



**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
WEDNESDAY, NOVEMBER 16, 2016**

The 2016 Annual Meeting of Shareholders of Precision Auto Care, Inc. (the "Company") will be held at the Company's headquarters located at 748 Miller Drive, S.E., Leesburg, Virginia on Wednesday, November 16, 2016, at 9:00 a.m. (Eastern Time), for the following purposes:

1. To elect five (5) directors for a one-year term expiring at the 2017 Annual Meeting of Shareholders;
2. To appoint the firm of Yount, Hyde & Barbour, P.C. as independent auditors for the fiscal year ending June 30, 2017;
3. To approve the 2016 Director Stock Purchase Plan; and
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

Only holders of shares of Common Stock of record on the books of the Company at the close of business September 19, 2016 will be entitled to notice of and to vote at the 2016 Annual Meeting or any adjournment thereof.

In order that your shares may be represented at the Annual Meeting, you are urged to promptly complete, sign, date and return the accompanying Proxy in the enclosed envelope, whether or not you plan to attend the Annual Meeting. If you attend the Annual Meeting in person you may, if you wish, vote personally on all matters brought before the Annual Meeting even if you have previously returned your Proxy.

By Order of the Board of Directors,

Frederick F. Simmons
Senior Vice President, General Counsel and Corporate Secretary

748 Miller Drive, S.E.
Leesburg, Virginia 20175
October 17, 2016

**PRECISION AUTO CARE, INC.
748 MILLER DRIVE, S.E.
LEESBURG, VIRGINIA 20175**

**PROXY STATEMENT FOR 2016 ANNUAL MEETING OF SHAREHOLDERS
Wednesday, November 16, 2016**

INFORMATION CONCERNING TIMING OF THE MEETING, SOLICITATION AND VOTING

General

The following information is submitted concerning the enclosed form of proxy and the matters to be acted upon under authority thereof at the 2016 Annual Meeting of Shareholders of the Company to be held on Wednesday, November 16, 2016, commencing at 9:00 a.m. (Eastern Time), or at any adjournment thereof, pursuant to the accompanying notice of this meeting. The 2016 Annual Meeting will be held at the Company's headquarters located at 748 Miller Drive, S.E., Leesburg, Virginia 20175. The Company intends to mail this proxy statement and accompanying proxy to all shareholders entitled to vote at the Annual Meeting on or about October 17, 2016.

Solicitation and Revocability of Proxies

The proxy is solicited on behalf of the Board of Directors of the Company. It may be revoked by the shareholder at any time prior to the exercise thereof by filing with the Corporate Secretary of the Company a written revocation or a duly executed proxy bearing a later date. The proxy shall be suspended if the shareholder shall be present at the meeting and elect to vote in person. Attendance at the meeting will not, by itself, revoke a proxy. Shares represented by proxies received will be voted. Where the shareholder has specified his or her choice with respect to the proposal to be acted upon, the shares will be voted in accordance with the specification so made, and in the absence thereof will be voted by the proxy holders as directed by management.

The cost of solicitation of proxies will be borne by the Company. Certain directors, officers and regular employees of the Company may solicit proxies by facsimile, telephone or personal interview for which they will receive no additional compensation. In addition, arrangements will be made with brokerage firms and other custodians, nominees and fiduciaries to forward solicitation material for the meeting to beneficial owners, and the Company will reimburse them for their reasonable expenses in so doing.

Voting Rights and Outstanding Shares

Only shareholders of record on the books of the Company at the close of business on September 19, 2016 (the "Record Date") will be entitled to notice of and to vote at the Annual Meeting. As of the Record Date, there were 19,227,468 shares of Common Stock issued and outstanding and entitled to vote. Each share of Common Stock is entitled to one vote for each matter submitted to the shareholders for approval.

A majority of the outstanding shares entitled to vote must be present in person or represented by proxy at the 2016 Annual Meeting to constitute a quorum. Abstentions and shares of record held by a broker or its nominee ("Broker Shares") that are voted on any matter at the meeting will be counted for purposes of determining if a quorum exists. Broker Shares that are not voted on any matter at the meeting will not be included in determining whether a quorum is present.

The election of each nominee for Director (Item 1) requires the affirmative vote of the holders of the shares representing a plurality of the votes cast in the election of Directors. Votes that are withheld and Broker Shares that are not voted in the election of Directors will not be included in determining the number of votes cast and, therefore, will have no effect on the election of the Directors.

Actions on all other matters to come before the 2016 Annual Meeting, including the approval of the appointment of the Company's independent auditors (Item 2), require the affirmative vote of the holders of the shares representing a majority of the votes cast such that the votes cast in favor of the action exceed the votes cast against it. Votes that are withheld and Broker Shares that are not voted are not considered cast either for or against a matter and, therefore, will have no effect on the outcome of the other matters to come before the 2016 Annual Meeting.

Item 1: Election of Directors

Pursuant to the Company's Articles of Incorporation in effect as of the date of this Proxy Statement, the terms of all five incumbent directors will expire at the 2016 Annual Meeting. Certain information concerning the nominees for election at the Annual Meeting is set forth below.

