsidiary that is not a Subsidiary Guarantor, such Indebtedness shall be subordinated in right of payment to the Guarantee of the Notes of such Subsidiary Guarantor; *provided further* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Indebtedness being held by a person other than the Company or a Restricted Subsidiary or any subsequent transfer of any such Indebtedness (except to the Company or another Restricted Subsidiary) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (8);

(9) shares of Preferred Stock of a Restricted Subsidiary issued to the Company or another Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Company or another Restricted Subsidiary) shall be deemed in each case to be an issuance of such shares of Preferred Stock not permitted by this clause (9);

(10) Swap Contracts (excluding Swap Contracts entered into for speculative purposes) for the purpose of limiting interest rate risk with respect to any Indebtedness of the Company or any Restricted Subsidiary permitted to be incurred pursuant to Section 4.09, exchange rate risk or commodity pricing risk;

(11) obligations in respect of self-insurance and obligations in respect of performance, bid, appeal, stay, surety, customs and replevin bonds and performance and completion guarantees provided by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(12) Indebtedness or Disqualified Stock of the Company and Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary not otherwise permitted hereunder in an aggregate principal amount or liquidation preference that, when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred pursuant to this clause (12), does not exceed the greater of \$300.0 million and 15.00% of Total Assets;

(13) the incurrence or issuance by the Company or any Restricted Subsidiary of Indebtedness or Disqualified Stock, and the issuance by any Restricted Subsidiary of Preferred

Stock, in each case that serves to refund, refinance, replace, renew, extend or defease any Indebtedness or Disqualified Stock of the Company or any Restricted Subsidiary or Preferred Stock of any Restricted Subsidiary incurred or issued as permitted under Section 4.09(a) or clause (2), (3) or (4) of this Section 4.09(b), this clause (13) or clause (14) of this Section 4.09(b) or any Indebtedness, Disqualified Stock or Preferred Stock previously incurred or issued to so refund, refinance, replace, renew, extend or defease such Indebtedness or Disqualified Stock or Preferred Stock, including additional Indebtedness, Disqualified Stock or Preferred Stock incurred or issued to pay premiums (including tender premiums), defeasance costs, accrued interest, fees and expenses in connection therewith (the “Refinancing Indebtedness”) prior to its respective maturity; *provided, however*, that such Refinancing Indebtedness:

(A) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred that is not less than the remaining Weighted Average Life to Maturity of the Indebtedness or Disqualified Stock or Preferred Stock being refunded, refinanced, replaced, renewed, extended or defeased (or requires no or nominal payments in cash prior to the date that is 91 days after the Maturity Date of the Notes);

(B) to the extent such Refinancing Indebtedness refunds, refinances, replaces, renews, extends or defeases (i) Subordinated Indebtedness, such Refinancing Indebtedness is subordinated in right of payment to the Notes or the Guarantee thereof at least to the same extent as the Indebtedness being refunded, refinanced, replaced, renewed, extended or defeased or (ii) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness must be Disqualified Stock or Preferred Stock, respectively; and

(C) shall not include:

(i) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Company that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Company;

(ii) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Company that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary Guarantor; or

(iii) Indebtedness or Disqualified Stock of the Company or Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary;

and *provided further* that subclause (a) of this clause (13) will not apply to any refunding, refinancing, replacement, renewal, extension or defeasance of any Secured Indebtedness;

(14) (x) Indebtedness or Disqualified Stock of the Company and Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary incurred or issued to finance an

acquisition (or other purchase of assets) or (y) existing Indebtedness, Disqualified Stock or Preferred Stock of Persons that are acquired by the Company or any Restricted Subsidiary or merged into or consolidated with the Company or a Restricted Subsidiary in accordance with the terms of this Indenture that is not incurred or issued in contemplation of such acquisition, merger or consolidation *provided* that in the case of (x) and (y) after giving effect to such acquisition, merger or consolidation, either (a) the Company would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of this covenant or (b) the Fixed Charge Coverage Ratio of the Company and the Restricted Subsidiaries is greater than immediately prior to such acquisition, merger or consolidation;

(15) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business;

(16) Indebtedness of the Company or any of its Restricted Subsidiaries supported by a letter of credit issued pursuant to Credit Facilities, in a principal amount not in excess of the stated amount of such letter of credit;

(17) (A) any guarantee by the Company or a Restricted Subsidiary of Indebtedness or other obligations of any Restricted Subsidiary so long as the incurrence of such Indebtedness incurred by such Restricted Subsidiary is permitted under the terms of this Indenture, and

(B) any guarantee by a Restricted Subsidiary of Indebtedness of the Company;

(18) Indebtedness of the Company or any of its Restricted Subsidiaries consisting of (A) the financing of insurance premiums or (B) take-or-pay obligations contained in supply arrangements, in each case incurred in the ordinary course of business;

(19) Indebtedness consisting of Indebtedness issued by the Company or any of its Restricted Subsidiaries to current or former officers, directors and employees thereof, their respective estates, spouses or former spouses, in each case to finance the purchase or redemption of Equity Interests of the Company or any direct or indirect parent company of the Company to the extent described in Section 4.07(b)(5);

(20) Indebtedness consisting of cash management services incurred in the ordinary course of business, including in respect of credit card obligations, overdrafts and related liabilities arising from treasury, depositary and cash management services or in connection with any automated clearinghouse transfers of funds;

(21) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(22) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions and arising in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries;

(23) Indebtedness incurred by the Company or a Restricted Subsidiary in connection with bankers' acceptances or discounted bills of exchange, in each case incurred or undertaken consistent with past practice or in the ordinary course of business;

(24) Indebtedness (i) incurred by a Securitization Special Purpose Entity as part of, pursuant to or in connection with a Qualified Securitization Transaction (including Indebtedness to the Company, any Restricted Subsidiary or other Person) that is without recourse to the Company or to any Restricted Subsidiary (other than Standard Securitization Undertakings) and (ii) in connection with any Receivables Facility, so long as the aggregate principal amount of Indebtedness under this clause (ii) in the aggregate does not exceed \$250.0 million; and to the extent that any purported contribution, sale, conveyance, grant or transfer of Securitization Assets or accounts receivables from the Company or any Restricted Subsidiary to a Securitization Special Purpose Entity or to any Person that is not a Restricted Subsidiary, as applicable, shall ever be deemed not to constitute a true sale, any Indebtedness of the applicable Securitization Special Purpose Entity or Person to the Company and such Restricted Subsidiaries arising therefrom (for the avoidance of doubt, Indebtedness permitted to be incurred under this clause (24) shall include Indebtedness in connection with the trade receivables securitization facility to be entered into in a manner consistent in all material respects with the disclosures set forth in the Offering Memorandum);

(25) [Reserved];

(26) Guarantees of Indebtedness of joint ventures of the Company or any Restricted Subsidiary not to exceed, at any one time outstanding, \$175.0 million; and

(27) Indebtedness of Foreign Subsidiaries of the Company in an amount not to exceed, at any one time outstanding and together with any other Indebtedness incurred under this clause (27), \$150.0 million.

(c) For purposes of determining compliance with this Section 4.09, (1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (27) of Section 4.09(b) or is entitled to be incurred pursuant to Section 4.09(a), the Company, in its sole discretion, will classify or reclassify such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) and will only be required to include the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock in one of the above clauses or under the first paragraph of this covenant; and (2) at the time of incurrence, the Company will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in Sections 4.09(a) and 4.09(b) above; *provided* that, in the case of each of the foregoing clauses

(1) or (2) all Indebtedness outstanding under the Senior Secured Credit Facilities on or prior to the Issue Date will be treated as incurred under clause (1)(x) of Section 4.09(b).

(d) Notwithstanding anything else in this Section 4.09, Restricted Subsidiaries that are not Subsidiary Guarantors may not incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to Section 4.09(a) or clause (12), (13) (solely in respect of Indebtedness, Disqualified Stock or Preferred Stock incurred or issued under Section 4.09(a) or clause (12), (14)(x) or (27) of this Section 4.09 and any refinancing thereof), (14)(x) or (27) of Section 4.09, if, after giving *pro forma* effect to such incurrence or issuance (including a *pro forma* application of the net proceeds therefrom), the aggregate amount of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries that are not Subsidiary Guarantors incurred or issued pursuant to such provisions of Section 4.09 and at any one time outstanding would exceed \$250.0 million.

(e) Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional Disqualified Stock or Preferred Stock, as applicable, will in each case not be deemed to be an incurrence of Indebtedness or Disqualified Stock or Preferred Stock for purposes of this Section 4.09.

(f) For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (a) the principal amount of such Indebtedness being refinanced, plus (b) the aggregate amount of fees, underwriting discounts, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with such refinancing.

(g) The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

(h) The Company shall not, and shall not permit any Subsidiary Guarantor to, directly or indirectly, incur any Indebtedness (including Acquired Indebtedness) that is expressly subordinated or junior in right of payment to any Indebtedness of the Company or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is expressly subordinated in right of payment to the Notes or such Subsidiary Guarantor's Guarantee to the extent and on substantially identical terms as such Indebtedness is subordinated to other Indebtedness of the Company or such Subsidiary Guarantor, as the case may be.

(i) For purposes of this Section 4.09, (1) unsecured Indebtedness shall not be deemed to be subordinated or junior to Secured Indebtedness merely because it is unsecured and (2) Senior Indebtedness shall not be deemed to be subordinated or junior to any other Senior Indebtedness merely because it has a junior priority with respect to the same collateral or because such other Senior Indebtedness is guaranteed by other obligors.

Section 4.10 Asset Sales.

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, consummate an Asset Sale, unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (as determined in good faith by the Company at the time of contractually agreeing to such Asset Sale (which determination shall be conclusive)) of the assets sold or otherwise disposed of or the Equity Interests issued; and

(2) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; *provided* that the following shall be deemed to be cash for purposes of this provision and for no other purpose:

(A) any liabilities (as reflected in the Company's or such Restricted Subsidiary's most recent balance sheet or in the footnotes thereto or, if incurred, increased or accrued subsequent to the date of such balance sheet, such liabilities that would have been shown on the Company's or such Restricted Subsidiary's balance sheet or in the footnotes thereto if such incurrence, increase or accrual had taken place on or prior to the date of such balance sheet, as determined in good faith by the Company (which determination shall be conclusive)) of the Company or such Restricted Subsidiary (other than Contingent Obligations and liabilities that are by their terms subordinated to the Notes or the applicable Guarantee) that are assumed by the transferee of any such assets pursuant to a written agreement that releases or indemnifies the Company or such Restricted Subsidiary from such liabilities or that are otherwise extinguished by the transferee in connection with such transaction;

(B) any securities, notes or other similar obligations received by the Company or such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received) within 180 days of the receipt thereof;

(C) any Designated Non-cash Consideration received by the Company or such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (C) that is at that time outstanding, not to exceed the greater of \$50.0 million and 3.50% of Total Assets at the time of the receipt of such Designated Non-cash

Consideration, with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value; and

(D) Capital Stock of a Person that is a Restricted Subsidiary or of a Person engaged in a Similar Business that shall become a Restricted Subsidiary immediately upon the acquisition thereof by the Company or any Restricted Subsidiary.

(b) Within 365 days after the receipt of any Net Proceeds of any Asset Sale, the Company or a Restricted Subsidiary, at its option, may apply an amount equal to the Net Proceeds from such Asset Sale,

(1) to permanently reduce Indebtedness as follows:

(A) to permanently reduce Secured Indebtedness, including Indebtedness under the Senior Secured Credit Facilities, in each case, that is secured by a Lien that is permitted by this Indenture and (if applicable) to permanently reduce commitments with respect thereto;

(B) to permanently reduce Obligations under other Senior Indebtedness of the Company or a Subsidiary Guarantor (and (if applicable) to permanently reduce commitments with respect thereto); provided that the Company shall equally and ratably reduce (or offer to reduce, as applicable) Obligations under the Notes; provided further that all reductions of Obligations under the Notes shall be made as provided under Section 3.08 or through open-market purchases (to the extent such purchases are at or above 100% of the principal amount thereof plus accrued and unpaid interest) or by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders of Notes to purchase their Notes at 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, on the amount of Notes that would otherwise be prepaid; or

(C) to permanently reduce Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor, other than Indebtedness owed to the Company or any Restricted Subsidiary;

(2) to make (A) an Investment in any one or more businesses; *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Company or any of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (B) capital expenditures or (C) acquisitions of other businesses, properties, noncurrent assets or intellectual property rights that, in the case of each of (A), (B) and (C), are used or useful in a Similar Business; or

(3) to make an Investment in (A) any one or more businesses; *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Company or any of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (B) properties or (C)

acquisitions of other businesses, properties, noncurrent assets or intellectual property rights that, in the case of each of (A), (B) and (C), replace the businesses, properties, assets or intellectual property rights that are the subject of such Asset Sale;

*provided* that, in the case of clauses (2) and (3) of this Section 4.10(b), a binding commitment entered into not later than the end of such 365-day period shall be treated as a permitted application of the Net Proceeds from the date of such commitment so long as the Company or such Restricted Subsidiary enters into such commitment with the good faith expectation that an amount equal to the Net Proceeds will be applied to satisfy such commitment within 180 days of the end of such 365-day period (an “Acceptable Commitment”) and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before an amount equal to the Net Proceeds is so applied, then the Company or such Restricted Subsidiary shall be permitted to apply an amount equal to the Net Proceeds in any manner set forth above before the expiration of such 180-day period and, in the event the Company or such Restricted Subsidiary fails to do so, then such Net Proceeds shall constitute Excess Proceeds.

(c) Any Net Proceeds from the Asset Sale that are not invested or applied as provided and within the time period set forth in Section 4.10(b) will be deemed to constitute “Excess Proceeds.” When the aggregate amount of Excess Proceeds exceeds \$50.0 million (the “Excess Proceeds Threshold”), the Company shall make an offer to all Holders of the Notes and, if required by the terms of any Senior Indebtedness, to the holders of such Senior Indebtedness (an “Asset Sale Offer”), to purchase the maximum aggregate principal amount of the Notes and such Senior Indebtedness that, in the case of Notes, is an integral multiple of \$1,000 (but in minimum denominations of \$2,000) that may be purchased with such Excess Proceeds at an offer price, in the case of the Notes, in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date fixed for the closing of such offer, and in the case of any Senior Indebtedness at the offer price required by the terms thereof but not to exceed 100% of the principal amount thereof, plus accrued and unpaid interest, if any, in each case in accordance with the procedures set forth in this Indenture. The Company will commence an Asset Sale Offer with respect to Excess Proceeds within 10 Business Days after the date that Excess Proceeds exceed the Excess Proceeds Threshold by delivering the notice required pursuant to the terms of this Indenture, with a copy to the Trustee for delivery to Holders. The Company may satisfy the foregoing obligations with respect to any Net Proceeds from an Asset Sale by making an Asset Sale Offer with respect to such Net Proceeds prior to the expiration of the relevant 365-day period. Upon the completion of each Asset Sale Offer (including a voluntary Asset Sale Offer with respect to all Excess Proceeds even though less than the Excess Proceeds Threshold), the amount of Excess Proceeds shall be reset to zero.

(d) To the extent that the aggregate principal amount of Notes and such Senior Indebtedness, as the case may be, tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for any purposes not otherwise prohibited under this Indenture. If the aggregate principal amount of Notes or Senior Indebtedness, as the



case may be, surrendered by such holders thereof exceeds the amount of Excess Proceeds, such Notes or Senior Indebtedness, as the case may be, will be purchased on a pro rata basis based on the accreted value or principal amount of such Notes or Senior Indebtedness, as the case may be, tendered (and the Trustee or Registrar will select the tendered Notes of tendering holders on a pro rata basis, or such other basis in accordance with DTC procedures based on the amount of Notes tendered).

