

ANALYSIS OF AGREEMENT CONTAINING CONSENT ORDERS TO AID PUBLIC COMMENT

*In the Matter of Valvoline, Inc.
File No. 251-0058, Docket No. C-4824*

I. Introduction

The Federal Trade Commission (“Commission”) has accepted for public comment, subject to final approval, an Agreement Containing Consent Orders (“Consent Agreement”) from Valvoline, Inc. (“Valvoline”) and Greenbriar Equity Fund V., L.P. (“Greenbriar”) (collectively, the “Respondents”). The Consent Agreement is designed to remedy the anticompetitive effects that likely would result from Valvoline’s proposed acquisition of quick lube oil change outlets from Greenbriar.

Under the terms of the proposed Decision and Order (“Order”) contained in the Consent Agreement, Respondent Valvoline must divest 45 quick lube oil change outlets in California, Idaho, Illinois, Indiana, Kentucky, Michigan, Washington and Wisconsin. Respondent Valvoline must complete the divestiture to Main Street Auto, LLC (“Main Street”) within ten days after the closing of the acquisition.

The Commission has placed the Consent Agreement on the public record for 30 days to solicit comments from interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will review the comments received and decide whether it should withdraw, modify, or make the order final.

II. The Respondents

Respondent Valvoline is a publicly traded company headquartered in Lexington, Kentucky. Valvoline operates and franchises approximately 2,000 Valvoline Instant Oil Change outlets, with locations in every state except Alaska, Hawaii, and Maine.

Respondent Greenbriar is a private equity owner of Breeze Autocare (“Breeze”). Breeze owns and operates approximately 200 quick lube oil change outlets across 15 states, largely under the brand name “Oil Changers.”

III. The Proposed Acquisition

On February 17, 2025, Respondents executed a Merger Agreement for Valvoline to acquire 100 percent of capital stock related to Greenbriar’s motor oil change business for \$625 million (the “Acquisition”). The Commission’s Complaint alleges that the Acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, by substantially lessening competition for quick lube oil change services in 25 local markets in California, Idaho, Illinois, Indiana, Kentucky, Michigan, Washington, and Wisconsin. The Commission’s Complaint also alleges that the Acquisition agreement is an unfair method of competition that violates Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

IV. The Provision of Quick Lube Oil Changes

The Commission alleges that the relevant service market in which to analyze the Acquisition is quick lube oil changes. All cars with an internal combustion engine (including hybrid cars) require routine oil changes. Quick lube oil change is a convenience service. Quick lubes reliably provide appointment-free oil changes within 30 minutes. The automotive industry recognizes quick lube distinct from other oil change services. The distinctions that set quick lube services apart include specialized outlets focused on providing fast oil changes, a limited menu of other services, and distinct pricing from other oil change providers. Quick lube outlets are designed to offer fast oil changes, typically offering drive-through capabilities that allow customers to remain in their vehicles during the service. Quick lube providers charge premium prices for the convenience they provide to customers. Quick lube oil change outlets compete on price, including coupons and discounts, convenience, service speed, and service quality.

Quick lube outlets compete most closely with other, nearby quick lubes. The Commission's Complaint alleges that geographic markets for quick lube oil changes are highly localized, based on the unique circumstances of each area and outlet. Consumers typically choose between nearby quick lube oil change outlets along their planned routes near their homes, work, or shopping destinations. The geographic market for quick lube oil changes is typically about 3 to 5 miles in radius or a 10 to 15-minute drive. However, each relevant market the Commission alleges is distinct and fact-dependent and reflects, among other things, customer preferences, commuting patterns, traffic flows, driving distances, and outlet characteristics.

The Commission alleges that the Acquisition would substantially lessen competition for quick lube oil changes in the 25 local markets surrounding 45 Oil Changers quick lube outlets in California, Idaho, Illinois, Indiana, Kentucky, Michigan, Washington, and Wisconsin. Absent the Acquisition, Valvoline Instant Oil Change outlets and Oil Changers outlets would continue to compete head-to-head in these local markets. Competitive harm would occur in these relevant markets regardless of whether the Valvoline outlets are corporate-owned or franchisee-owned.

The Acquisition occurs in the context of a broader trend of consolidation among quick lube oil change providers. New entry is unlikely to be timely, likely, or sufficient to deter or counteract the anticompetitive effects arising from the Acquisition. Entry conditions for quick lube oil changes vary across geographic markets. In some markets, there are meaningful entry barriers, including the cost and availability of attractive real estate, the time and cost associated with constructing a new outlet, and the time and difficulty associated with obtaining necessary permits and approvals. In the relevant geographic markets alleged in the Commission's Complaint, entry would not prevent or neutralize anticompetitive effects resulting from the Acquisition.

V. The Consent Agreement

The proposed Order would remedy the Acquisition's likely anticompetitive effects by requiring Valvoline to divest Oil Changers outlets to Main Street in each local market. Main Street would be a new entrant into each of the local markets described above.

The proposed Order requires that the divestiture be completed no later than ten days after Valvoline and Greenbriar consummate the Acquisition. The proposed Order further requires Valvoline to maintain the economic viability, marketability, and competitiveness of each divestiture asset until the divestiture to Main Street is complete.

In addition to requiring outlet divestitures, the proposed Order prohibits Respondent Valvoline from re-acquiring any of the divested assets. The proposed Order also requires Respondent Valvoline to notify the Commission in writing at least 30 days before acquiring an interest in a facility within a three-mile radius of a divested outlet that has operated as a quick lube within six months of Valvoline's proposed acquisition. The prior notice provision is necessary because an acquisition in close proximity to the divested assets likely would raise the same competitive concerns as the Acquisition and may fall below the Hart-Scott-Rodino Act premerger notification thresholds.

The Consent Agreement contains additional provisions designed to ensure the effectiveness of the relief. For example, Respondents have agreed to an Order to Maintain Assets that will issue at the time the proposed Consent Agreement is accepted for public comment. The Order to Maintain Assets requires Respondent Valvoline to operate and maintain each divestiture outlet in the normal course of business until the divestiture is complete. The proposed Order also includes a provision that allows the Commission to appoint an independent third party as a Monitor to oversee the Respondents' compliance with the requirements of the Order.

The purpose of this analysis is to facilitate public comment on the Consent agreement, and the Commission does not intend this analysis to constitute an official interpretation of the proposed Order or to modify its terms in any way.