<u>Name</u>	<u>Age</u>	<u>Director Since</u>	<u>Principal Occupation</u>	<u>Additional Information</u>
Woodley A. Allen	69	1991	President, Allen Management Services, Oakton, VA (management consulting firm)	Mr. Allen was Chairman of the Board from February 2000 until October 2003, and serves as Chairman of the Audit Committee and serves on the Nominating Committee and the Organization and Compensation Committee. Mr. Allen also serves as the Board's financial expert. He served as Chief Financial Officer of EZ Communications, Inc. (publicly traded radio broadcasting company) from March 1973 to May 1992, and has been acting Chief Financial Officer of BIA Financial Network, Chantilly, VA (merchant banking and investment firm) since February 2004.
Louis M. Brown, Jr.	73	2000	Chairman	Mr. Brown was President and Chief Executive Officer of the Company from August 2000 until October 2003, and was Chairman and Chief Executive Officer from October 2003 until May 2006. Mr. Brown has been Chairman of the Board of the Company since October 2003. He was a director of Micros Systems, Inc. (a leading provider of information technology for the hospitality industry) since 1977 until September 2014; and he was the Chairman of Micros Systems, Inc. from January 1987 until April 2001 and its Vice Chairman from April 2001 until September 2014, when Micros Systems, Inc. was sold to Oracle Corporation
Alex J. Brown	43	2012	Attorney/Partner, Shapiro Sher Guinot & Sandler, P/A, Baltimore, MD	Alex Brown is an insurance lawyer and commercial litigator with a diverse background. Mr. Brown has extensive experience representing clients in both the private and public sector. Mr. Brown has represented insurance policyholders, insurers, Risk Retention Groups and insurance professionals in complex insurance litigation and transactional insurance matters. As a former Senior Counsel to the Maryland Insurance Administration, Mr. Brown has also represented the Maryland Insurance Commissioner on a wide variety of regulatory and other State government and administrative law issues. Mr. Brown also previously served as an Assistant Attorney General and as an associate attorney at Venable, LLP and served as the head of the Civil Commercial Litigation Department at Silverman, Thompson, Slutkin & White.
Peter C. Keefe	58	2003	President, Avenir Corporation, Washington, D.C. (investment advisor)	Mr. Keefe has served as Executive Chairman of Avenir Corporation since May 2015 and was President of Avenir Corporation from January 2000 to May 2015, and served as its Vice President from May 1991 until January 2000. Mr. Keefe serves as Chairman of the Organization & Compensation Committee and is a member of the Audit Committee and the Nominating Committee. Mr. Keefe serves as Chairman and President of the St. Stephen's & St. Agnes School Foundation.
Ronald J. Kolson	62	2014	Consultant	Mr. Kolson has spent his career in financial and operational management in various industries, having held senior positions in several high-tech companies, including fiber-optic networking, digital imaging, hospitality information systems, and government services contracting. He served as VP/CFO and later as CEO for 24/7 Mid-Atlantic Network, LLC, a fiber optic network solutions provider from October 2012 through November 2013. Beginning in 2000, Mr. Kolson was the VP/CFO for Fibergate, Inc., a fiber optic network solutions provider until the company was sold in August 2012. He was also the EVP/COO for MICROS Systems, Inc. from 1994 through 2000 and its VP/CFO/Controller for several years prior (1984 – 1994). Mr. Kolson has served on the Board since 2014 and is the Chairman of the Nominating Committee and a member of the Audit Committee. Mr. Kolson holds a B.S. from the Pennsylvania State University and obtained his Certified Public Accountant certification in Maryland in 1979.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” EACH OF THE DIRECTOR NOMINEES LISTED ABOVE.

Meetings and Committees of the Board

The Board of Directors has three standing Committees: (i) the Audit Committee; (ii) the Organization and Compensation Committee; and (iii) the Nominating Committee.

The Board of Directors of the Company held four meetings during the fiscal year ended June 30, 2016. All directors attended 100% of the aggregate number of meetings of the Board of Directors and Committees on which they served.

Audit Committee. The Audit Committee makes recommendations regarding the engagement of the Company's independent auditors, reviews the arrangement and scope of the audit, considers comments made by the independent auditors with respect to the adequacy of the Company's internal accounting controls, and reviews non-audit services provided by the firm. During the fiscal year ended June 30, 2016, Mr. Allen served as Chairman of the Audit Committee and Mr. Ronald Kolson and Mr. Peter Keefe served as members of the Committee. During the fiscal year ended June 30, 2016, the Audit Committee met four times. The Audit Committee's charter is attached to this proxy statement as *Appendix A*.

The Audit Committee has prepared a report, a copy of which is set forth on page 9 under "Report of the Audit Committee."

Organization and Compensation Committee. The Organization and Compensation Committee (the "Compensation Committee") reviews and approves (or recommends to the full Board) the annual salary, bonus and other benefits of senior management of the Company; reviews and makes recommendations to the Board relating to executive compensation and plans; and establishes, and periodically reviews, the Company's policy with respect to management perquisites. Mr. Peter Keefe serves as Chairman of the Compensation Committee. Mr. Woodley Allen serves as a member of the Organization and Compensation Committee. During the fiscal year ended June 30, 2016, the Organization & Compensation Committee met twice. The Compensation Committee Chairman provides reports of committee activities during Regular Board meetings. The Compensation Committee's charter is attached to this proxy statement as *Appendix B*.

The Compensation Committee has prepared a report, a copy of which is set forth on page 8 under "Report of the Organization and Compensation Committee on Executive Compensation."