(e) Pending the final application of any Net Proceeds, the holder of such Net Proceeds may apply such Net Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Proceeds in any manner not prohibited by this Indenture.

(f) The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Indenture, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations set forth in this Indenture by virtue thereof.

(g) The provisions under this Indenture relating to the Company's obligation to make an offer to repurchase the Notes as a result of an Asset Sale may be waived or modified, with respect to the Notes, with the written consent of the Holders of a majority in principal amount of the Notes then Outstanding.

#### Section 4.11 Transactions with Affiliates.

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into, or make or amend, any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each of the foregoing, an "Affiliate Transaction") involving aggregate payments or consideration in excess of \$25.0 million, unless:

(1) such Affiliate Transaction is on terms that are not materially less favorable, taken as a whole, as determined in good faith by the Company (which determination shall be conclusive), to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm's-length basis; and

(2) the Company delivers to the Trustee, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of \$50.0 million, a resolution adopted by the majority of the disinterested members of the Board of Directors of the Company approving such Affiliate Transaction and set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) above.

(b) Section 4.11(a) shall not apply to the following:

(1) transactions between or among the Company or any of its Restricted Subsidiaries;

(2) Restricted Payments permitted by Section 4.07 or the definition of “Permitted Investment”;

(3) the payment of reasonable and customary compensation and fees paid to, and indemnities provided for the benefit of, or employment, service or benefit plan agreements with or for the benefit of, former, current or future officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(4) transactions in which the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor either stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or stating that such terms are not materially less favorable to the Company or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm’s-length basis;

(5) any agreement as in effect as of the Issue Date, or any amendment, supplement, modification, extension or renewal thereto or thereof or any transaction contemplated thereby (including pursuant to any amendment, supplement, modification, extension or renewal thereto or thereof) or by any replacement agreement thereto (so long as any such amendment or replacement agreement is not more disadvantageous to the Holders in any material respect when taken as a whole as compared to the applicable agreement as in effect on the Issue Date as determined in good faith by the Company (which determination shall be conclusive));

(6) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to the Company and its Restricted Subsidiaries, as determined in good faith by the Company (which determination shall be conclusive), or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(7) the sale or issuance of Equity Interests of the Company to any director, officer, employee or consultant of the Company or its Restricted Subsidiaries;

(8) any issuances of securities or other payments, awards, grants in cash, securities or otherwise or loans (or cancellation of loans) to employees or consultants of the Company or any of its Restricted Subsidiaries pursuant to, or for the funding of, employment arrangements or agreements, stock option plans, stock ownership plans and other similar arrangements with such employees or consultants which, in each case, are approved by the Company in good faith;

(9) any transaction with any Person that is an Affiliate of the Company or any Restricted Subsidiary that would constitute an Affiliate Transaction solely because the Company or any Restricted Subsidiary owns (directly or indirectly) an equity interest in, or controls (including pursuant to any management agreement or otherwise), such Person;

(10) transactions with joint ventures on terms that are not materially less favorable, taken as a whole, to the Company or any Restricted Subsidiary (as applicable), as determined in good faith by the Company (which determination shall be conclusive), than the other joint venture partner(s);

(11) the Separation Transactions and the payment of all fees and expenses related to the Separation Transactions;

(12) any contribution, sale, conveyance, transfer or other disposition of, or grant of a security interest in, Securitization Assets to a Securitization Special Purpose Entity and other transactions effected as part of, pursuant to or in connection with a Qualified Securitization Transaction; and

(13) transactions with Affiliates solely in their capacity as holders of Indebtedness or Capital Stock of the Company or any Restricted Subsidiary where such Affiliate receives the same consideration or is treated in the same manner as non-Affiliates that are party to (or have the benefit of) such transaction.

#### Section 4.12 Liens.

(a) The Company shall not, and shall not permit any Subsidiary Guarantor to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist any Lien (except Permitted Liens) that secures obligations under any Indebtedness or any related Guarantee of the Company or any Subsidiary Guarantor, on any asset or property of the Company or any Subsidiary Guarantor, or any income or profits therefrom, or assign or convey any right to receive income therefrom, unless:

(1) in the case of any Liens securing Subordinated Indebtedness, the Notes and related Guarantees are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; and

(2) in all other cases, the Notes or the Guarantees are equally and ratably secured, except that the foregoing shall not apply to or restrict Liens securing obligations in respect of the Notes and the related Guarantees.

(b) Any Lien created for the benefit of the Holders of the Notes pursuant to this Section 4.12 shall be deemed automatically and unconditionally released and discharged upon the release and discharge of each Lien (other than a release as a result of the enforcement of remedies in respect of such Lien or the Obligations secured by such Lien) that gave rise to the obligation to secure the Notes or such Guarantee pursuant to Section 4.12(a).

#### Section 4.13 Offer to Repurchase Upon Change of Control.

(a) If a Change of Control occurs after the Issue Date, unless the Company has previously or concurrently mailed a redemption notice with respect to all the Outstanding Notes under Section 3.08, the Company will make an offer to purchase all of the Notes pursuant to the offer described below (the “Change of Control Offer”) at a price in cash (the “Change of Control Payment”) equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to, but excluding,

the date of purchase, subject to the right of Holders of the Notes of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date. Within 30 days following any Change of Control, the Company will deliver notice of such Change of Control Offer with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the security register or otherwise in accordance with the procedures of DTC with the following information:

- (1) that a Change of Control Offer is being made pursuant to this Section 4.13 and that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Company;
- (2) the purchase price and the purchase date, which will be no earlier than 30 days nor later than 60 days from the date such notice is sent (the “Change of Control Payment Date”), except in the case of a conditional Change of Control Offer made in advance of a Change of Control as described below;
- (3) that any Note not properly tendered will remain Outstanding and continue to accrue interest;
- (4) that, unless the Company defaults in the payment of the Change of Control Payment required to be made, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;
- (5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, with the form entitled “Option of Holder to Elect Purchase” on the reverse of such Notes completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;
- (6) that Holders will be entitled to withdraw their tendered Notes and their election to require the Company to purchase such Notes; *provided* that the paying agent receives, not later than the close of business on the expiration date of the Change of Control Offer, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder of the Notes, the principal amount of Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Notes and its election to have such Notes purchased;
- (7) the other instructions, as determined by the Company (which determination shall be conclusive), consistent with the covenant described hereunder, that a Holder must follow; and
- (8) if such notice is sent prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional upon the occurrence of such Change of Control.

(b) The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or

regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Indenture, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations set forth in this Indenture by virtue of such conflict.

- (c) On the Change of Control Payment Date, the Company will, to the extent permitted by law,
- (1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer,
  - (2) deposit with the applicable paying agent an amount equal to the aggregate Change of Control Payment in respect of all Notes or portions thereof properly tendered, and
  - (3) deliver, or cause to be delivered, to the Trustee for cancellation the Notes so accepted together with an Officer's Certificate to the Trustee stating that such Notes or portions thereof have been tendered to, and purchased by, the Company.

(d) Notwithstanding anything to the contrary herein, the Company shall not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.13 applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer.

(e) Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

(f) The provisions under this Section 4.13 relating to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified, with respect to the Notes, with the written consent of the Holders of a majority in principal amount of the Notes then Outstanding, including after the entry into an agreement that would result in the need to make a Change of Control Offer.

#### Section 4.14 Covenant Suspension.

(a) If, on any date following the Issue Date, (i) the Notes have Investment Grade Ratings from both Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing under this Indenture, then, beginning on that day (the "Suspension Date" and, the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event") and continuing until the occurrence of the Reversion Date, (i) the Company shall promptly provide notice of such Covenant Suspension Event to the Trustee and (ii) the following sections of this Indenture will not be applicable to the Notes (collectively, the "Suspended Covenants"):

- (1) Section 4.10;
- (2) Section 4.07;
- (3) Section 4.09;
- (4) Section 5.01(a)(4);
- (5) Section 4.11; and
- (6) Section 4.08.

(b) During any period that the foregoing Sections have been suspended, the Company may not designate any of its Subsidiaries as Unrestricted Subsidiaries, unless such designation would have complied with Section 4.07 as if such Section were in effect during such period.

(c) In the event that and while the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of a Covenant Suspension Event, and on any subsequent date (the “Reversion Date”) one or both of the Rating Agencies withdraw their Investment Grade Rating or downgrade the rating assigned to the Notes below an Investment Grade Rating, then (i) the Company shall promptly provide notice of such Reversion Date to the Trustee and (ii) the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under this Indenture with respect to future events. The period of time between the Suspension Date and the Reversion Date is referred to in this Indenture as the “Suspension Period.” Upon the occurrence of a Covenant Suspension Event, the amount of Excess Proceeds from Asset Sales shall be reset to zero.

(d) During any Suspension Period, the Company shall not, and shall not permit any Restricted Subsidiary to, enter into any Sale and Lease-Back Transaction; *provided, however*, that the Company or any Restricted Subsidiary may enter into a Sale and Lease-Back Transaction if (i) the Company or such Restricted Subsidiary could have incurred a Lien to secure the Indebtedness attributable to such Sale and Lease-Back Transaction pursuant to Section 4.12 without equally and ratably securing the Notes pursuant to the covenant described therein; and (ii) the consideration received by the Company or such Restricted Subsidiary in that Sale and Lease-Back Transaction is at least equal to the fair market value of the property sold and otherwise complies with Section 4.10; *provided further* that this Section 4.14(d) shall cease to apply on and subsequent to any Reversion Date.

(e) During the Suspension Period, the Company and its Restricted Subsidiaries will be entitled to incur Liens to the extent provided for under Section 4.12 (including Permitted Liens) and any Permitted Liens that refer to one or more Suspended Covenants shall be interpreted as though such applicable Suspended Covenant(s) continued to be applicable during the Suspension Period (but solely for purposes of Section 4.12 and for no other covenant).

(f) Notwithstanding the foregoing, in the event of any such reinstatement, no action taken or omitted to be taken by the Company or any of its Restricted Subsidiaries during the Suspension

Period shall give rise to a Default or Event of Default under any of the Suspended Covenants; *provided* that (1) after such reinstatement, the amount of Restricted Payments since the Issue Date will be calculated as though Section 4.07 had been in effect prior to, but not during, the Suspension Period; (2) all Indebtedness incurred, or Disqualified Stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to Section 4.09(b)(3); (3) any Affiliate Transaction entered into after such reinstatement pursuant to an agreement entered into during any Suspension Period shall be deemed to be permitted pursuant to Section 4.11(b)(5); and (4) any encumbrance or restriction on the ability of any Restricted Subsidiary that is not a Guarantor to take any action described in clauses (1) through (3) of Section 4.08(a) that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to Section 4.08(b)(1).

## ARTICLE V

### SUCCESSORS

Section 5.01 Merger, Consolidation or Sale of All or Substantially All Assets. The Company. The Company may not, directly or indirectly, consolidate or merge with or into or wind up into (whether or not the Company is the surviving corporation) or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the Company's properties or assets, in one or more related transactions, to any Person unless:

(1) the Company is the surviving entity or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership (including a limited partnership), trust or limited liability company organized or existing under the laws of the jurisdiction of organization of the Company or the laws of the United States, any state thereof, the District of Columbia or any territory thereof (such Person, as the case may be, being herein called the "Successor Company");

(2) the Successor Company, if other than the Company, expressly assumes all the obligations of the Company under the Notes, pursuant to a supplemental indenture or other documents or instruments;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) immediately after giving *pro forma* effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the applicable four-quarter period,

(A) the Company or the Successor Company, as applicable, would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) or

(B) the Fixed Charge Coverage Ratio of the Company (or, if applicable, the Successor Company) and its Restricted Subsidiaries would be equal to or greater than

such ratio of the Company and its Restricted Subsidiaries immediately prior to such transaction;

(5) each Subsidiary Guarantor, unless (i) it is the other party to the transactions described above, in which case Section 5.01(b)(1)(B) shall apply or (ii) the Company is the surviving entity, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under this Indenture and the Notes; and

(6) the Company (or, if applicable, the Successor Company) shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture, if any, complies with this Indenture.

The Successor Company will succeed to, and be substituted for, the Company under this Indenture, the Guarantees and the Notes, as applicable.

Notwithstanding the foregoing clauses (3) and (4),

(1) any Restricted Subsidiary may consolidate with or merge into or transfer all or part of its properties and assets to the Company or a Subsidiary Guarantor, and

(2) the Company may merge with an Affiliate of the Company, as the case may be, solely for the purpose of reincorporating the Company in the United States, any state thereof, the District of Columbia or any territory thereof or for the sole purpose of forming or collapsing a holding company structure.

(b) Subsidiary Guarantors. Subject to Section 10.03, no Subsidiary Guarantor shall, and the Company shall not permit any Subsidiary Guarantor to, consolidate or merge with or into or wind up into (whether or not such Subsidiary Guarantor is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to, any Person unless:

(7) (A) such Guarantor is the surviving entity or the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, trust or limited liability company organized or existing under the laws of the jurisdiction of organization of such Guarantor, as the case may be, or the laws of the United States, any state thereof, the District of Columbia or any territory thereof (such Guarantor or such Person, as the case may be, being herein called the "Successor Person");

(B) the Successor Person, if other than a Guarantor, expressly assumes all the obligations of such Guarantor under this Indenture and such Guarantor's related Guarantee pursuant to a supplemental indenture or other documents or instruments;



(C) immediately after such transaction, no Default or Event of Default exists; and

(D) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture, if any, complies with this Indenture;

(1) the transaction is made in compliance with Section 4.10, if applicable; or

(2) in the case of assets comprised of Equity Interests of Subsidiaries that are not Guarantors, such Equity Interests are sold, assigned, transferred, leased, conveyed or otherwise disposed of to one or more Restricted Subsidiaries.

Subject to Section 5.02, the Successor Person will succeed to, and be substituted for, such Guarantor under this Indenture and such Guarantor's Guarantee.

Notwithstanding the foregoing, any Subsidiary Guarantor may (1) merge or consolidate with or into, wind up into or transfer all or part of its properties and assets to another Subsidiary Guarantor or the Company, (2) merge with an Affiliate of the Company solely for the purpose of reincorporating the Subsidiary Guarantor in the United States, any state thereof, the District of Columbia or any territory thereof, (3) convert into a corporation, partnership, limited partnership, limited liability company or trust organized or existing under the laws of the jurisdiction of organization of such Subsidiary Guarantor or (4) liquidate or dissolve or change its legal form if the Company determines in good faith that such action is in the best interests of the Company, in each case, without regard to the requirements set forth in this Section 5.01(b).

Section 5.02 Successor Company Substituted. Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Company in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof, in which the Company is not the continuing corporation, the successor Person formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor Person and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; *provided, however*, that the predecessor Company shall not be relieved from the obligation to pay the principal of, premium on, if any, and interest, if any, on, the Notes except in the case of a consolidation, merger or sale of all of the Company's assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof.

## ARTICLE VI

### DEFAULTS AND REMEDIES

Section 6.01 Events of Default. Each of the following constitutes an “Event of Default” with respect to the Notes:

- (a) default in payment when due and payable (whether at maturity, upon redemption, acceleration or otherwise) of principal of, or premium, if any, on the Notes;
- (b) default for 30 days or more in the payment when due of interest on or with respect to the Notes;
- (c) failure by the Company or any Subsidiary Guarantor for 60 days after receipt of written notice given by the Trustee or the Holders of not less than 25% of the aggregate principal amount of the then Outstanding Notes (with a copy to the Trustee) to comply with any of its other obligations, covenants or agreements (other than a default referred to in clauses (a) and (b) above) contained in this Indenture or the Notes;
- (d) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries, other than Indebtedness owed to the Company or a Restricted Subsidiary, whether such Indebtedness or guarantee exists on the Issue Date or is created after the issuance of the Notes, if both:
  - (1) such default either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity; and
  - (2) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, aggregates \$100.0 million or more;
- (e) failure by the Company or any Significant Subsidiary to pay final judgments for the payment of money aggregating in excess of \$100.0 million, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final and non-appealable, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;
- (f) the Company or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

- (1) commences a voluntary case, files for suspension of payments or any similar relief;
  - (2) consents to the entry of an order for relief against it in an involuntary case, files for bankruptcy or commences a similar insolvency proceeding;
  - (3) consents to the appointment of a Custodian of it or for all or substantially all of its property; or
  - (4) makes a general assignment for the benefit of its creditors;
- (g) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
- (1) is for relief against the Company or any Significant Subsidiary in an involuntary case;
  - (2) appoints a Custodian of the Company or any Significant Subsidiary for all or substantially all of its property; or
  - (3) orders the winding up or liquidation of the Company or any Significant Subsidiary;

or any similar relief is granted under any foreign law or laws, and the order or decree remains unstayed and in effect for 60 days; and

(h) (i) the Guarantee of any Significant Subsidiary shall for any reason cease to be in full force and effect or be declared null and void, or (ii) any responsible officer of any Subsidiary Guarantor that is a Significant Subsidiary denies in writing that it has any further liability under its Guarantee or gives notice to such effect, other than by reason of the termination of the Indenture or the release of any such Guarantee in accordance with this Indenture.

The term “Custodian” means, for the purposes of this Article VI only, any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

The Company shall, within 30 days of any Officer becoming aware of any continuing Default, deliver to the Trustee a statement specifying such Default and steps to be taken to cure such Default.

#### Section 6.02 Acceleration.

(a) If an Event of Default with respect to the Notes at the time Outstanding (other than an Event of Default specified in Section 6.01(f) or 6.01(g)) occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Outstanding Notes by notice to the Company (and to the Trustee, if notice is given by the Holders), may declare the principal amount of, premium, if any, and

accrued and unpaid interest on all the Notes to be due and payable. Upon the effectiveness of such a declaration, such amounts shall be due and payable immediately. Notwithstanding the foregoing portion of Section 6.02, if an Event of Default specified in Section 6.01(f) or 6.01(g) occurs, the principal amount of, premium, if any, and accrued and unpaid interest on all the Notes shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

(b) At any time after the principal of the Notes shall have been so declared due and payable (or have become immediately due and payable), and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Holders of a majority in principal amount of the Notes then Outstanding hereunder, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if: (i) the Company has paid or deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all the Notes and the principal of (and premium, if any, on) any and all Notes that shall have become due otherwise than by acceleration (with interest upon such principal and premium, if any, and, to the extent that such payment is enforceable under applicable law, upon overdue installments of interest, at the rate per annum expressed in the Notes to the date of such payment or deposit and all reasonable expenses, disbursements and advances of the Trustee (including reasonable compensation, disbursements and expenses of the Trustee's counsel) and compensation for the Trustee's services) and (ii) any and all Events of Default under this Indenture with respect to the Notes, other than the nonpayment of principal and interest, if any, on Notes that have become due solely by such declaration of acceleration, shall have been remedied or waived as provided in Section 6.04. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

(c) In the event of any Event of Default specified in Section 6.01(d), such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 30 days after such Event of Default arose:

- (1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged;
- (2) holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or
- (3) the default that is the basis for such Event of Default has been cured.

Section 6.03 Other Remedies. If an Event of Default with respect to the Notes occurs and is continuing, the Trustee may proceed to protect and enforce its rights and the rights of the Holders by such appropriate judicial proceedings as shall be most effectual to protect and enforce such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

The Trustee may institute and maintain a suit or legal proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default with respect to the Notes shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

Section 6.04 Waiver of Past Defaults. The Holders of a majority in principal amount of the Outstanding Notes may, on behalf of the Holders of all the Notes by written notice to the Trustee, waive an existing Default except (i) a Default in the payment of the principal amount of, premium, if any, and accrued and unpaid interest on the Notes, (ii) a Default arising from the failure to redeem or purchase any Note when required pursuant to the terms of this Indenture or (iii) a Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Holder affected; *provided, however*, that the Holders of a majority in principal amount of the Outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration in accordance with Section 6.02. When a Default is waived, it shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

Section 6.05 Control by Majority. The Holders of a majority in principal amount of the Outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee; *provided* that (i) such direction shall not conflict with law or this Indenture or expose the Trustee to personal liability, or be unduly prejudicial to Holders not joining therein, and (ii) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to security or indemnity reasonably satisfactory to the Trustee against all fees, losses and expenses related to taking or not taking such action. The Trustee shall be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense.

Section 6.06 Limitation on Suits. Except to enforce the right to receive payment of the principal amount of, premium, if any, and accrued and unpaid interest on the Notes held by such Holder when due, no Holder of a Note may pursue any remedy with respect to this Indenture or the Notes unless:

- (a) such Holder has previously given the Trustee written notice that an Event of Default with respect to the Notes is continuing;
- (b) Holders of at least 25% in the aggregate principal amount of all Outstanding Notes have requested in writing that the Trustee pursue the remedy;
- (c) Holders of the Notes have offered the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense in connection therewith;

(d) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(e) Holders of a majority in principal amount of all Outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

A Holder of Notes may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

Section 6.07 Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of the principal amount of, premium, if any, and accrued and unpaid interest on the Notes held by such Holder, on or after their Maturity Dates, or to bring suit for the enforcement of any such payment on or after their Maturity Dates, is absolute and unconditional and shall not be impaired or affected without the consent of such Holder.

Section 6.08 Collection Suit by Trustee. If an Event of Default specified in Section 6.01(a) or (b) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and any amounts provided for hereunder.

Section 6.09 Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company and the Guarantors, their creditors or their property and shall be entitled and empowered to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same, and any custodian, receiver, assignee, trustee or liquidator (or other similar official) in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due to the Trustee hereunder. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 Priorities. Any money or property collected by the Trustee pursuant to this Article VI with respect to the Notes shall be applied in the following order, at the date or dates fixed by the Trustee, and, in case of the distribution of such money on account of principal or interest, upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: to the Trustee acting in any capacity hereunder and any Agent, for all amounts due hereunder;

SECOND: to Holders, for amounts due and unpaid on the Notes for the principal amount of, premium, if any, and accrued and unpaid interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for the principal amount of, premium, if any, and accrued and unpaid interest, respectively; and

THIRD: to the Company.

Section 6.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing, by any party litigant in the suit, of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in principal amount of the then Outstanding Notes.

Section 6.12 Waiver of Stay or Extension Laws. The Company (to the extent it may lawfully do so) agrees that it shall not at any time insist upon, plead or in any manner whatsoever claim to take the benefit or advantage of any stay or extension law, wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

## ARTICLE VII

### TRUSTEE

Section 7.01 Duties of Trustee. (a) If an Event of Default has occurred and is continuing with respect to the Notes, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in the exercise thereof, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Except during the continuance of an Event of Default with respect to the Notes:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Notes, as modified or supplemented by a supplemental indenture hereto, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of willful misconduct on its part, the Trustee may, with respect to Notes, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming

to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein nor shall the Trustee have any responsibility or liability for any information set forth therein).

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee shall not be liable for any error of judgment made in good faith unless it is proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 7.01.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02    Rights of Trustee.

(a) The Trustee may conclusively rely on, and shall be protected in acting or refraining from acting upon, any resolution, certificate, statement, instrument, opinion, notice, report, bond, request, direction, consent, order or other document believed by it to be genuine and to have been signed or presented by the proper Person or Persons. The Trustee need not investigate any fact or matter stated in the document.



(b) Before the Trustee acts or refrains from acting, it shall receive an Officer's Certificate and an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officer's Certificate or Opinion of Counsel.

(c) The Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of any agent or attorney appointed by it with due care. No Depositary shall be deemed an agent of the Trustee, and the Trustee shall not be responsible for or have any liability for any act or omission by any Depositary.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; *provided, however*, that the Trustee's conduct does not constitute negligence or willful misconduct.

(e) The Trustee may consult with counsel of its choice, and the advice or opinion of counsel shall be full and complete authorization and protection in respect of any action taken, omitted or suffered by it hereunder in reliance thereon.

(f) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company, and the Trustee may rely thereon.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default with respect to the Notes unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of such a Default is received by a Responsible Officer of the Trustee at the office of the Trustee, and such notice references such Notes and this Indenture and states that it is a notice of Default.

(h) The rights, privileges, protections, immunities and benefits given to the Trustee hereunder, including, without limitation, its right to be indemnified, are extended to and shall be enforceable by the Trustee in each of its capacities and any Agent.

(i) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee against the fees, costs, expenses and liabilities which might be incurred by the Trustee in compliance with such request or direction.

(j) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee may make such further inquiry or investigation into such facts or matters as it may see fit, and if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney.

(k) The Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(l) The Trustee shall not be required to give any bond or surety in respect of the performance of its duties or powers hereunder.

(m) The Trustee may request that the Company deliver a certificate of incumbency setting forth the names of individuals or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

(n) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or other *force majeure* events, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(o) The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, as amended, the Trustee, in accordance with requirements applicable to financial institutions, may be required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. Each party to this Indenture agrees that it will provide the Trustee with such information as the Trustee may request in order for the Trustee to comply with the requirements of the U.S.A. Patriot Act applicable to the Trustee.

(p) The Trustee shall not be responsible or liable for special, indirect, punitive or consequential losses or damages (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(q) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of willful misconduct on its part, rely upon an Officer's Certificate.

Section 7.03 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

Section 7.04 Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's uses of the proceeds from the Notes, and it shall not be responsible for any statement of the Company or the Guarantors in this Indenture, in the Notes or in any document executed in connection with the sale of the Notes, other than those set forth in the Trustee's certificate of authentication. The recitals contained herein and in the Notes shall be taken as the statements of the Company and the Guarantors, and the Trustee assumes no responsibility or liability for their correctness.

Section 7.05 Notice of Defaults. If a Default with respect to Notes occurs and is continuing and if it is actually known to a Responsible Officer of the Trustee, the Trustee shall mail (or electronically deliver in accordance with the procedures of DTC) to each Holder notice of the Default within 60 days after it occurs, unless such Default shall have been cured or waived. The Trustee may withhold the notice (except in the case of a Default in payment of principal, premium or interest) if and so long as the Trustee determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06 Reports by Trustee to Holders. If this Indenture is qualified under the Trust Indenture Act, unless otherwise specified in the applicable Board Resolution, supplemental indenture hereto or Officer's Certificate, within 60 days after each August 15 beginning with August 15, 2018 for so long as Notes remain Outstanding, the Trustee shall mail or otherwise deliver to each Holder a brief report dated as of such reporting date in accordance with and to the extent required under § 313(a) of the Trust Indenture Act. The Trustee shall also comply with § 313(b)(2) of the Trust Indenture Act.

A copy of each report at the time of its mailing to Holders shall be filed with each stock exchange (if any) on which the Notes are listed, if required by the rules of such stock exchange. The Company agrees to notify promptly the Trustee whenever the Notes become listed on any stock exchange and of any delisting thereof.

Section 7.07 Compensation and Indemnity. The Company and the Guarantors shall pay to the Trustee (acting in any capacity hereunder) and any Agent from time to time compensation for all services rendered by the Trustee as the Company and the Trustee shall agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company and the Guarantors shall reimburse the Trustee (acting in any capacity hereunder) and any Agent upon request for all reasonable and duly documented out-of-pocket expenses, disbursements and advances incurred or made by it in accordance with any provision of this Indenture, including costs of collection and the fees, expenses and disbursements of their respective agents and counsel, in addition to the reasonable compensation for their respective services. The Company and Guarantors shall indemnify and hold harmless the Trustee (acting in any capacity hereunder) or any Agent and their respective officers, directors, employees and agents against any and all loss, liability or expense incurred on its part, arising out of or in connection with the acceptance or administration of this Indenture or the transactions contemplated hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Trustee or any Agent shall notify the Company of any claim for which it may seek indemnity promptly upon obtaining actual knowledge thereof; *provided, however*, that any failure to so notify the Company shall not relieve the Company and Guarantors of their indemnity obligations hereunder, except to the extent that the rights of the Company or the Guarantors are actually prejudiced by such failure. Neither the Company nor any Guarantor will need to reimburse any expense or indemnify against any loss, liability or expense incurred by an indemnified party attributable to such party's own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final non-appealable order. The Company and the Guarantors shall not be obligated to pay any settlement effected without their prior written consent (which shall not be unreasonably withheld).

To secure the Company's and the Guarantors' payment obligations in this Section 7.07, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee, other than money or property held in trust to pay the principal of or interest on particular Notes.

The Company's and the Guarantors' payment obligations pursuant to this Section 7.07 and the rights, protections and indemnities afforded to the Trustee and any Agent under this Article VII shall survive the satisfaction or discharge of this Indenture or the resignation or removal of the Trustee or any Agent, as the case may be. When the Trustee or any Agent incurs expenses after the occurrence of a Default specified in Section 6.01(f) or (g) with respect to the Company, the expenses are intended to constitute expenses of administration under the Bankruptcy Law.

Any right, protection and indemnity provided to the Trustee hereunder shall also be afforded to any Agent hereunder or under any supplemental indenture.

Section 7.08 Replacement of Trustee. The Trustee may resign by so notifying the Company in writing at least 30 days prior to the date of the proposed resignation. The Holders of a majority in principal amount of the Notes may remove the Trustee and may appoint a successor Trustee by so notifying the Trustee and the Company in writing not less than 30 days prior to the effective date of such removal. The Company shall remove the Trustee:

- (a) the Trustee fails to comply with Section 7.10;
- (b) the Trustee is adjudged bankrupt or insolvent;
- (c) a receiver or other public officer takes charge of the Trustee or its property; or
- (d) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns, is removed by the Company or by the Holders of a majority in principal amount of the Notes and such Holders do not reasonably promptly appoint a successor Trustee or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Company shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee with respect to the Notes for which it is acting as Trustee under this Indenture. The successor Trustee shall mail or otherwise deliver a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of at least a majority in principal amount of the Notes may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee with respect to fees, expenses and liabilities incurred by it prior to such replacement. The retiring or removed Trustee shall have no responsibility or liability for the action or inaction of any successor Trustee.

Section 7.09 Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets to, another Person, the resulting, surviving or transferee Person without any further act shall be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and if at that time any of the Notes shall not have been authenticated, any such successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture *provided* that the certificate of the Trustee shall have.

Any corporation into which the Trustee or any Paying Agent may be merged or converted, or any corporation with which the Trustee or Paying Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee or Paying Agent shall be a party, or any corporation, including affiliated corporations, to which the Trustee or Paying Agent shall sell or otherwise transfer: (a) all or substantially all of its assets or (b) all or substantially all of its corporate trust business shall, on the date when the merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws and subject to any credit rating requirements set out in this Indenture become the successor Trustee or Paying Agent under this Indenture or any supplemental indenture without the execution or filing of any paper or any further act on the part of the parties to this Indenture, unless otherwise required by the Company, and after the said effective date all references in this Indenture or supplemental indenture to the Trustee or any Paying Agent shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion, consolidation or transfer shall immediately be given to the Company by the Trustee or Paying Agent, as applicable.