Nominating Committee. The Nominating Committee makes recommendations regarding the election of Board members, committee appointments and Corporate Governance Guidelines. During the fiscal year ended June 30, 2016, Mr. Ronald Kolson served as Chairman of the Nominating Committee, and Messrs. Allen and Keefe served as members of the Committee. The Board of Directors has determined that each member of the Committee is "independent" as defined by the Marketplace Rules. The Committee met during the fiscal year ended June 30, 2016. The Nominating Committee Chairman provides reports of committee activities during Regular Board meetings. The Nominating Committee's charter is attached to this proxy statement as *Appendix C*.

While the Board of Directors has delegated the selection and initial evaluation of potential directors to the Nominating Committee, the Board retains final approval of all nominations. It is the Board's desire and intention to select people who are independent and diverse in a broad sense, people with a variety of backgrounds, experiences and skills that will bring individual talents or contribute to the needs of the Board and the Company. It is also the Board's objective to select for nomination candidates who are able to work in a collaborative and collegial fashion with other directors and senior management, in a manner consistent with the current operating practices of the Board.

In the event of a vacancy on the Board of Directors, the Nominating Committee may, in its discretion, engage a third-party search firm to identify potential candidates to fill the vacancy. The Nominating Committee will consider candidates recommended by other parties, including shareholders and will evaluate those proposed candidates in a manner consistent with the evaluation of all potential nominees based on the considerations set forth above. Third parties wishing to recommend candidates for consideration by the Nominating Committee may do so in writing by providing the recommended candidate's name, biographical data, qualifications and a statement describing the basis for the recommendation, together with the recommended candidate's consent to serve, if nominated and elected, to the Chairman of the Nominating Committee.

Director Independence

The Board of Directors has determined that Messrs. Allen, Keefe, and Kolson are "independent." Mr. Lou Brown, being an employee of the Company, and Mr. Alex Brown, being the son of Mr. Lou Brown, do not meet the definition of "independence."

Code of Ethics and Standards of Conduct

The Company has adopted a Code of Ethics and Standards of Conduct (the "Code of Ethics") that applies to its senior management and all other employees, including the Chief Executive Officer, the Chief Financial Officer, and other persons performing similar

functions. A copy of the Code of Ethics can be obtained, without charge, upon written request to: Corporate Secretary, Precision Auto Care, Inc., P. O. Box 5000, Leesburg, VA 20177.

Communications with the Board

The Company has adopted a process for shareholders to send communications to the Board of Directors. Shareholders may communicate with the Board of Directors individually or as a group by writing to: The Board of Directors of Precision Auto Care, Inc., c/o Corporate Secretary, P. O. Box 5000, Leesburg, VA 20177. The Corporate Secretary may require reasonable evidence that the communication or other submission is made by a shareholder of the Company before transmitting the communication to the Board of Directors.

Compensation of Directors

Generally, under the Board's current policies, non-employee directors are paid \$675 for every board meeting that they attend in person, \$450 for every board committee meeting attended and \$225 for every meeting (board or board committee) attended telephonically. In addition, every board member will receive a stipend of \$2,250 each quarter as long as they are board members.

In addition, Mr. Woodley Allen received compensation of \$1,750 as the Board's financial expert.

Directors who are employees receive no additional compensation for serving as directors.

Director Attendance at Annual Meetings

The Company encourages, but does not require, its Board members to attend the annual shareholders meeting. All of the Board members attended the 2015 Annual Meeting.

PACI DIRECTOR COMPENSATION June 30, 2016

The following table provides summary information concerning compensation awarded to, earned by, or paid to any of our directors for all services rendered to the Company in all capacities for the fiscal year ended June 30, 2016.

<u>Name</u>	<u>Fees Earned or Paid in Cash</u>	<u>Stock Awards</u>	<u>Option Awards</u>	<u>Non-Equity Incentive Plan Compensation</u>	<u>Nonqualified Deferred Compensation Earnings</u>	<u>All Other Compensation</u>	<u>Total Compensation</u>
Woodley A. Allen	\$14,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$14,575
Alex J. Brown	\$11,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$11,025
Peter C. Keefe (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ronald J. Kolson	\$ 6,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,975

(1) Mr. Keefe could have claimed approximately \$12,000 in compensation for his participation in board and committee meetings. However, he declined to accept this compensation, and the Company made no payments to Mr. Keefe for his services during the fiscal year ended June 30, 2016.

**EXECUTIVE COMPENSATION
SUMMARY COMPENSATION TABLE**

The table below sets forth the compensation earned and paid during each of the Company's last three fiscal years to the chairman and the two most highly compensated executive officers who earned \$100,000 or more during the fiscal year ended June 30, 2016.

Name and Principal Position	Year	Salary(2)	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation (1)	Total Compensation
Louis M.	2016	\$244,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$3,660	\$247,698
Brown, Jr.	2015	\$235,000	-	-	-	-	-	\$3,525	\$238,525
Chairman	2014	\$235,000	-	-	-	-	-	\$3,525	\$238,525
Robert R.	2016	\$373,846	\$62,883	\$ -	\$ -	\$ -	\$ -	\$3,750	\$440,479
Falconi	2015	\$360,000	\$55,500	-	-	-	-	\$3,750	\$419,250
President & CEO	2014	\$357,692	\$45,734	-	-	-	-	\$3,750	\$407,176
Frederick F.	2016	\$284,019	\$22,564	\$ -	\$ -	\$ -	\$ -	\$3,750	\$310,333
Simmons	2015	\$273,500	\$20,513	-	-	-	-	\$3,750	\$297,763
Sr. VP, General Counsel & Corporate Secretary	2014	\$273,500	\$16,410	-	-	-	-	\$3,750	\$293,660

(1) Amounts represent the Company's matching contributions to the 401(k) Savings Plan.