Section 7.10 Eligibility; Disqualification. The Trustee shall at all times satisfy the requirements of Trust Indenture Act § 310(a)(1), (2) and (5). The Trustee shall have a combined capital and surplus of at least \$25,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA § 310(b); *provided, however*, that there shall be excluded from the operation of Trust Indenture Act § 310(b)(1) the following: (i) the Notes issued under this Indenture and (ii) any other indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in Trust Indenture Act § 310(b)(1) are met.

Section 7.11 Preferential Collection of Claims Against the Company and Guarantors. The Trustee shall comply with Trust Indenture Act § 311(a), excluding any creditor relationship listed in Trust Indenture Act § 311(b). A Trustee who has resigned or has been removed shall be subject to Trust Indenture Act § 311(a) to the extent indicated.

ARTICLE VIII  
LEGAL DEFEASANCE, COVENANT DEFEASANCE  
AND SATISFACTION AND DISCHARGE

Section 8.01 Option To Effect Legal Defeasance or Covenant Defeasance. The Company may, at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all Outstanding Notes upon compliance with the conditions set forth below in this Article VIII.

Section 8.01 Legal Defeasance and Discharge. Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02 with respect to the Notes, the Company and each Guarantor shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its obligations with respect to all Outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the Outstanding Notes, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (a) and (b) below, and to have satisfied all its other obligations under the Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

- (a) the Company's obligations with respect to the Notes under Article II hereof;
- (b) the rights, indemnities and immunities of the Trustee (and any Agent) hereunder and the Company's and Guarantors' obligations in connection therewith (including, but not limited to, the rights of the Trustee (and any Agent) and the duties of the Company and Guarantors under Section 7.07, which shall survive despite the satisfaction in full of all obligations hereunder); and

(c) Sections 8.02, 8.04, 8.05, 8.06, 8.07 and 8.08 hereof.

Subject to compliance with this Article VIII, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof. In the event that the Company terminates all of its obligations under the Notes and this Indenture by exercising the Legal Defeasance option or the Covenant Defeasance option, the obligations of each Guarantor under its Guarantee of the Notes shall be terminated simultaneously with the termination of such obligations.

Section 8.03 Covenant Defeasance. Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03 with respect Notes, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from its obligations under the covenants contained in Sections 4.02 (other than Section 4.02(e)), 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13 and 5.01(a)(4) of this Indenture on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "Outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "Outstanding" for all other purposes hereunder (it being understood that the Notes shall not be deemed Outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the Outstanding Notes, the Company and its Restricted Subsidiaries may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and the Notes shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03 with respect to the Notes, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(c) (only with respect to defeased covenants hereunder), 6.01(d) and 6.01(e) hereof shall not constitute Events of Default with respect to such Notes. In the event that the Company terminates all of its obligations under the Notes and this Indenture by exercising the Legal Defeasance option or the Covenant Defeasance option, the obligations of each Guarantor under its Guarantee of such Notes shall be terminated simultaneously with the termination of such obligations.

Section 8.04 Conditions to Legal or Covenant Defeasance. The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the Outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Notes:

(a) the Company must irrevocably deposit or cause to be irrevocably deposited with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. Dollars, Government Securities or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if

any, and interest on the Outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(b) in the case of an election under Section 8.02 hereof, the Company shall have delivered, or cause to be delivered, to the Trustee an Opinion of Counsel confirming that (1) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling, or (2) since the date of this Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the Outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.03 hereof, the Company shall have delivered, or cause to be delivered, to the Trustee an Opinion of Counsel confirming that the Holders of the Outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date the Company makes such deposits (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit or the granting of Liens in connection therewith);

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, the Senior Secured Credit Facilities or any other material agreement or instrument (other than this Indenture) to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound (other than that resulting with respect to any Indebtedness being defeased from any borrowing of funds to be applied to make the deposit required to effect such Legal Defeasance or Covenant Defeasance and any similar and simultaneous deposit relating to such Indebtedness, and the granting of Liens in connection therewith);

(f) the Company shall have delivered, or shall have caused to be delivered, to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or any Guarantor or others; and

(g) the Company shall have delivered, or shall have caused to be delivered, to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.



Section 8.05 Deposited Money and Government Obligations to be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 8.06 hereof, all money, Government Securities (including any proceeds thereof) deposited with the Trustee pursuant to Section 8.04 hereof in respect of the Outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of the Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company and Guarantors shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash, Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Outstanding Notes.

Anything in this Article VIII to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money, Government Securities Obligations held by it as provided in Section 8.04 hereof that, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 Repayment to the Company. Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request or, if then held by the Company, shall be discharged from such trust; and the Holder of such Note shall thereafter look only to the Company for payment thereof as general creditors, unless an applicable abandoned property law designates another person, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times or The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 8.07 Satisfaction and Discharge of Indenture. If at any time:

(a) either:

(1) all Notes theretofore authenticated and delivered, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(2) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders of any Notes, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(b) the Company has paid or caused to be paid all sums payable by it under this Indenture; and

(c) the Company has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be; and

(d) the Company shall have delivered to the Trustee an Opinion of Counsel and an Officer's Certificate, each stating that all conditions precedent relating to the satisfaction and discharge of this Indenture with respect to have been complied with,

then this Indenture shall thereupon cease to be of further effect with respect to the Notes except for the rights, indemnities and immunities of the Trustee hereunder and the Company's and the Guarantors' obligations in connection therewith (including, but not limited to, the rights of the Trustee and the duties of the Company and the Guarantors under Section 7.07, which shall survive despite the satisfaction in full of all obligations hereunder) and, if money shall have been deposited with the Trustee pursuant to this Section 8.07:

(1) the Company's obligations with respect to the Notes under Article II;

(2) the agreements of the Company and the Subsidiary Guarantors set forth in Article V; and

(3) Sections 8.02, 8.04, 8.05, 8.06, 8.07, 8.08 and 11.11 hereof, shall each survive until the Notes have been paid in full.

Upon the Company's exercise of this Section 8.07, the Trustee, on demand of the Company and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture with respect to the Notes.

Section 8.08 Reinstatement. If the Trustee or any Paying Agent is unable to apply any U.S. dollars or Government Securities Obligations in accordance with this Article VIII, as the case

may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and the Guarantors' obligations under this Indenture, the Notes and the Guarantees shall be revived and reinstated as though no deposit had occurred pursuant to this Article VIII until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance this Article VIII; *provided, however*, that, if the Company makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of their obligations, the Company shall be subrogated to the rights of the Holders of the Notes to receive such payment from the money held by the Trustee or Paying Agent.

## ARTICLE IX

### AMENDMENTS

Section 9.01 Without Consent of Holders. The Company, the Guarantors and the Trustee may amend or supplement this Indenture, the Guarantees or the Notes without the consent of any Holder:

- (a) to cure any ambiguity, omission, mistake, defect or inconsistency;
- (b) to provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions of this Indenture relating to the form of the Notes (including the related definitions) in a manner that does not materially adversely affect any Holder (as determined in good faith by the Company (which determination shall be conclusive));
- (c) to comply with Section 5.01;
- (d) to provide for the assumption of the Company's or any Guarantor's obligations to the Holders;
- (e) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under this Indenture of any such Holder (as determined in good faith by the Company (which determination shall be conclusive));
- (f) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Company or any Guarantor;
- (g) to evidence and provide for the acceptance and appointment under this Indenture of a successor Trustee hereunder pursuant to the requirements hereof;
- (h) to provide for the issuance of exchange Notes or private exchange Notes that are identical to exchange Notes except that they are not freely transferable;
- (i) to provide for the issuance of Additional Notes in accordance with this Indenture;

(j) to add a Guarantor under this Indenture and to allow a Guarantor to execute a supplemental indenture or guarantee the Notes or to release a Guarantor in accordance with the terms of this Indenture;

(k) to conform the text of this Indenture, the Guarantees or the Notes to any provisions of the “Description of Notes” in the Offering Memorandum to the extent that such provision in such “Description of Notes” was intended to be a verbatim recitation of a provision of this Indenture, Guarantee or Notes (as determined in good faith by the Company (which determination shall be conclusive));

(l) to make any amendment to the provisions of this Indenture relating to the transfer and legending of Notes as permitted by this Indenture, including to facilitate the issuance and administration of the Notes; *provided, however*, that (i) compliance with this Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of Holders to transfer Notes (in each case, as determined in good faith by the Company (which determination shall be conclusive));

(m) to provide for the issuance of the Notes in a manner consistent with the terms of this Indenture; or

(n) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act.

Section 9.02 With Consent of Holders. Except as provided below, this Indenture, any Guarantee and the Notes may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the Notes then Outstanding, including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes and any existing Default or compliance with any provision of this Indenture or the Notes issued hereunder may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then Outstanding (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Notes). However, without the consent of each Holder affected, an amendment or supplement may not, with respect to any Notes held by a non-consenting Holder:

(a) make any change in the percentage of the principal amount of the Notes required for amendments or waivers;

(b) reduce the principal of or change the fixed final maturity of any Note or change the date on which any Notes may be subject to redemption or reduce the redemption price therefor;

(c) reduce the rate of or change the time for payment of interest on any Note;

(d) (A) waive a Default in the payment of principal of or premium, if any, or interest on the Notes, except a rescission of acceleration of the Notes by the Holders of a majority in aggregate principal amount of all then Outstanding Notes, and a waiver of the Event of Default under Section 6.01(a) or 6.01(b) that resulted from such acceleration, or (B) waive a Default in

respect of a covenant or provision contained in this Indenture or any Guarantee which cannot be amended or modified without the consent of all Holders;

- (e) make any Note payable in money other than U.S. dollars;
- (f) make any change in Section 9.01 or this Section 9.02;
- (g) impair the right of any Holder to receive payment of principal of, premium, if any, or interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes or the Guarantees; or
- (h) make any change to or modify the ranking of the Notes that would adversely affect the Holders thereof.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment or supplement, but it shall be sufficient if such consent approves the substance thereof.

For purposes of determining whether the Holders of the requisite principal amount of Notes have taken any action under this Indenture, the principal amount of Notes shall be deemed to be the principal amount of Notes as of (i) if a record date has been set with respect to the taking of such action, such date or (ii) if no such record date has been set, the date the taking of such action by the Holders of such requisite principal amount is certified to the Trustee by the Company.

Section 9.03 Revocation and Effect of Consents and Waivers. A consent to an amendment, supplement or a waiver by a Holder of a Note shall bind the Holder and every subsequent Holder of that Note or portion of the Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent or waiver is not made on the Note. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Note or portion of the Note if the Trustee receives the notice of revocation before the date the amendment, supplement or waiver becomes effective. After an amendment, supplement or waiver becomes effective, it shall bind every Holder of such Note affected by such amendment, supplement or waiver.

Section 9.04 Notation on or Exchange of Notes. If an amendment changes the terms of a Note, the Trustee may require the Holder of the Note to deliver it to the Trustee. The Trustee may place an appropriate notation on the Note regarding the changed terms and return it to the Holder. Alternatively, if the Trustee or the Company so determine, the Company in exchange for the Note shall issue and the Trustee, upon a Company Order, shall authenticate a new Note that reflects the changed terms. Failure to make the appropriate notation or to issue a new Note shall not affect the validity of such amendment.

Section 9.05 Trustee to Sign Amendments. Upon the request of the Company, the Trustee shall sign any amendment, supplement or waiver authorized pursuant to this Article IX if the amendment, supplement or waiver does not affect the rights, duties or immunities of the Trustee under this

Indenture or otherwise. If it does, the Trustee may, but need not, sign it. In signing any amendment, supplement or waiver the Trustee shall be provided with and shall be fully protected in relying upon an Officer's Certificate and an Opinion of Counsel, each stating that the execution of such amendment, supplement or waiver is authorized or permitted by this Indenture and that such amendment, supplement or waiver is enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles. The Trustee shall also be entitled to request indemnity satisfactory to it in connection with signing an amendment, supplement or waiver or taking any action (or refraining from taking any action) thereunder or in connection therewith.

Section 9.06 Payment for Consent. Neither the Company nor any Affiliate of the Company shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid to all Holders, ratably, that so consent, waive or agree to amend in the time frame set forth in solicitation documents relating to such consent, waiver or agreement. The Trustee shall have no duty or obligation with respect to the Company's obligations under this Section 9.06.

## ARTICLE X

### GUARANTEES

#### Section 10.1 Guarantees

(a) Each Guarantor that guarantees the Notes pursuant to this Indenture, jointly and severally, irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, to each Holder and the Trustee and their successors and assigns (i) the full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Company under this Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, premium, if any, or interest on the Notes and all other monetary obligations of the Company under this Indenture and the Notes and (ii) the full and punctual performance within applicable grace periods of all other obligations of the Company whether for fees, expenses, indemnification or otherwise under this Indenture and the Notes, on the terms set forth in this Indenture by executing this Indenture (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from each such Guarantor, and that such Guarantor shall remain bound under this Article X notwithstanding any extension or renewal of any Guaranteed Obligation.

(b) Each Guarantor waives presentation to, demand of payment from and protest to the Company of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. Each Guarantor waives notice of any Default under the Notes or the Guaranteed Obligations.

(c) Each Guarantor further agrees that its Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right

to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations.

(d) Except as expressly set forth in Section 10.02, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise.

(e) Subject to Section 10.02 and 10.03 hereof, each Guarantor agrees that its Guarantee shall remain in full force and effect until payment in full of all the Guaranteed Obligations. Each Guarantor further agrees that its Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment of, or any part thereof, principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or any of its Subsidiaries or otherwise.

(f) In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, each Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Trustee an amount equal to the sum of (i) the unpaid principal amount of such Guaranteed Obligations, (ii) accrued and unpaid interest on such Guaranteed Obligations (but only to the extent not prohibited by applicable law) and (iii) all other monetary obligations of the Company to the Trustee.

(g) Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Trustee in respect of any Guaranteed Obligations guaranteed hereby until payment in full of all Guaranteed Obligations. Each Guarantor further agrees that, as between it, on the one hand, and the Trustee, on the other hand, (i) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article VI for the purposes of any Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article VI, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor for the purposes of this Section 10.01.

(h) Each Guarantor also agrees to pay any and all fees, costs and expenses (including reasonable attorneys' fees and expenses) incurred by the Trustee or any Holder in enforcing any rights under this Section 10.01.

(i) Each Guarantor shall promptly execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

Section 10.02 Limitation on Liability. Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that, any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations guaranteed hereunder by any Guarantor shall not exceed the maximum amount that can be hereby guaranteed without rendering this Indenture, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. Each Guarantor that makes a payment under its Guarantee shall be entitled upon payment in full of all Guaranteed Obligations under this Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor's *pro rata* portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with GAAP.