(2) The 2016 salaries for Messrs. Brown, Falconi and Simmons do not represent an increase in base pay. Rather, Calendar Year 2015 was anomalous, containing 27 pay periods instead of the usual 26.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the shares of Common Stock beneficially owned as of the Record Date by: (i) persons known by the Company to beneficially own greater than 5% of the Company's outstanding stock, (ii) each director of the Company, (iii) each executive officer named in the table labeled Summary Compensation Table, and (iv) all directors and executive officers of the Company as a group. For purposes of this table, and as used elsewhere in this Proxy Statement, the term "beneficial owner" means any person who, directly or indirectly, has or shares the power to vote, or to direct the voting of a security or the power to dispose, or to direct the disposition of, a security. Except as otherwise indicated, (a) the address of each owner listed below is 748 Miller Drive, S.E., Leesburg, VA 20175; and (b) the Company believes that each individual owner listed below exercises sole voting and dispositive power over their shares. The total number of shares outstanding used in calculating the percentage assumes that none of the options or warrants held by other persons are redeemed for Common Stock.

<u>Name of Beneficial Owner</u>	<u>Number of Shares Common Stock</u>	<u>Stock Options Exercisable in 60 Days</u>	<u>Number of Shares Beneficially Owned</u>	<u>Percentage of Outstanding Common Stock</u>
Avenir Corporation (1) 1775 Pennsylvania Ave, NW, Suite 650 Washington, DC 20006	2,799,672		2,799,672	14.24%
Louis M. Brown, Jr. (2)	5,040,884		5,040,884	25.63%
Woodley A. Allen	68,588		68,588	0.35%
Alex J. Brown (3)	2,570,000		2,570,000	13.07%
Jeff Brown (4)	2,570,000		2,570,000	13.07%
Wendy Brown (5)	1,000,000		1,000,000	5.08%
Peter C. Keefe (6)	393,032		393,032	2.00%
Robert R. Falconi (7)	1,168,248	150,000	1,318,248	6.70%
Frederick F. Simmons (8)	243,478	75,000	318,478	1.62%
All directors and executive officers as a group (10 persons) (9)	9,515,606	440,000	9,955,606	50.62%

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- (1) Reflects the Company's reasonable good faith effort to calculate ownership based on (i) the Company's and transfer agent's records, and (ii) communications with Avenir Corporation.
- (2) Mr. Brown is Chairman of the Board of Directors. There are no options exercisable within 60 days.
- (3) Mr. Alex Brown is a Director of the Company and is a son of Louis M. Brown, Chairman of the Board. There are no options exercisable within 60 days.
- (4) Mr. Jeff Brown is a son of Louis M. Brown, Chairman of the Board.
- (5) Mrs. Wendy Brown is the spouse of Louis M. Brown, Chairman of the Board.
- (6) Mr. Peter Keefe is the Executive Chairman of Avenir Corporation. Mr. Keefe will vote the shares of approximately 2.9 million held by Avenir Corporation. Additionally, Mr. Keefe owns approximately 400,000 of the shares held by Avenir Corporation.
- (7) Includes options to purchase 150,000 shares that are exercisable within 60 days.
- (8) Includes options to purchase 75,000 shares that are exercisable within 60 days.
- (9) Includes options to purchase 440,000 shares that are exercisable within 60 days.

EMPLOYMENT ARRANGEMENTS

The Company has no employment agreements or arrangements at this time.

**REPORT OF THE
ORGANIZATION AND COMPENSATION COMMITTEE
ON EXECUTIVE COMPENSATION**

The Organization and Compensation Committee of the Board of Directors (the "Compensation Committee"), which is composed entirely of outside directors of the Company, is responsible for developing and recommending to the Board of Directors the Company's general compensation policies. The Compensation Committee approves the compensation plans for the Company's executive officers, including the Chief Executive Officer (CEO), and determines the compensation to be paid to the executive officers. The Compensation Committee also is responsible for the granting of stock options and restricted stock awards to the executive officers and the administration of the Company's various incentive compensation plans.

The Compensation Committee has furnished the following report for fiscal year 2016:

Compensation Philosophy. The Company's philosophy with respect to executive compensation is based on the principle that the compensation of its executive officers should be competitive with compensation of senior executives at comparable companies, and that a meaningful portion of the compensation received should be closely tied to the performance of the Company and, in certain instances, to the achievement of individual goals. Through this link between pay and performance, it is the intent of the Company to provide direct incentives for the Company's financial success and the creation of incremental shareholder value.

Executive Officer Compensation. The key components of compensation for the executive officers consist of annual compensation provided by base salary and annual performance bonuses, and long-term compensation provided by stock options and restricted stock awards.

Members of the Committee believe they have a general awareness of pay practices among companies of roughly comparable size, complexity, and/or industry focus. Based upon the Committee's general knowledge, other than the compensation paid to Mr. Brown addressed later in this report, members of the Committee believe that the Company's compensation levels are generally commensurate with those of similar companies. Other than as indicated above, compensation of the executive officers is a subjective determination and has not been determined by reference to any specific criteria or factors related to corporate performance.