Section 10.03 Releases. A Guarantee as to any Subsidiary Guarantor shall be automatically and unconditionally released and discharged, without further action required on the part of the Subsidiary Guarantor, the Trustee or any Holder of Notes, upon:

- (a) any direct or indirect sale, exchange, transfer or other disposition (by merger, consolidation or otherwise) of the Capital Stock of such Subsidiary Guarantor, after which the applicable Subsidiary Guarantor is no longer a Restricted Subsidiary, if such sale, exchange, transfer or other disposition is not in violation of the applicable terms of this Indenture;
- (b) the release or discharge of the Indebtedness or guarantee of Indebtedness by such Subsidiary Guarantor that resulted in the creation of such Guarantee except a release or discharge by or as a result of payment under such guarantee (it being understood that a release subject to a contingent reinstatement will constitute a release for the purposes of this provision); *provided* that at the time of such release or discharge, such Subsidiary Guarantor is not then a guarantor or an obligor in respect of any other Indebtedness that would require it to provide a Guarantee of the Notes under the Indenture;
- (c) the sale, exchange, transfer or other disposition of all or substantially all of the assets of such Subsidiary Guarantor, in a transaction that is not in violation of the applicable terms of this Indenture, to any Person who is not (either before or after giving effect to such transaction) the Company or a Domestic Restricted Subsidiary;
- (d) the release or discharge of such Subsidiary Guarantor from its guarantee, and of all pledges and security, if any, granted by such Subsidiary Guarantor in connection with the Senior Secured Credit Facilities, except a release or discharge by or as a result of payment under such guarantee (it being understood that a release subject to a contingent reinstatement will constitute a release for the purposes of this provision); *provided* that at the time of such release or discharge,



such Subsidiary Guarantor is not then a guarantor or an obligor in respect of any other Indebtedness that would require it to provide a Guarantee of the Notes under this Indenture;

(e) the designation of any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary in accordance with Section 4.07 and the definition of “Unrestricted Subsidiary”;

(f) the merger or consolidation of any Subsidiary Guarantor with and into the Company or another Subsidiary Guarantor or upon the liquidation of such Subsidiary Guarantor following the transfer of all of its assets to the Company or another Subsidiary Guarantor; or

(g) the Company exercising its Legal Defeasance option or Covenant Defeasance option with respect to the Notes pursuant to Article VIII or the Company’s obligations under this Indenture being discharged with respect to the Notes in accordance with Article VIII; and, in the case of clauses (a) through (g) of this Section 10.03, such Subsidiary Guarantor delivering to the Trustee an Officer’s Certificate and Opinion of Counsel stating that all conditions precedent provided for in this Indenture relating to the release of such Guarantee shall have been complied with.

Upon request of the Company or the applicable Subsidiary Guarantor, the Trustee shall evidence such release by a supplemental indenture or other instrument which may be executed by the Trustee without the consent of any Holder.

Section 10.04 Successors and Assigns. This Article X shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

Section 10.05 No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article X shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article X at law, in equity, by statute or otherwise.

Section 10.06 Additional Guarantees. Following the Issue Date, the Company shall cause each Restricted Subsidiary that (a) incurs or guarantees any Indebtedness under the Senior Secured Credit Facilities, or (b) other than a Foreign Subsidiary or Foreign Subsidiary Holding Company of the Company, guarantees other Indebtedness of the Company or any Guarantor in an aggregate principal amount in excess of \$25.0 million, to guarantee the Notes.

Section 10.07 Execution of Supplemental Indenture for Future Guarantors. Each Subsidiary that is required to become a Guarantor pursuant to Section 10.06 shall promptly execute and deliver to the Trustee a supplemental indenture substantially in the form of Exhibit D hereto pursuant to which such Subsidiary shall become a Subsidiary Guarantor under this Article X and shall guarantee the Guaranteed Obligations. Concurrently with the execution and delivery of such supplemental indenture, the Company shall deliver to the Trustee an Opinion of Counsel and an Officer's Certificate each stating that such supplemental indenture has been duly authorized, executed and delivered by such Subsidiary and that, subject to the application of bankruptcy, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws relating to creditors' rights generally and to the principles of equity, whether considered in a proceeding at law or in equity, the Guarantee of such Subsidiary Guarantor is a valid and binding obligation of such Subsidiary Guarantor, enforceable against such Guarantor in accordance with its terms.

Section 10.08 Non-Impairment. The failure to endorse a Guarantee on any Notes shall not affect or impair the validity thereof.

Section 10.09 Benefits Acknowledged. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the Guarantee and waivers made by it pursuant to its Guarantee are knowingly made in contemplation of such benefits.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01 Trust Indenture Act Controls. If this Indenture is qualified under the Trust Indenture Act and any provision of this Indenture limits, qualifies or conflicts with another provision which is required or deemed to be included in this Indenture by the Trust Indenture Act, the required or deemed provision shall control.

Section 11.02 Notices. Any notice or communication shall be in writing and delivered in person or mailed by first-class mail, postage prepaid, electronic mail, facsimile transmission or overnight air courier guaranteeing next day delivery addressed as follows:

If to the Company or any Guarantor:

Valvoline Inc.  
100 Valvoline Way  
Lexington, KY 40509-2714  
Attention: Julie M. O'Daniel, Esq.

with copies for information purposes only to:

Shearman & Sterling LLP  
599 Lexington Ave.  
New York, NY 10022

Facsimile: (646) 848-5313  
Attention: Ilir Mujalovic, Esq.

If to the Trustee:

U.S. Bank National Association  
[Global Corporate Trust Services  
425 Walnut Street, 6th Floor  
Cincinnati, OH 45202  
Attention: William Sicking  
Facsimile: 513.632.5511  
Email: william.sicking@usbank.com

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Holder shall be mailed by first-class mail (registered or certified, return receipt requested) to the Holder at the Holder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed (or otherwise in accordance with the procedures of DTC).

Notices given by publication or electronic delivery will be deemed given on the first date on which publication or electronic delivery is made and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing or transmitting.

Notwithstanding any other provisions of this Indenture or any Notes, where this Indenture or any Note provides for notice of any event (including any notice of redemption) to a Holder of a Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to the Depository for such Note (or its designee) pursuant to the customary procedures of such Depository.

Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Section 11.03. Communication by Holders with Other Holders. Holders may communicate pursuant to Trust Indenture Act § 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of Trust Indenture Act § 312(c).

Section 11.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take or refrain from taking any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel stating that all such conditions precedent have been complied with.

Section 11.05 Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(a) a statement that the individual making such certificate or opinion has read such covenant or condition (and the related definitions);

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such individual, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

Section 11.06 Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Holders. The Registrar and the Paying Agent may make reasonable rules for their functions.

Section 11.07 Legal Holidays. "Legal Holiday" means a Saturday, a Sunday or a day on which commercial banking institutions are required to be closed in the State of New York or a place of payment with respect to the Notes. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a Regular Record Date is a Legal Holiday, the record date shall not be affected.

Section 11.08 Governing Law. THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 11.09 No Personal Liability of Directors, Officers, Employees and Stockholders. No present, past or future director, officer, employee, member, partner, incorporator or equity holder of the Company, any Guarantor or any Subsidiary of the Company or any of their respective direct or indirect parent companies (except for the Company, any Subsidiary or parent company (if any) in its capacity as obligor or guarantor in respect of the Notes and not in its capacity as equity holder of the Company or any Subsidiary Guarantor) shall have any liability for any obligations of the Company or the Guarantors under the Notes, the Guarantees, this Indenture or for any claim based on, in respect of, or by reason of such

obligations or their creation. Each Holder by accepting the Notes waives and releases all such liability. This waiver and release are part of the consideration for issuance of the Notes.

Section 11.10 Successors. All agreements of the Company and the Guarantors in this Indenture and the Notes shall bind its successors (other than as contemplated by Sections 5.02(b) or 10.03). All agreements of the Trustee in this Indenture shall bind its successors.

Section 11.11 Multiple Originals; Electronic Signatures. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 11.12 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES, THE GUARANTEES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.13 Table of Contents; Headings. The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

Section 11.14 Severability. If any provision in this Indenture is deemed unenforceable, it shall not affect the validity or enforceability of any other provision set forth herein, or of this Indenture as a whole.

Section 11.15 Submission to Jurisdiction and Venue. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY ARISING OUT OF OR RELATING HERETO, MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY AND CITY OF NEW YORK. BY EXECUTING AND DELIVERING THIS INDENTURE, EACH PARTY HERETO, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY SUBMITS TO AND ACCEPTS GENERALLY AND UNCONDITIONALLY THE NONEXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS; AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE PARTY; AGREES THAT SERVICE AS PROVIDED ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND AGREES EACH OTHER PARTY RETAINS THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING

PROCEEDINGS AGAINST ANY PARTY IN THE COURTS OF ANY OTHER JURISDICTION HAVING JURISDICTION OVER SUCH PARTY.

[ *Signatures on following page* ]

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

**VALVOLINE INC.**

By: /s/ Jason L. Thompson

Name: Jason L. Thompson

Title: Treasurer

*[Signature page - Indenture]*

---

**VALVOLINE US LLC**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

**VALVOLINE LLC**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

**VALVOLINE LICENSING AND INTELLECTUAL  
PROPERTY LLC**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

**VALVOLINE BRANDED FINANCE, INC.**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

**VALVOLINE INTERNATIONAL HOLDINGS INC.**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer





**VALVOLINE INSTANT OIL CHANGE FRANCHISING,  
INC.**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

**RELOCATION PROPERTIES MANAGEMENT LLC**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

**VIOC FUNDING, INC.**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

**VALVOLINE INTERNATIONAL, INC.**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

**FUNDING CORP. I**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: President and Assistant Treasurer



**OCH INTERNATIONAL, INC.**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

**OCHI ADVERTISING FUND LLC**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

**OCHI HOLDINGS LLC**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

**OCHI HOLDINGS II LLC**

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer



**U.S. BANK NATIONAL ASSOCIATION**, as Trustee

By: /s/ Bill Sicking

Name: William E. Sicking

Title: Vice President & Trust Officer

*[Signature page - Indenture]*

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**EXHIBIT A**

FORM OF NOTE

[Face of Note]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[RULE 144A][REGULATION S] GLOBAL NOTE  
representing up to

4.375% Senior Notes Due 2025 \$[ ]

No. [ ] \$[ ]

VALVOLINE INC. promises to pay to [ ] or registered assigns, the principal sum of [ ] Dollars on August 15, 2025 or such greater or lesser amount as may be indicated in Schedule A hereto.

Interest Payment Dates: February 15 and August 15

Record Dates: February 1 and August 1

Additional provisions of this Note are set forth on the other side of this Note.

A-2

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed.

**VALVOLINE INC.**

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

Name:

Title:





TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Note is one of the 4.375% Senior Notes Due 2025 referred to in the within-mentioned Indenture.

Dated:

**U.S. BANK NATIONAL ASSOCIATION**, as Trustee

by: \_\_\_\_\_  
Authorized Signatory

---

[Reverse of Note]

4.375% Senior Notes Due 2025

1. Indenture

This Note is one of a duly authorized issue of Notes of the Company, designated as its 4.375% Senior Notes Due 2025 (the “Notes”) to be issued under an indenture, dated as of August 8, 2017 (the “Indenture”), among VALVOLINE INC., a Kentucky corporation (the “Company”), Subsidiary Guarantors (as defined therein), U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States, as trustee (the “Trustee”) and the other agents party thereto. Reference is hereby made to the Indenture and all indentures supplemental thereto relevant to the Notes for a complete description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Notes. Capitalized terms used but not defined in this Note shall have the meanings ascribed to them in the Indenture.

Each Note is subject to, and qualified by, all such terms as set forth in the Indenture certain of which are summarized herein and each Holder of a Note is referred to the corresponding provisions of the Indenture for a complete statement of such terms. To the extent that there is any inconsistency between the summary provisions set forth in the Notes and the Indenture, the provisions of the Indenture shall govern.

2. Interest

The Company promises to pay interest on the principal amount of this Note at the rate per annum shown above. The Company will pay interest semiannually in arrears on February 15 and August 15 of each year, commencing on February 15, 2018, to the holder of record of those Notes on the immediately preceding February 1 or August 1, as applicable. Additional interest may accrue on the Notes in certain circumstances pursuant to the Registration Rights Agreement. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the issue date of the Notes. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

3. Paying Agent and Registrar

Initially the Trustee will act as paying agent and registrar. The Company may appoint and change any paying agent or registrar without notice. The Company or any of its Subsidiaries may act as paying agent or registrar.

4. Defaults and Remedies; Waiver

Article VI of the Indenture sets forth the Events of Default and related remedies applicable to the Notes.

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5. Amendment

Article IX of the Indenture sets forth the terms by which the Notes and the Indenture may be amended.

6. Change of Control

Section 4.13 of the Indenture sets forth the terms by which the Company will be required to make an offer to purchase the Notes if a Change of Control occurs.

7. Obligations Absolute

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligations of the Company, which are absolute and unconditional, to pay the principal of and any premium and interest on this Note at the place, at the respective times, at the rate and in the coin or currency herein prescribed.

8. Sinking Fund

The Notes will not have the benefit of any sinking fund.

9. Denominations; Transfer; Exchange

The Notes are issuable in registered form without coupons in denominations of \$2,000 principal amount and any integral multiple of \$1,000 in excess thereof. When Notes are presented to the Registrar with a request to register a transfer or to exchange them for an equal principal amount of Notes of the same series, the Registrar shall register the transfer or make the exchange in the manner and subject to the limitations provided in the Indenture, without payment of any service charge but with payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.11, 3.06, 4.13 and 9.04 of the Indenture).

The Company and the Registrar shall not be required (a) to issue, register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Notes selected for redemption under Section 3.02 of the Indenture and ending at the close of business on the day of such mailing or (b) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

10. Further Issues

The Company may from time to time, without the consent of the Holders of the Notes and in accordance with the Indenture, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

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## 11. Optional Redemption

The Notes are subject to redemption at the option of the Company, as described in Section 3.08 of the Indenture.

## 12. Persons Deemed Owners

The ownership of Notes shall be proved by the register maintained by the Registrar.

## 13. No Personal Liability of Directors, Officers, Employees and Stockholders

No present, past or future director, officer, employee, member, partner, incorporator or equityholder of the Company, any Guarantor or any Subsidiary of the Company or any of their respective direct or indirect parent companies (except for the Company, any Subsidiary or parent company (if any) in its capacity as obligor or guarantor in respect of the Notes and not in its capacity as equityholder of the Company or any Subsidiary Guarantor) shall have any liability for any obligations of the Company or any of the Guarantors under the Notes, the Guarantees, this Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting the Notes waives and releases all such liability. This waiver and release are part of the consideration for issuance of the Notes.

## 14. Discharge and Defeasance

Subject to certain conditions set forth in the Indenture, the Company at any time may terminate some or all of its obligations under the Notes and the Indenture if it deposits with the Trustee money and/or certain specified government securities for the payment of principal of, premium, if any, and interest on the Notes to redemption or maturity, as the case may be.

## 15. Unclaimed Money

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request or, if then held by the Company, shall be discharged from such trust. Thereafter the Holder of such Note shall look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

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## 16. Trustee Dealings with the Company

Subject to certain limitations imposed by the Trust Indenture Act, the Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar or co-paying agent may do the same with like rights.

## 17. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

## 18. CUSIP Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and have directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

## 19. Additional Rights of Holders

In addition to the rights provided to Holders under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes will have all the rights set forth in the Registration Rights Agreement to be dated the Issue Date, among the Company, the Subsidiary Guarantors and the initial purchasers named therein.

## 20. Governing Law

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

**The Company will furnish to any Holder of Notes upon written request and without charge to the Holder a copy of the Indenture and/or the Registration Rights Agreement.**

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ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to \_\_\_\_\_

(Insert assignee's legal name)

\_\_\_\_\_  
(Insert assignee's soc. sec. or tax I.D. no.)

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

(Print or type assignee's name, address and zip code)

and irrevocably appoint to transfer this Note on the books of the Company. The agent may substitute another to act for him or her.

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee:

Date: _____	_____
Signature must be guaranteed by a participant in a recognized signature guaranty medallion program or other signature guarantor program reasonably acceptable to the Trustee	Signature of Signature Guarantee

Option of Holder to Elect Purchase

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or Section 4.13 of the Indenture, check the appropriate box below:

- Section 4.10       Section 4.13

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.13 of the Indenture, state the amount you elect to have purchased:

\$ \_\_\_\_\_

Date:

Your Signature: \_\_\_\_\_

(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: \_\_\_\_\_

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).



## SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE\*

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease or increase</u>	<u>Signature of authorized signatory of Trustee or Custodian</u>
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\*This schedule should be included only if the Note is issued in Global Form

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## FORM OF CERTIFICATE OF TRANSFER

Valvoline Inc.  
 100 Valvoline Way  
 Lexington, KY 40509-2714  
 Attention: Julie M. O'Daniel, Esq.

U.S. Bank National Association  
 Global Corporate Trust Services  
 425 Walnut Street, 6th Floor  
 Cincinnati, OH 45202  
 Attention: William Sicking  
 Facsimile: 513.632.5511  
 Email: william.sicking@usbank.com

Re: 4.375% Senior Notes due 2025

Reference is hereby made to the Indenture, dated as of August 8, 2017, as may be amended, restated, supplemented or otherwise modified from time to time (the “Indenture”), among Valvoline Inc., the Subsidiary Guarantors (as defined therein) and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the “Transferor”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of \$ \_\_\_\_\_ in such Note[s] or interests (the “Transfer”), to \_\_\_\_\_ (the “Transferee”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1.  CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE 144A GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO RULE 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the “Securities Act”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States.

2.  CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE REGULATION S GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO REGULATIONS. The Transfer is being effected pursuant to and in accordance with Rule 903 or

Rule 904 promulgated under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S promulgated under the Securities Act (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an initial purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Indenture and the Securities Act.

3.  CHECK AND COMPLETE IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE DEFINITIVE NOTE PURSUANT TO ANY PROVISION OF THE SECURITIES ACT OTHER THAN RULE 144A OR REGULATION S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a)  such Transfer is being effected pursuant to and in accordance with Rule 144 promulgated under the Securities Act; or

(b)  such Transfer is being effected to Parent or a Restricted Subsidiary thereof; or

(c)  such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

4.  CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE OR OF AN UNRESTRICTED DEFINITIVE NOTE.

(a)  CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 promulgated under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c)  CHECK IF TRANSFER IS PURSUANT TO REGULATION S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 promulgated under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(d)  CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

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

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

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

- (a)  a beneficial interest in the:
  - (i)  144A Global Note (CUSIP [    ]), or
  - (i)  Regulation S Global Note (CUSIP [    ]), or
- (b)  a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

- (a)  a beneficial interest in the:
  - (i)  144A Global Note (CUSIP [    ]), or
  - (ii)  Regulation S Global Note (CUSIP [    ]), or
- (b)  a Restricted Definitive Note; or
- (c)  an Unrestricted Definitive Note, in accordance with the terms of the Indenture

## FORM OF CERTIFICATE OF EXCHANGE

Valvoline Inc.  
 100 Valvoline Way  
 Lexington, KY 40509-2714  
 Attention: Julie M. O’Daniel, Esq.

U.S. Bank National Association  
 Global Corporate Trust Services  
 425 Walnut Street, 6th Floor  
 Cincinnati, OH 45202  
 Attention: William Sicking  
 Facsimile: 513.632.5511  
 Email: [william.sicking@usbank.com](mailto:william.sicking@usbank.com)

Re: 4.375% Senior Notes due 2025

Reference is hereby made to the Indenture, dated as of August 8, 2017, as may be amended, restated, supplemented or otherwise modified from time to time (the “Indenture”), among Valvoline Inc., the Subsidiary Guarantors (as defined therein) and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the “Owner”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of \$ \_\_\_\_\_ in such Note[s] or interests (the “Exchange”). In connection with the Exchange, the Owner hereby certifies that:

1) EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN A RESTRICTED GLOBAL NOTE FOR UNRESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN AN UNRESTRICTED GLOBAL NOTE

a)  CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the “Securities Act”), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

b)  CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Exchange of

the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

c)  CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

d)  CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

## 2) EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES FOR RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES

a)  CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO RESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

b)  CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's

Restricted Definitive Note for a beneficial interest in the [CHECK ONE]  144A Global Note  Regulation S Global Note, with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and are dated.

[Insert Name of Transferor]

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

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



## EXHIBIT D

### FORM OF SUPPLEMENTAL INDENTURE FOR ADDITIONAL SUBSIDIARY GUARANTORS

SUPPLEMENTAL INDENTURE (this “Supplemental Indenture”), dated as of [ ], 20[ ], among Valvoline Inc. (the “Company”), [ ] (the “Guaranteeing Subsidiary”) a subsidiary the Company (as defined in the Indenture referred to herein), U.S. Bank National Association, as trustee under the Indenture referred to herein (the “Trustee”).

#### WITNESSETH

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (as amended or supplemented from time to time, the “Indenture”), dated as of August 8, 2017, among the Company, the Guarantors named therein and the Trustee, providing for the issuance from time to time of notes (the “Notes”);

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Company’s obligations under the Notes and the Indenture (the “Subsidiary Guarantee”); and

WHEREAS, pursuant to Sections 9.01, 10.06 and 10.07 of the Indenture, the Trustee is authorized and required to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. *Capitalized Terms* . Unless otherwise defined in this Supplemental Indenture, capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.
2. *Agreement to be Bound; Guarantee* . The Guaranteeing Subsidiary hereby becomes a party to the Indenture as a Subsidiary Guarantor and as such will have all of the rights and be subject to all of the obligations (including the Guaranteed Obligations) and agreements of a Subsidiary Guarantor under the Indenture. In furtherance of the foregoing, the Guaranteeing Subsidiary shall be deemed a Subsidiary Guarantor for purposes of Article X of the Indenture, including, without limitation, Section 10.02 thereof.
3. ***NEW YORK LAW TO GOVERN . THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.***
4. *Counterparts* . The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF

transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

5. *Effect of Headings* . The Section headings herein are for convenience only and shall not affect the construction hereof.

6. *The Trustee* . The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary.

7. *Ratification of Indenture; Supplemental Indenture Part of Indenture* . Except as expressly supplemented or amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

[ *Signature Page Follows* ]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Valvoline Inc.

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

Name:

Title:

[ • ]

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

Name:

Title:

[ • ]

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

Name:

Title:

[ • ]

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

Name:

Title:

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

By:

\_\_\_\_\_

Name:

Title:

**Valvoline Inc.**

\$400,000,000

4.375% Senior Notes due 2025

**REGISTRATION RIGHTS AGREEMENT**

Dated August 8, 2017

## REGISTRATION RIGHTS AGREEMENT

August 8, 2017

Citigroup Global Markets Inc.  
as Representative of the several Initial Purchasers  
388 Greenwich Street  
New York, New York 10013

Ladies and Gentlemen:

This Registration Rights Agreement (this “Agreement”) is made and entered into as of August 8, 2017, among Valvoline Inc., a Kentucky corporation (“Valvoline”), the subsidiaries (each, a “Guarantor” and collectively, the “Guarantors” and together with Valvoline, the “Company”) listed on Schedule C to the Purchase Agreement (as defined below) and Citigroup Global Markets Inc. (the “Representative”), as representative of the several Initial Purchasers (the “Initial Purchasers”) listed on Schedule A to the Purchase Agreement, each of whom has agreed to purchase severally a portion of Valvoline’s \$400,000,000 aggregate principal amount of 4.375% Senior Notes due 2025 (the “Notes”).

This Agreement is made pursuant to the Purchase Agreement, dated August 3, 2017 (the “Purchase Agreement”), among Valvoline, the Guarantors and the Representative for the benefit of the holders from time to time of Transfer Restricted Securities (as defined below), including the Initial Purchasers. Capitalized terms used but not defined herein have the meanings assigned to them in the Purchase Agreement.

The parties hereby agree as follows:

SECTION 1. *Definitions*. As used in this Agreement, the following capitalized terms shall have the following meanings:

*Additional Interest*: As defined in Section 5 hereof.

*Advice*: As defined in Section 6(c) hereof.

*Agreement*: As defined in the preamble hereto.

*Broker-Dealer*: Any broker or dealer registered under the Exchange Act.

*Business Day*: Any day other than a Saturday, Sunday or a day on which commercial banking institutions are required to be closed in the State of New York.

*Commission*: The Securities and Exchange Commission.

*Company*: As defined in the preamble hereto.

*Consummate:* A registered Exchange Offer shall be deemed “Consummated” for purposes of this Agreement upon the occurrence of (i) the filing and effectiveness under the Securities Act of the Exchange Offer Registration Statement relating to the Exchange Securities to be issued in the Exchange Offer, (ii) the maintenance of the effectiveness of such Registration Statement continuously and the keeping open of the Exchange Offer for a period of not less than the minimum period required pursuant to Section 3(b) hereof, and (iii) the delivery by the Company to the Registrar under the Indenture of Exchange Securities in the same aggregate principal amount as the aggregate principal amount of Transfer Restricted Securities that were tendered by Holders thereof pursuant to the Exchange Offer.

*Exchange Act:* The Securities Exchange Act of 1934, as amended.

*Exchange Date:* As defined in Section 3(a) hereof.

*Exchange Offer:* The offer by the Company to the Holders of all outstanding Transfer Restricted Securities of the opportunity to exchange all such outstanding Transfer Restricted Securities held by such Holders for Exchange Securities in an aggregate principal amount equal to the aggregate principal amount of the Transfer Restricted Securities tendered in such exchange offer by such Holders, such exchange offer being the subject of a Registration Statement of the Company registering the Exchange Securities under the Securities Act.

*Exchange Offer Registration Statement:* The Registration Statement relating to the Exchange Offer, including the related Prospectus.

*Exchange Offer Suspension Period:* As defined in Section 3(c) hereof.

*Exchange Securities:* The 4.375% Senior Notes due 2025, of the same series under the Indenture as the Transfer Restricted Securities, to be issued to Holders in exchange for Transfer Restricted Securities pursuant to this Agreement.

*FINRA:* Financial Industry Regulatory Authority, Inc.

*Guarantees :* The unconditional guarantee by the Guarantors of all of Valvoline’s obligations under the Notes and the Indenture on the terms and conditions set forth in the Indenture.

*Guarantors:* As defined in the preamble hereto.

*Holders:* As defined in Section 2(b) hereof.

*Indemnified Holder:* As defined in Section 8(a) hereof.

*Indenture:* The indenture, dated as of August 8, 2017, among Valvoline, the Guarantors and U.S. Bank National Association, as Trustee, pursuant to which the Notes were issued.

*Initial Purchasers:* As defined in the preamble hereto.

*Interest Payment Date:* As defined in the Indenture and the Securities.

*Notes:* As defined in the preamble hereto.

*Person:* An individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other type of entity.

*Prospectus:* The prospectus included in a Registration Statement, as amended or supplemented by all amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

*Purchase Agreement:* As defined in the preamble hereto.

*Registrar:* As defined in the Indenture.

*Registration Default:* As defined in Section 5 hereof.

*Registration Statement:* Any registration statement of the Company relating to (a) an offering of Exchange Securities pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, which is filed pursuant to the provisions of this Agreement, in each case, including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

*Representative:* As defined in the preamble hereto.

*Securities:* The Notes to be issued and sold to the Initial Purchasers, and any securities issued in exchange therefor or in lieu thereof pursuant to the Indenture. The Notes are entitled to the benefit of the Guarantees provided for in the Indenture and unless the context otherwise requires, any reference herein to the “Securities,” the “Exchange Securities” or the “Transfer Restricted Securities” shall include a reference to the related Guarantees.

*Securities Act:* The Securities Act of 1933, as amended.

*Shelf Filing Deadline:* As defined in Section 4(a) hereof.

*Shelf Registration Statement:* As defined in Section 4(a) hereof.

*Shelf Suspension Period:* As defined in Section 4(a) hereof.

*Transfer Restricted Securities:* The Notes; *provided* that the Notes shall cease to be Transfer Restricted Securities on the earliest to occur of (i) the date on which a Registration Statement with respect to such Notes has become effective under the Securities Act and such Notes have been exchanged in the



Exchange Offer or disposed of pursuant to such Registration Statement or (ii) the date on which such Notes cease to be outstanding.

*Trust Indenture Act:* The Trust Indenture Act of 1939, as amended.

*Trustee:* U.S. Bank National Association.

*Underwritten Registration or Underwritten Offering:* A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

*Valvoline:* As defined in the preamble hereto.

## SECTION 2. *Securities Subject to this Agreement* .

(a) *Transfer Restricted Securities.* The securities entitled to the benefits of this Agreement are the Transfer Restricted Securities.

(b) *Holders of Transfer Restricted Securities.* A Person is deemed to be a holder of Transfer Restricted Securities (each, a “Holder”) whenever such Person owns Transfer Restricted Securities.

## SECTION 3. *Registered Exchange Offer* .

(a) Unless the Exchange Offer shall not be permissible under applicable law or Commission policy (after the procedures set forth in Section 6(a) hereof have been complied with), or there are no Transfer Restricted Securities outstanding, the Company shall (i) use its commercially reasonable efforts to cause to be filed with the Commission a Registration Statement under the Securities Act relating to the Exchange Securities and the Exchange Offer, (ii) use its commercially reasonable efforts to cause such Registration Statement to become effective, (iii) in connection with the foregoing, (A) file all pre-effective amendments to such Registration Statement as may be necessary in order to cause such Registration Statement to become effective, (B) if applicable, file a post-effective amendment to such Registration Statement pursuant to Rule 430A under the Securities Act and (C) cause all necessary filings in connection with the registration and qualification of the Exchange Securities to be made under the state securities or blue sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer, and (iv) promptly following the effectiveness of such Registration Statement, commence the Exchange Offer. The Company shall use its commercially reasonable efforts to Consummate the Exchange Offer not later than 365 days following the Closing Date (or if such 365th day is not a Business Day, the next succeeding Business Day) (the “Exchange Date”). If the Exchange Offer is required pursuant to this Section 3(a), the Exchange Offer Registration Statement shall be on the appropriate form permitting registration of the Exchange Securities to be offered in exchange for the Transfer Restricted Securities and to permit resales of Transfer Restricted Securities held by Broker-Dealers as contemplated by Section 3(c) hereof.

(b) If an Exchange Offer Registration Statement is required to be filed and is declared effective pursuant to Section 3(a) above, the Company shall use its commercially reasonable efforts to cause the Exchange Offer Registration Statement to be effective continuously until the Exchange Offer is Consummated and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; *provided, however*, that in no event shall such period be less than 20 days after the date notice of the Exchange Offer is mailed to the Holders. The Company shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Exchange Securities shall be included in the Exchange Offer Registration Statement. The Company shall use its commercially reasonable efforts to cause the Exchange Offer to be Consummated by the Exchange Date.

(c) The Company shall indicate in a “Plan of Distribution” section contained in the Prospectus forming a part of the Exchange Offer Registration Statement that any Broker-Dealer who holds Transfer Restricted Securities that were acquired for its own account as a result of market-making activities or other trading activities (other than Transfer Restricted Securities acquired directly from the Company) may exchange such Transfer Restricted Securities pursuant to the Exchange Offer; however, such Broker-Dealer may be deemed to be an “underwriter” within the meaning of the Securities Act and must, therefore, deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Securities received by such Broker-Dealer in the Exchange Offer, which prospectus delivery requirement may be satisfied by the delivery by such Broker-Dealer of the Prospectus contained in the Exchange Offer Registration Statement. Such “Plan of Distribution” section shall also contain all other information with respect to such resales by Broker-Dealers that the Commission may require in order to permit such resales pursuant thereto, but such “Plan of Distribution” shall not name any such Broker-Dealer or disclose the amount of Transfer Restricted Securities held by any such Broker-Dealer except to the extent required by the Commission.