Stock Options. Stock options are granted to executive officers, as well as other employees, based upon the subjective evaluation of employees' general overall performance and upon their relative rank within the Company. No specific performance criteria are considered, and there is no fixed formula for differentiating the number of options granted to an individual or to all employees in the aggregate. The Company's approach to long-term incentives provided by stock options has been a flexible one, in which the effort is to attract and retain able key employees by giving them an opportunity for stock ownership. There were stock options awarded to key employees in fiscal year 2015. These options were awarded under the 2015 Employee Stock Option and Restricted Stock Plan. This plan was presented and approved by shareholders during the 2015 Annual Meeting of Shareholders.

2016 Director Stock Purchase Plan. The proper execution of the duties and responsibilities of directors of Precision Auto Care, Inc. and its subsidiaries is a vital factor in the Corporation's continued growth and success. Toward this end, it is necessary to attract and retain effective and capable individuals to assume positions that contribute materially to the successful operation of the Corporation. It will benefit the Corporation, therefore, to bind the interests of these persons more closely to its own interests by offering them an attractive opportunity to acquire a proprietary interest in the Corporation and thereby provide them with added incentive to remain in the service of the Corporation and to increase the prosperity, growth, and earnings of the Corporation. This stock purchase plan is intended to serve these purposes.

Therefore, the 2016 Director Stock Purchase Plan is being presented to the shareholders for approval under Item 3. A copy of the Plan is attached hereto as Appendix D.

Compensation of the Chairman of the Board. Louis M. Brown, Jr., Chairman of the Board and former Chief Executive Officer, joined the Company on August 4, 2000 as its Chief Executive Officer. He was named to the additional role of Chairman in October, 2003.

Compensation of the Current Chief Executive Officer. Mr. Robert R. Falconi, the Chief Executive Officer, joined the Company on September 6, 2000, as Senior Vice President-Finance, Administration & Chief Financial Officer. In March 2002, he was named President and Chief Operating Officer. In May 2006, Mr. Falconi was promoted to Chief Executive Officer.

The Committee believes its approach to compensation for the Chairman and Chief Executive Officer is consistent with the Company's ongoing effort to achieve a responsible balance between short-term and long-term performance for the Company and its shareholders, and to provide compensation incentives for its senior executives that encourage those results.

Tax Compliance Policy. Section 162(m) of the Internal Revenue Code generally limits to \$1 million the tax deductible compensation paid to a company's Chief Executive Officer and to each of the four highest-paid executives employed as executive officers on the last day of the fiscal year. However, the limitation does not apply to performance-based compensation provided certain conditions are satisfied. The Committee does not anticipate that in the foreseeable future any officer of the Company will earn compensation in excess of \$1 million that would not qualify as performance-based compensation. Therefore, the Committee has not yet determined a policy with respect to Section 162(m). The Committee intends to review the implications of Section 162(m) when it becomes more relevant with respect to the Company's executive compensation policies.

All members of the Compensation Committee concur in this report to the shareholders.

THE ORGANIZATION AND COMPENSATION COMMITTEE

Peter C. Keefe, Chairman
Woodley A. Allen

October 17, 2016

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the fiscal year ended June 30, 2016: (1) none of the members of the Compensation Committee was an officer (or former officer) or employee of the Company or any of its subsidiaries; (2) none of the members of the Compensation Committee entered into (or agreed to enter into) any transaction or series of transactions with the Company or any of its subsidiaries in which the amount involved exceeded \$60,000; (3) none of the Company's executive officers served on the compensation committee (or another board committee with similar functions or, if there was no such committee like that, the entire board of directors) of another entity where one of that entity's officers served on the Company's Compensation Committee or one of its executive officers served as a director on the Company's Board; and (4) none of the Company's executive officers was a director of another entity where one of that entity's officers served on the Company's Compensation Committee.

Item 2: Appointment of Independent Auditors

At the Annual Meeting, the shareholders will be asked to approve the appointment of Yount, Hyde & Barbour, P.C. as the Corporation's independent auditors for the fiscal year ending June 30, 2017.

Appointment of the independent auditors will require the affirmative vote of holders of shares of Common Stock representing a majority of the number of votes present in person or represented by proxy at the Annual Meeting, provided a quorum is present. Representatives of Yount, Hyde & Barbour are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so, and such representatives are expected to be available to respond to appropriate questions.

Audit Committee Pre-Approval Policies and Procedures

Representatives of the Corporation's independent auditors are expected to attend each meeting of the Audit Committee. The Audit Committee, on at least an annual basis, reviews audit and non-audit services performed by the Corporation's independent auditors as well as the fees charged by the independent auditors for such services. All audit and non-audit services are pre-approved by the Audit Committee, which considers, among other things, the possible effect of such services on the auditors' independence.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT ALL SHAREHOLDERS VOTE "FOR" THE APPOINTMENT OF THE INDEPENDENT AUDITORS.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors (the "Audit Committee") is composed of three independent directors and operates under a written charter adopted by the Board of Directors, a copy of which is attached to this proxy statement as *Appendix A* and is incorporated herein by reference. The Audit Committee reviews audit fees and recommends to the Board of Directors, subject to shareholder ratification, the selection of the Company's independent accountants. Management is responsible for the Company's internal controls and the financial reporting process. The independent accountants are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes and to report thereon to the Board of Directors. In this context, the Audit Committee has met and held discussions with management and Yount, Hyde & Barbour, P.C., the Company's independent auditors as of the fiscal years ended June 30, 2016 and 2015.

Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and Yount, Hyde & Barbour, P.C.

The Audit Committee has discussed with Yount, Hyde & Barbour, P.C. the matters required to be discussed by Statement on Auditing Standards No. 61 (Codification of Statements on Accounting Standards), including the scope of the auditor's responsibilities, significant accounting adjustments and any disagreements with management. The Audit Committee also has received the written disclosures and the letter from Yount, Hyde & Barbour, P.C. relating to the independence of that firm as required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and has discussed with Yount, Hyde & Barbour, P.C. that firm's independence from the Company.

Yount, Hyde & Barbour, P.C. ("Yount, Hyde & Barbour") has served as our independent registered public accounting firm since September 28, 2006. The following table sets forth the aggregate fees incurred by us for the fiscal years ended June 30, 2016 and 2015 by Yount, Hyde & Barbour:

	<u>2016</u>	<u>2015</u>
Audit Fees – Year End (1)	\$67,000	\$65,600
Tax Fees (2)	<u>3,100</u>	<u>3,100</u>
Total Audit Fees	\$70,100	\$68,700
All Other Fees (3)	<u>1,125</u>	<u>1,425</u>
Total	<u>\$71,225</u>	<u>\$70,125</u>

The Audit Committee and management are carefully reviewing the cost of audit and tax services and potential future increases that may be forthcoming.

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- (1) **Audit Fees.** Audit Fees consist of professional services rendered in the audit of the Company's annual financial statements.
- (2) **Tax Fees.** Tax fees billed by Yount, Hyde & Barbour, P.C. for Canadian tax compliance for the fiscal years ended June 30, 2016 and 2015.
- (3) **All Other Fees.** All Other Fees related to out of pocket expenses incurred by Yount, Hyde & Barbour, P.C. during the fiscal years ended June 30, 2016 and 2015.

Based upon the Audit Committee's discussions with management and Yount, Hyde & Barbour, P.C. and the Audit Committee's review of the representation of management and the report of Yount, Hyde & Barbour, P.C. to the Audit Committee, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report for the year ended June 30, 2016 posted on the Pink OTC Marketplace, an electronic interdealer quotation system for broker-dealers to trade unlisted securities operated by OTC Markets Group, Inc. and found at OTCMarkets.com.

THE AUDIT COMMITTEE

Woodley A. Allen, Chairman
Peter C. Keefe
Ronald J. Kolson

October 17, 2016

Item 3: 2016 Director Stock Purchase Plan

Subject to final approval by the shareholders, the Board of Directors adopted the 2016 Director Stock Purchase Plan (the "Plan") by Unanimous Written Consent on September 23, 2016. Adoption of the Plan by the Board of Directors was unanimous. The 2016 Director Stock Purchase Plan is attached to this proxy statement as Appendix D.

The Board of Directors adopted the Plan in recognition of the proper execution of the duties and responsibilities of directors of Precision Auto Care, Inc. and its subsidiaries is a vital factor in the Corporation's continued growth and success. Toward this end, it is necessary to attract and retain effective and capable individuals to assume positions that contribute materially to the successful operation of the Corporation.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT ALL SHAREHOLDERS VOTE "FOR" APPROVAL OF THE PLAN.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

For the Fiscal Year 2016, there are no certain relationships and related transactions to report.

SHAREHOLDER PROPOSALS AND NOMINATION PROCEDURES

In order for a shareholder proposal to be considered for the 2017 Annual Meeting of Shareholders, it must be received by the Company at its offices no later than August 1, 2017. All shareholder proposals should be mailed to the Company at P. O. Box 5000, Leesburg, VA 20177 and addressed to the attention of Frederick F. Simmons, Corporate Secretary. To be eligible for inclusion in the proxy material for that meeting, such proposals must conform to the requirements set forth in Regulation 14A under the Securities Exchange Act of 1934, as amended. In order to be considered at an Annual Meeting, a shareholder proposal must be presented by the proponents or their representatives in attendance at the meeting.

For nominations by a shareholder to be properly considered at the Annual Meeting, the shareholder must notify the Corporate Secretary at least 70 and no more than 90 days before the first anniversary of the prior year's Annual Meeting unless the Annual Meeting date is advanced by more than 20 days, or delayed by more than 70 days, in which case the nomination must be delivered not earlier than the 90th day prior to the Annual Meeting and not later than the close of business on the later of the 70th day prior to the Annual Meeting or the 10th day following the day on which public announcement of the Annual Meeting date is made. Nominations submitted by shareholders must contain the nominee's qualifications, the nominee's written consent to serve if elected, and other information required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended; the name, address and number of shares owned by the nominating shareholder; and whether the nominating shareholder is part of a group soliciting or intending to solicit proxies from shareholders.

OTHER MATTERS

The Board of Directors does not know of any other matters to be presented at the 2016 Annual Meeting or action to be taken thereat except those set forth in this Proxy Statement. If, however, any other business properly comes before the 2016 Annual Meeting, the persons named in the proxy accompanying this Proxy Statement will have the discretionary authority to vote upon such business, as well as matters incident to the conduct of the 2016 Annual Meeting.

UPON THE WRITTEN REQUEST OF ANY RECORD HOLDER OR BENEFICIAL OWNER OF COMMON STOCK ENTITLED TO VOTE AT THE ANNUAL MEETING OF SHAREHOLDERS, THE COMPANY WILL PROVIDE WITHOUT CHARGE A COPY OF ITS ANNUAL REPORT, INCLUDING THE FINANCIAL STATEMENTS FOR THE COMPANY'S MOST RECENT FISCAL YEAR. ADDRESS REQUESTS TO FREDERICK F. SIMMONS, CORPORATE SECRETARY, PRECISION AUTO CARE, INC., P. O. BOX 5000, LEESBURG, VIRGINIA 20177-5000.

Appendix A
Audit Committee Charter
November 19, 2014

Committee's Purpose

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: the financial reports and other financial information provided by the Corporation to any governmental body or the public; the Corporation's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Corporation's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.
- Review and appraise the audit efforts of the Corporation's independent accountants and internal auditing function.
- Provide an open avenue of communication among the independent accountants, financial and senior management, and the Board of Directors.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities set forth below, under the heading, "Committee's Goals and Responsibilities."

While the Audit Committee has the responsibilities set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the Company's independent accountants. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent accountants or to assure compliance with laws, regulations and the Corporation's Code of Ethical Conduct.

Committee's Membership

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management and the independent accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair will meet with the independent accountants annually and management quarterly to review the Corporation's financial statements and related public filings.

Committee's Goals and Responsibilities

To fulfill its responsibilities and duties the Audit Committee shall:

Documents/Reports Review

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
2. Review the organization's annual financial statements and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent accountants.
3. Review any internal reports to management prepared in response to any material internal auditing requests or issues and management's response thereto.
4. Review with financial management and the independent accountants the Company's quarterly financial statements prior to any public filing or prior to the release of earnings. The Chair of the Committee may represent the entire Committee for purposes of this review.

Independent Accountants

1. Recommend to the Board of Directors the selection of the independent accountants, considering independence and effectiveness and approve the fees and other compensation to be paid to the independent accountants. On an annual basis, the Committee should review and discuss with the accountants all significant relationships the accountants have with the Corporation to determine the accountants' independence.
2. Review the performance of the independent accountants and approve any proposed discharge of the independent accounts when circumstances warrant.
3. Periodically consult with the independent accountants out of the presence of management about internal controls and the fullness and accuracy of the organization's financial statements.

Financial Reporting Processes

1. In consultation with the independent accountants, review the integrity of the organization's financial reporting processes, both internal and external.
2. Consider the independent accountants' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
3. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent accountants or management.

Process Improvement

1. Establish regular and separate systems of reporting to the Audit Committee by management, and the independent accountants regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
2. Following completion of the annual audit, review separately with management and the independent accountants any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
3. Review any significant disagreement between management and the independent accountants in connection with the preparation of the financial statements.
4. Review with the independent accountants and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted after an appropriate period of time subsequent to implementation of changes or improvements, as decided by the Committee.)

Ethical and Legal Compliance

1. Review and update periodically the Company's Code of Ethical Conduct and ensure that management has established a system to enforce this Code.
2. Review management's monitoring of the Corporation's compliance with the organization's Ethical Code, and ensure that management has the proper review system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.
3. Review the effectiveness of the internal audit function.
4. Review, with the organization's counsel, legal compliance matters including corporate securities trading policies.
5. Review, with the organization's counsel, any legal matter that could have a significant impact on the organization's financial statements.
6. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

Appendix B
Organization and Compensation Committee Charter
November 19, 2014

Committee's Purpose

The Organization and Compensation Committee (the "Committee") is appointed by the Board of Directors ("Board") of Precision Auto Care, Inc. (the "Company") to: (a) discharge the Board's responsibilities relating to compensation of the Company's executives; (b) produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations; (c) provide recommendations regarding management successors; and (d) discharge the Board's responsibilities relating to compensation of the Company's directors and officers.

Committee Membership

All members of the Committee shall be "independent". The members of the Committee shall be appointed by the Board of Directors.

Committee Chairman

The Board of Directors, by resolution of a majority of the non-management directors, shall designate one member of the Committee to act as the Chairman of the Committee. The Committee member so designated shall: (a) chair all meetings of the Committee; (b) coordinate the evaluation of the performance of the CEO; and (c) perform such other activities as from time to time are requested by the other directors or as circumstances indicate.

Committee's Goals and Responsibilities

1. The Committee shall produce an annual report on executive compensation for inclusion in the Company's proxy statement.
2. The Committee shall review and approve corporate goals and objectives relevant to CEO compensation; evaluate the CEO's performance in light of these goals and objectives; and set the CEO's compensation level based on this evaluation.
3. The Committee shall make recommendations to the Board with respect to incentive compensation plans and equity-based plans.
4. The Committee shall make regular reports to the Board.
5. The Committee shall review committee member qualifications; committee member appointment and removal; committee structure and operations (including authority to delegate to subcommittees); and committee reporting to the Board.
6. The Committee shall have sole authority to retain and terminate any compensation consultant used to assist in the evaluation of a director, CEO or other senior executive and shall have sole authority to approve the firm's fees and other retention terms.
7. The Committee shall annually review and approve the compensation of officers and other key executives of the Company, including incentive compensation plans and equity-based plans.
8. The Committee shall fix and determine awards to employees of stock or stock options pursuant to any of the Company's employee stock option or stock-related plans now or from time to time hereafter in effect and exercise such other power and authority as may be permitted or required under such plans.
9. The Committee shall from time to time review and make recommendations to the Board with respect to the compensation of directors.
10. The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisers.
11. The Committee may form and delegate authority to subcommittees when appropriate.
12. The Committee shall from time to time review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