The Company shall use its commercially reasonable efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 6(c) hereof to the extent necessary to ensure that it is available for resales of Exchange Securities acquired by Broker-Dealers for their own accounts as a result of market-making activities or other trading activities, and to ensure that it conforms in all material respects with the requirements of this Agreement, the Securities Act and the policies, rules and regulations of the Commission as announced from time to time, for a period ending on the earlier of (i) 180 days from the date on which the Exchange Offer Registration Statement is declared effective and (ii) the date on which a Broker-Dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities; *provided* that the Company, for a period of up to 60 days in any three-month period, not to exceed 90 days in any calendar year, shall be entitled to suspend its obligations under Section 6(c) and suspend the use of the Prospectus that is part of the Exchange Offer Registration Statement (any such period, an “Exchange Offer Suspension Period”), if there is a possible acquisition, disposition or business combination or other transaction, business development or event involving Valvoline or any of its subsidiaries that would require disclosure to be included or incorporated by reference in the Exchange Offer Registration Statement or Prospectus (and disclosure would not be required to be made at such time but for the use of such Exchange Offer Registration Statement or Prospectus) and the Company determines in the exercise

of its reasonable judgment (and not for the purpose of avoidance of its obligations hereunder) that such disclosure is not in the best interest of Valvoline and its stockholders or would reasonably be expected to adversely affect in any material respect Valvoline or its business or Valvoline's ability to effect a planned or proposed acquisition, disposition, business combination or other similar transaction.

The Company shall provide sufficient copies of the latest version of such Prospectus to Broker-Dealers promptly upon request at any time during such 180-day period (or shorter as provided in the foregoing sentence) in order to facilitate such resales.

It is agreed that if the Exchange Offer required to be Consummated pursuant to this Agreement is not so Consummated by the Exchange Date, the only remedy to the Holders, except as provided in Section 4 hereof, after the Exchange Date will be Additional Interest as set forth in Section 5 hereof.

Notwithstanding anything in this Section 3 to the contrary, the requirements to file and keep effective the Exchange Offer Registration Statement and to make all other filings contemplated by this Section 3 and the requirements to Consummate the Exchange Offer shall terminate at the earliest to occur of such time as a Shelf Registration Statement required by Section 4(a)(x) has been filed in accordance with Section 4 hereof with respect to all Transfer Restricted Securities for which information has been provided in accordance with Section 4(b) hereof, and such Shelf Registration Statement has been declared effective by the Commission.

#### SECTION 4. *Shelf Registration* .

(a) *Shelf Registration*. If (i) the Company is not required to file an Exchange Offer Registration Statement or to Consummate the Exchange Offer solely because the Exchange Offer is not permitted by applicable law or Commission policy (after the procedures set forth in Section 6(a) hereof have been complied with), (ii) for any reason the Exchange Offer is not Consummated by the Exchange Date, or (iii) (A) prior to the Exchange Date, the Initial Purchasers request from the Company with respect to Transfer Restricted Securities not eligible to be exchanged for Exchange Securities in the Exchange Offer, (B) with respect to any Holder of Transfer Restricted Securities such Holder notifies the Company that (1) such Holder is prohibited by applicable law or Commission policy from participating in the Exchange Offer, (2) such Holder notifies the Company within 30 days of the consummation of the Exchange Offer that such Holder may not resell the Exchange Securities acquired by it in the Exchange Offer to the public without delivering a prospectus and that the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder, or (3) such Holder is a Broker-Dealer and holds Transfer Restricted Securities acquired directly from the Company or one of its affiliates, and requests from the Company with respect to such Securities or (C) prior to the Exchange Date, in the case of any Initial Purchaser, such Initial Purchaser notifies the Company it will not receive Exchange Securities in exchange for Transfer Restricted Securities constituting any portion of such Initial Purchaser's unsold allotment, the Company shall:

(x) cause to be filed a shelf registration statement pursuant to Rule 415 under the Securities Act, which may be an amendment to the Exchange Offer Registration Statement (in either event, the “Shelf Registration Statement”) on or prior to the 30th day after the date such obligation arises (or if such 30th day is not a Business Day, the next succeeding Business Day) but no earlier than the Exchange Date (such date being the “Shelf Filing Deadline”), which Shelf Registration Statement shall provide for resales of all Transfer Restricted Securities the Holders of which shall have provided the information required pursuant to Section 4(b) hereof; and

(y) use its commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the Commission on or before the 60th day after the Shelf Filing Deadline (or if such 60th day is not a Business Day, the next succeeding Business Day).

The Company shall use its commercially reasonable efforts to keep such Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Sections 6(b) and (c) hereof to the extent necessary to ensure that it is available for resales of Transfer Restricted Securities by the Holders of such Securities entitled to the benefit of this Section 4(a), and to ensure that it conforms in all material respects with the requirements of this Agreement, the Securities Act and the policies, rules and regulations of the Commission as announced from time to time, from the date on which the Shelf Registration Statement is declared effective by the Commission until the first anniversary of such effective date (or such shorter period that will terminate when all the Transfer Restricted Securities covered by such Shelf Registration Statement have been sold pursuant to such Shelf Registration Statement); *provided* that the Company, for a period of up to 60 days in any three-month period, not to exceed 90 days in any calendar year, shall be entitled to suspend its obligations under Section 6(b) and (c) and suspend the use of the Prospectus that is part of the Shelf Registration Statement (any such period, a “Shelf Suspension Period”), if there is a possible acquisition, disposition or business combination or other transaction, business development or event involving Valvoline or any of its subsidiaries that would require disclosure to be included or incorporated by reference in the Shelf Registration Statement or Prospectus (and disclosure would not be required to be made at such time but for the use of such Shelf Registration Statement or Prospectus) and the Company determines in the exercise of its reasonable judgment (and not for the purpose of avoidance of its obligations hereunder) that such disclosure is not in the best interest of Valvoline and its stockholders or would reasonably be expected to adversely affect in any material respect Valvoline or its business or Valvoline’s ability to effect a planned or proposed acquisition, disposition, business combination or other similar transaction. It is agreed that if a Shelf Registration Statement is required to be filed and effective pursuant to this Agreement and is not so filed and effective after the Shelf Filing Deadline, the only remedy to the Holders after the Shelf Filing Deadline will be Additional Interest as set forth in Section 5 hereof. Notwithstanding anything in this Agreement to the contrary, the requirements to file a Shelf Registration Statement and to use its commercially reasonable efforts to cause such Shelf Registration Statement to become effective and remain effective shall terminate where such requirements were the result of the circumstances described under Section 4(a) hereof, at such time as the Exchange Offer is Consummated.

(b) *Provision by Holders of Certain Information in Connection with the Shelf Registration Statement.* No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 20 Business Days after receipt of a request therefor, such information as the Company may reasonably request for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. Each Holder as to which any Shelf Registration Statement is being effected agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

SECTION 5. *Additional Interest.* If either (i) the Exchange Offer, if required hereby, has not been Consummated on or prior to the Exchange Date, (ii) any Shelf Registration Statement, if required hereby, has not been declared effective by the Commission by the time provided in this Agreement, or (iii) any Registration Statement required by this Agreement has been declared effective but ceases to be effective at any time at which it is required to be effective under this Agreement other than during an Exchange Offer Suspension Period or a Shelf Suspension Period (each such event referred to in clauses (i) through (iii), a “Registration Default”), the Company hereby agrees that the interest rate borne by the affected Transfer Restricted Securities shall be increased by 0.25% per annum during the 90-day period immediately following the occurrence of any Registration Default and shall increase by 0.25% per annum at the end of each subsequent 90-day period during which such Registration Default continues (such increase, “Additional Interest”), but in no event shall the amount of Additional Interest on any Transfer Restricted Securities exceed 0.50% per annum. At the cure of all Registration Defaults relating to the particular Transfer Restricted Securities the interest rate borne by the relevant Transfer Restricted Securities will be reduced to the original interest rate borne by such Transfer Restricted Securities; *provided, however*, that, if after any such reduction in interest rate, a different Registration Default occurs, the interest rate borne by the relevant Transfer Restricted Securities shall again be increased pursuant to the foregoing provisions; and *provided further* that notwithstanding anything in this Agreement to the contrary, a Registration Default shall be deemed cured (among other circumstances under which it may be cured) at such time as the requirement to Consummate the Exchange Offer or the requirement that a Shelf Registration Statement be declared effective or remain effective, as applicable, terminates in a manner provided in this Agreement.

All obligations of the Company set forth in the preceding paragraph that are outstanding with respect to any Transfer Restricted Security at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such security shall have been satisfied in full.

#### SECTION 6. *Registration Procedures* .

(a) *Exchange Offer Registration Statement.* In connection with the Exchange Offer, if required pursuant to Section 3(a) hereof, the Company shall comply with all of the provisions of Section 6(c) hereof, shall use its commercially reasonable efforts to effect such exchange to permit the sale of Transfer

Restricted Securities being sold in accordance with the intended method or methods of distribution thereof, and shall comply with all of the following provisions:

(i) If in the reasonable opinion of counsel to the Company there is a question as to whether the Exchange Offer is permitted by applicable law, the Company hereby agrees to use its commercially reasonable efforts to seek a no-action letter or other favorable decision from the Commission allowing the Company to consummate an Exchange Offer for such Transfer Restricted Securities. The Company hereby agrees to pursue the issuance of such a decision to the Commission staff level but shall not be required to take commercially unreasonable action to effect a change of Commission policy. Subject to the immediately preceding two sentences, the Company hereby agrees, however, to (A) participate in telephonic conferences with the Commission, (B) deliver to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursue a favorable resolution by the Commission staff of such submission.

(ii) As a condition to its participation in the Exchange Offer pursuant to the terms of this Agreement, each Holder of Transfer Restricted Securities shall furnish, upon the request of the Company, prior to the consummation thereof, a written representation to the Company (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an affiliate (within the meaning of Rule 405 under the Securities Act) of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any Person to participate in, a distribution of the Exchange Securities to be issued in the Exchange Offer and (C) it is acquiring the Exchange Securities in its ordinary course of business. In addition, all such Holders of Transfer Restricted Securities shall otherwise cooperate in the Company's preparations for the Exchange Offer. Each Holder shall acknowledge and agree that any Broker-Dealer and any such Holder using the Exchange Offer to participate in a distribution of the securities to be acquired in the Exchange Offer (1) could not under Commission policy as in effect on the date of this Agreement rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling LLP, dated July 2, 1993, and similar no-action letters (which may include any no-action letter obtained pursuant to clause (i) above) and the Commission's Compliance and Disclosure Interpretations, and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that such a secondary resale transaction should be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K under the Securities Act if the resales are of Exchange Securities obtained by such Holder in exchange for Transfer Restricted Securities acquired by such Holder directly from the Company.

(b) *Shelf Registration Statement.* If required pursuant to Section 4 hereof, in connection with the Shelf Registration Statement, the Company shall comply with all the provisions of Section 6(c) hereof and

shall use its commercially reasonable efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof, and pursuant thereto the Company will as expeditiously as is commercially reasonably practicable prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Securities Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof, in accordance with the provisions of Section 4 hereof.

(c) *General Provisions.* In connection with any Registration Statement and any related Prospectus required by this Agreement to permit the sale or resale of Transfer Restricted Securities (including, without limitation, any Registration Statement and the related Prospectus required to permit resales of Transfer Restricted Securities by Broker-Dealers), the Company shall:

(i) use its commercially reasonable efforts to keep such Registration Statement continuously effective and provide all requisite financial statements (it being understood that such financial statements shall be deemed provided to the extent filed with the Commission); upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Company shall file promptly an appropriate amendment to such Registration Statement (or file with the Commission a document to be incorporated by reference into the Registration Statement), in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), use its commercially reasonable efforts to cause such amendment to be declared effective and such Registration Statement and the related Prospectus to become usable for their intended purpose(s) as soon as practicable thereafter;

(ii) prepare and file with the Commission such amendments and post-effective amendments to the applicable Registration Statement as may be necessary to keep the Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as applicable, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) in the case of a Shelf Registration Statement, advise the underwriter(s), if any, and selling Holders named in any Registration Statement promptly and, if requested by such Persons, confirm such advice in writing, (A) when the Prospectus or post-effective amendment has been filed, and, with respect to any Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending

the effectiveness of the Registration Statement under the Securities Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus any amendment or supplement thereto, untrue, or that requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or blue sky laws, the Company shall use its commercially reasonable efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) in the case of a Shelf Registration Statement, furnish without charge to each of the Initial Purchasers, each selling Holder named in any Registration Statement, and each of the underwriter(s), if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement, if not available on the Commission's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system), which documents will be subject to the review and comment of such Holders and underwriter(s) in connection with such sale, if any, for a period of at least two Business Days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (but shall not be required to amend any document previously filed with the Commission and incorporated by reference therein) to which an Initial Purchaser of Transfer Restricted Securities covered by such Registration Statement or the underwriter(s), if any, shall reasonably object in writing within two Business Days after the receipt thereof (such objection to be deemed timely made upon confirmation of telecopy transmission within such period). The objection of an Initial Purchaser or underwriter, if any, shall be deemed to be reasonable if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains a material misstatement or omission;

(v) in connection with an Underwritten Offering, make available at reasonable times for inspection by the Initial Purchasers and the managing underwriter(s), if any, participating in any disposition pursuant to such Registration Statement and any attorney or accountant retained by such Initial Purchasers or any of the underwriter(s), all financial and other records, pertinent corporate documents and properties of the Company reasonably requested to be made available and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Holder, Initial Purchaser, underwriter, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing



thereof and prior to its effectiveness and to participate in meetings with investors to the extent reasonably requested by the managing underwriter(s), if any;

(vi) in connection with an Underwritten Offering, if requested by any selling Holders or the underwriter(s), if any, promptly incorporate in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders and underwriter(s), if any, may reasonably request to have included therein, including, without limitation, information relating to the “Plan of Distribution” of the Transfer Restricted Securities, information with respect to the principal amount of Transfer Restricted Securities being sold to such underwriter(s), the purchase price being paid therefor and any other terms of the offering of the Transfer Restricted Securities to be sold in such offering; and make all required filings of such post-effective amendment as soon as practicable after the Company is notified of the matters to be incorporated in such post-effective amendment;

(vii) in connection with an Underwritten Offering, cause the Transfer Restricted Securities covered by the Registration Statement to be rated, if not then rated, with the appropriate rating agencies, if so requested by the Holders of a majority in aggregate principal amount of Securities covered thereby or the underwriter(s), if any;

(viii) in the case of a Shelf Registration Statement, furnish to each Initial Purchaser, each selling Holder and each of the underwriter(s), if any, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including financial statements and schedules, (but without documents incorporated by reference therein and all exhibits thereto, unless requested);

(ix) in the case of a Shelf Registration Statement, deliver to each selling Holder and each of the underwriter(s), if any, without charge, as many copies of the Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Company hereby consents to the use of the Prospectus and any amendment or supplement thereto by each of the selling Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(x) in the case of a Shelf Registration Statement, take all customary and appropriate actions (as determined in good faith by the Company) in order to expedite or facilitate the disposition of such Transfer Restricted Securities and if so requested by the Holders of such Transfer Restricted Securities in connection with any underwritten offering, enter into a customary underwriting agreement and:

(A) make such representations and warranties to the Holders of such Transfer Restricted Securities and the underwriters as the Company is able to make, in such form, substance and scope as are customarily made by issuers to underwriters in similar underwritten offerings as may be reasonably requested by them;

(B) obtain opinions of counsel to the Company covering the matters customarily covered in opinions and negative assurance letters, requested in sales of securities or underwritten offerings and such other matters as may be reasonably requested by such underwriters;

(C) obtain “cold comfort” letters and updates thereof from the Company’s independent certified public accountants (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements are, or are required to be, included in the Registration Statement) addressed to the underwriters, such letters to be in customary form and covering matters of the type customarily covered in “cold comfort” letters to underwriters in connection with similar underwritten offerings;

(D) if an underwriting agreement is entered into, cause the same to set forth indemnification provisions and procedures substantially equivalent to the indemnification provisions and procedures set forth in Section 8 hereof with respect to the underwriters and all other parties to be indemnified pursuant to said Section or, at the request of any underwriters, in the form customarily provided to such underwriters in similar types of transactions; and

(E) deliver such documents and certificates as may be reasonably requested and as are customarily delivered in similar offerings to the managing underwriters, if any.

The above shall be done at the closing of an offering under any underwriting agreement as and to the extent required thereunder;

(xi) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the Transfer Restricted Securities under the state securities or blue sky laws of such jurisdictions as the selling Holders or underwriter(s), if any, may reasonably request and do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the Shelf Registration Statement; *provided, however*, that the Company shall not be required to register or qualify as a foreign corporation where it is not then so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not then so subject;

(xii) issue, upon the request of any Holder of Transfer Restricted Securities covered by the Shelf Registration Statement, Exchange Securities having an aggregate principal amount equal to the aggregate principal amount of Transfer Restricted Securities, surrendered to the Company by

such Holder in exchange therefor or being sold by such Holder; such Exchange Securities to be registered in the name of such Holder or in the name of the purchaser(s) of such Securities, as the case may be; in return, the Transfer Restricted Securities held by such Holder shall be surrendered to the Company for cancellation;

(xiii) cooperate with the selling Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and enable such Transfer Restricted Securities to be in such denominations and registered in such names as the Holders or the underwriter(s), if any, may request no later than three Business Days after written request made by such Holders or underwriter(s);

(xiv) use its commercially reasonable efforts to cause the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter(s), if any, to consummate the disposition of such Transfer Restricted Securities, subject to the proviso contained in Section 6(c)(xi) hereof;

(xv) if any fact or event contemplated by Section 6(c)(iii)(D) hereof shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus (or file with the Commission a document to be incorporated by reference into the Registration Statement) so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein not misleading;

(xvi) provide a CUSIP number for all Securities not later than the effective date of the Registration Statement covering such Securities and provide the Trustee under the Indenture with certificates for such Securities which are in a form eligible for deposit with the Depository Trust Company and take all other action reasonably necessary to ensure that all such Securities are eligible for deposit with the Depository Trust Company;

(xvii) cooperate and assist in any filings required to be made with the FINRA and in the performance of any due diligence investigation by any underwriter (including any “qualified independent underwriter”) that is required to be retained in accordance with the rules and regulations of the FINRA;

(xviii) otherwise use its commercially reasonable efforts to comply in all material respects with all applicable rules and regulations of the Commission, and make generally available to its security holders, as soon as practicable, a consolidated earnings statement covering at least 12 months (which need not be audited) and meeting the requirements of Rule 158 under the Securities Act;

(xix) cause the Indenture to be qualified under the Trust Indenture Act not later than the effective date of the first Registration Statement required by this Agreement, and, in connection therewith, cooperate with the Trustee and the Holders of Securities to effect such changes to the

Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the Trust Indenture Act; and to execute, and use its commercially reasonable efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner; and

(xx) in the case of a Shelf Registration Statement, cause all Securities covered by the Registration Statement to be listed on each securities exchange or automated quotation system on which the Securities are then listed if requested by the Holders of a majority in aggregate principal amount of Securities or the managing underwriter(s), if any.

Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of any notice from the Company of the existence of any fact of the kind described in Section 6(c)(iii)(D) hereof, such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xv) hereof, or until it is advised in writing (the "Advice") by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus. If so directed by the Company, each Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of such notice. In the event the Company shall give any such notice, the time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 6(c)(iii)(D) hereof to and including the date when each selling Holder covered by such Registration Statement shall have received the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xv) hereof or shall have received the Advice; *provided, however*, that no such extension shall be taken into account in determining whether Additional Interest is due pursuant to Section 5 hereof or the amount of such Additional Interest, it being agreed that the Company's determination to suspend use of a Registration Statement pursuant to this paragraph, if in excess of the Shelf Suspension Period or the Exchange Offer Suspension Period, as applicable, shall be treated as a Registration Default for purposes of Section 5 hereof.

#### SECTION 7. *Registration Expenses* .

(a) All expenses incident to the Company's performance of or compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement becomes effective, including, without limitation: (i) all registration and filing fees and expenses (including any required filings made by any Initial Purchaser or Holder with the FINRA); (ii) all fees and expenses of compliance with federal securities and state securities or blue sky laws; (iii) all expenses of printing (including printing certificates for the Exchange Securities to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Company; (v) all application and filing fees in connection with listing the Exchange Securities on a

securities exchange or automated quotation system pursuant to the requirements thereof; and (vi) all fees and disbursements of independent certified public accountants of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance); but excluding underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of a Holder's Transfer Restricted Securities pursuant to the Shelf Registration Statement, which shall be the responsibility of each such Holder.

The Company will, in any event, bear its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Company will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities being tendered in the Exchange Offer and/or resold pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or registered pursuant to the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Cravath, Swaine & Moore LLP or such other counsel as may be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

#### SECTION 8. *Indemnification* .

(a) The Company agrees to indemnify and hold harmless (i) each Holder and (ii) each Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) any Holder (any of the Persons referred to in this clause (ii) being hereinafter referred to as a "controlling person") and (iii) the respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person (any Person referred to in clause (i), (ii) or (iii) may hereinafter be referred to as an "Indemnified Holder"), to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, judgments, actions and expenses (including, without limitation, and as incurred, reimbursement of all reasonable costs of investigating, preparing, pursuing, settling, compromising, paying or defending any claim or action, or any investigation or proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Indemnified Holder), that is directly or indirectly based upon, or arises out of or in connection with, any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus (or any amendment or supplement thereto), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by an untrue statement or omission or alleged untrue statement or omission that is made in reliance upon and in conformity with information relating to any of the Holders furnished in writing to the Company by any of the Holders expressly for use therein. This indemnity agreement shall be in addition to any liability which the Company may otherwise have.

In case any action or proceeding (including any governmental or regulatory investigation or proceeding) shall be brought or asserted against any of the Indemnified Holders with respect to which indemnity may be sought against the Company, such Indemnified Holder (or the Indemnified Holder controlled by such controlling person) shall promptly notify the Company in writing; *provided, however*, that the failure to give such notice shall not relieve the Company of its obligations pursuant to this Agreement to the extent they are not prejudiced as a proximate result of such failure. In case any such action is brought against any Indemnified Holder and such Indemnified Holder seeks or intends to seek indemnity from the Company, the Company will be entitled to participate in and, to the extent that it shall elect, jointly with all other indemnifying parties similarly notified, by written notice delivered to the Indemnified Holder promptly after receiving the aforesaid notice from such Indemnified Holder, to assume the defense thereof with counsel reasonably satisfactory to such Indemnified Holder; *provided, however*, if the defendants in any such action include both an Indemnified Holder and the Company and such Indemnified Holder shall have reasonably concluded, based upon advice from counsel, that a conflict may arise between the positions of the Company and such Indemnified Holder in conducting the defense of any such action or that there may be legal defenses available to it and/or other Indemnified Holders which are different from or additional to those available to the Company such Indemnified Holder or Indemnified Holders shall have the right to select separate counsel, reasonably satisfactory to the Company to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Holder or Indemnified Holders. Upon receipt of notice from the Company to such Indemnified Holder of the Company's election so to assume the defense of such action and approval by such Indemnified Holder of counsel, the Company will not be liable to such Indemnified Holder under this Section 8 for any legal or other expenses subsequently incurred by such Indemnified Holder in connection with the defense thereof unless (i) such Indemnified Holder shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that the Company shall not be liable for the expenses of more than one separate counsel (together with local counsel), approved by the Company, representing the Indemnified Holders who are parties to such action) or (ii) the Company shall not have employed counsel satisfactory to the Indemnified Holder to represent the Indemnified Holder within a reasonable time after notice of commencement of the action, in each of which cases the fees and expenses of counsel shall be at the expense of the Company. The Company shall be liable for any settlement of any such action or proceeding effected with the Company's prior written consent, which consent shall not be withheld unreasonably, and the Company agrees to indemnify and hold harmless any Indemnified Holder from and against any loss, claim, damage, liability or expense by reason of any settlement of any action effected with the written consent of the Company. The Company shall not, without the prior written consent of each Indemnified Holder, settle or compromise or consent to the entry of judgment in or otherwise seek to terminate any pending or threatened action, claim, litigation or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not any Indemnified Holder is a party thereto), unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Holder from all liability arising out of such action, claim, litigation or proceeding.

(b) Each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Company and respective directors and officers and any Person controlling (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) the Company, and the respective officers, directors, partners, employees, representatives and agents of each such Person, to the same extent as the foregoing indemnity from the Company to each of the Indemnified Holders, but only with respect to claims and actions based on information relating to such Holder furnished in writing by such Holder expressly for use in any Registration Statement. In case any action or proceeding shall be brought against the Company or its respective directors or officers or any such controlling person in respect of which indemnity may be sought against a Holder of Transfer Restricted Securities, such Holder shall have the rights and duties given the Company, and the Company, its respective directors and officers and such controlling person shall have the rights and duties given to each Holder, under the preceding paragraph.

(c) If the indemnification provided for in this Section 8 is unavailable to an indemnified party under Section 8(a) or (b) hereof (other than by reason of exceptions provided in those Sections) in respect of any losses, claims, damages, liabilities, judgments, actions or expenses referred to therein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the Company, on the one hand, and the Holders, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of any Indemnified Holder, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or such Indemnified Holder, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in the second paragraph of Section 8(a) hereof, any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

The Company and each Holder of Transfer Restricted Securities agree that it would not be just and equitable if contribution pursuant to this Section 8(c) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(c) are several in proportion to the respective principal

amount of Transfer Restricted Securities held by each of the Holders hereunder and not joint.

SECTION 9. *Rule 144A.*

The Company hereby agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding, if the Company is no longer required to file reports under the Exchange Act, it will make available upon request to any Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities from such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Securities Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A under the Securities Act.

SECTION 10. *Participation in Underwritten Registrations.*

No Holder may participate in any Underwritten Registration hereunder unless such Holder (a) agrees to sell such Holder's Transfer Restricted Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

SECTION 11. *Selection of Underwriters: Underwritten Offerings.*

The Holders of Transfer Restricted Securities covered by the Shelf Registration Statement who desire to do so may sell such Transfer Restricted Securities in an Underwritten Offering. In any such Underwritten Offering, the investment banker(s) and managing underwriter(s) that will administer such offering will be selected by the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities included in such offering; *provided, however*, that such investment banker(s) and managing underwriter(s) must be reasonably satisfactory to the Company.

SECTION 12. *Miscellaneous.*

(a) *Remedies.* The Company hereby agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) *No Inconsistent Agreements.* The Company will not on or after the date of this Agreement enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's securities under any agreement in effect on the date hereof.



(c) [Reserved].

(d) *Amendments and Waivers.* The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless the Company has (i) in the case of Section 5 hereof and this Section 12(d)(i), obtained the written consent of Holders of all outstanding Transfer Restricted Securities and (ii) in the case of all other provisions hereof, obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities (excluding any Transfer Restricted Securities held by the Company or its affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose securities are being tendered pursuant to the Exchange Offer and that does not affect directly or indirectly the rights of other Holders whose securities are not being tendered pursuant to such Exchange Offer may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities being tendered or registered; *provided, however*, that, with respect to any matter that directly or indirectly affects the rights of any Initial Purchaser hereunder, the Company shall obtain the written consent of each such Initial Purchaser with respect to which such amendment, qualification, supplement, waiver, consent or departure is to be effective.

(e) *Notices.* All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested) or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Company:

Valvoline Inc.  
100 Valvoline Way  
Lexington, Kentucky 40509  
Attention: General Counsel

With a copy to:

Shearman & Sterling LLP  
599 Lexington Ave  
New York, New York 10022  
Facsimile: (212) 646-7522  
Attention: Ilir Mujalovic, Esq.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) *Successors and Assigns.* This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including, without limitation, and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities; *provided, however*, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign acquired Transfer Restricted Securities from such Holder.

(g) *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) *Headings.* The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) *Governing Law.* THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(j) *Severability.* In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) *Entire Agreement.* This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

[ *Signature pages follow* ]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Very truly yours,  
Valvoline INC.

By: /s/ Jason L. Thompson  
Name: Jason L. Thompson  
Title: Treasurer

*[Signature Page to the Registration Rights Agreement]*

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VALVOLINE US LLC

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

VALVOLINE LLC

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

VALVOLINE LICENSING AND INTELLECTUAL  
PROPERTY LLC

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

VALVOLINE BRANDED FINANCE, INC.

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: President and Assistant Treasurer

VALVOLINE INTERNATIONAL HOLDINGS INC.

By: /s/ Lynn P. Freeman  
Name: Lynn P. Freeman  
Title: Vice President and Assistant Treasurer

*[Signature Page to the Registration Rights Agreement]*

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VALVOLINE INSTANT OIL CHANGE FRANCHISING, INC.

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman

Title: Vice President and Assistant Treasurer

RELOCATION PROPERTIES MANAGEMENT LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman

Title: Vice President and Assistant Treasurer

VIOC FUNDING, INC.

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman

Title: Vice President and Assistant Treasurer

VALVOLINE INTERNATIONAL, INC.

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman

Title: Vice President and Assistant Treasurer

FUNDING CORP. I

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman

Title: President and Assistant Treasurer

*[Signature Page to the Registration Rights Agreement]*

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OCH INTERNATIONAL, INC.

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman

Title: Vice President and Assistant Treasurer

OCHI ADVERTISING FUND LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman

Title: Vice President and Assistant Treasurer

OCHI HOLDINGS LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman

Title: Vice President and Assistant Treasurer

OCHI HOLDINGS II LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman

Title: Vice President and Assistant Treasurer





The foregoing Registration Rights Agreement is hereby confirmed and accepted by the Initial Purchasers as of the date first above written:

**CITIGROUP GLOBAL MARKETS INC.**

Acting on behalf of itself  
and as the Representative of  
the several Initial Purchasers

By: **CITIGROUP GLOBAL MARKETS INC.**

By: /s/ Kirkwood Roland

Name: Kirkwood Roland

Title: Managing Director

*[Signature Page to the Registration Rights Agreement]*

**CERTIFICATIONS**

I, Samuel J. Mitchell, Jr., certify that:

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

Date: August 8, 2017

/s/ Samuel J. Mitchell, Jr.

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Samuel J. Mitchell Jr.

Chief Executive Officer and Director

(Principal Executive Officer)

**CERTIFICATIONS**

I, Mary E. Meixelsperger, certify that:

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

Date: August 8, 2017

/s/ Mary E. Meixelsperger

Mary E. Meixelsperger

Chief Financial Officer

(Principal Financial Officer)

VALVOLINE INC.

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Valvoline Inc. (the "Company") on Form 10-Q for the period ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, Samuel J. Mitchell, Jr., Chief Executive Officer of the Company, and Mary E. Meixelsperger, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Samuel J. Mitchell, Jr.

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Samuel J. Mitchell, Jr.  
Chief Executive Officer and Director  
August 8, 2017

/s/ Mary E. Meixelsperger

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Mary E. Meixelsperger  
Chief Financial Officer  
August 8, 2017