Appendix C
Nominating Committee Charter
November 19, 2014

Committee's Purpose

The Nominating Committee ("Committee") is appointed by the Board of Directors of Precision Auto Care, Inc. ("Board"), in consultation with the President/CEO, to: (a) identify and make recommendations to the Board on individuals qualified to serve as Board members of Precision Auto Care, Inc. ("Company"); (b) develop and recommend to the Board a set of Governance Guidelines applicable to the Company; (c) take a leadership role in shaping the corporate governance of the Company; (d) review and recommend the nomination of directors, including the re-nomination of incumbent directors; (e) review and recommend committee appointments; and (f) perform other related tasks, such as studying the size, committee structure, or meeting frequency of the Board.

Committee Membership

All members of the Committee shall be "independent". The members of the Committee shall be appointed by the Board of Directors.

Committee Chairman

The Chairman of the Committee shall: (a) chair all meetings of the Committee; (b) chair meetings of non-employee directors; and (c) perform such other activities as from time to time are requested by the other directors or as circumstances indicate.

Committee's Goals and Responsibilities

1. The Committee shall establish the Board's criteria for selecting new directors.
2. The Committee shall make regular reports to the Board.
3. The Committee shall review Committee member qualifications, appointment and removal and Committee structure and operations (including authority to delegate to subcommittees).
4. The Committee shall have sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other retention terms.
5. The Committee shall review and reassess the adequacy of this Charter annually and recommended any proposed changes to the Board for approval.

Appendix D

PRECISION AUTO CARE, INC. 2016 DIRECTOR STOCK PURCHASE PLAN EFFECTIVE SEPTEMBER 23, 2016

1. Purpose

The proper execution of the duties and responsibilities of directors of Precision Auto Care, Inc. and its subsidiaries (the "Corporation") is a vital factor in the Corporation's continued growth and success. Toward this end, it is necessary to attract and retain effective and capable individuals to assume positions that contribute materially to the successful operation of the Corporation. It will benefit the Corporation, therefore, to bind the interests of these persons more closely to its own interests by offering them an attractive opportunity to acquire a proprietary interest in the Corporation and thereby provide them with added incentive to remain in the service of the Corporation and to increase the prosperity, growth, and earnings of the Corporation. This stock purchase plan is intended to serve these purposes.

2. Definitions

The following terms wherever used herein shall have the meanings set forth below.

- (a) The term "Annual Offering" means the nine (9) business day period set by Board policies first adopted in 1999 for insider trading in the Company's stock after the Company releases its quarterly report for the period ending September 30.
- (b) The term "Board" means the Board of Directors of the Corporation.
- (c) The term "Change in Control of the Corporation" means a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of the Regulation 14A promulgated under the Exchange Act, whether or not the Corporation is in fact required to comply therewith, provided that, without limitation, such a change in control shall be deemed to have occurred if: (i) any entity, person or group, within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, as amended, other than the Corporation, any employee benefit plan (or related trust) sponsored or maintained by the Corporation, or any party to whom shares of the Corporation's Common Stock is attributed under Section 318 of the Code, shall have become the beneficial owner of, or shall have obtained voting control over, more than fifty percent (50%) of the outstanding shares of the Corporation's Common Stock; (ii) during any period of two consecutive years (not including any period prior to the adoption of the Plan), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement with the Corporation to effect a transaction described in clauses (i) or (iv) of this definition) whose election by the Board or nomination for election by the Corporation's stockholders was approved by a vote of at least two thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board; (iii) the stockholders of the Corporation approve a merger, share exchange, or consolidation of the Corporation with any other corporation, other than a merger, share exchange or consolidation that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting power of the voting securities of the Corporation of such surviving entity outstanding immediately after such merger, share exchange or consolidation, or (iv) the stockholders of the Corporation approve a plan of complete liquidation of the Corporation or an agreement for the sale of disposition by the Corporation of all, or substantially all, the Corporation's assets, other than to a Subsidiary.
- (d) The term "Committee" means the Organization and Compensation Committee of the Board of Directors, which shall consist of two or more members.
- (e) The term "Common Stock" means the common stock of the Corporation.
- (f) The term "Corporation" means Precision Auto Care, Inc., a Virginia corporation and its subsidiaries.
- (g) The term "Exchange Act" means the Securities Exchange Act of 1934, as amended.
- (h) The term "Fair Market Value" of the Common Stock means: (i) the average on the applicable date of the high and low prices of a share of Common Stock on the principal national securities exchange on which shares of Common Stock are then trading, or if shares were not traded on such date, then on the next preceding date on which a trade occurred; (ii) if Common Stock is not traded on a national securities exchange but is quoted on one of the OTC Market tiers or a successor quotation system, the mid-point between the most recent bid and ask prices of a share of Common Stock; (iii) if Common Stock is not traded on a national securities exchange and is not reported on any of the OTC Market tiers or a successor quotation system, the closing bid price (or

average bid prices) last quoted on such date by an established quotation service for over-the-counter securities; or (iv) if Common Stock is not traded on a national securities exchange, is not reported on any of the Market Place tiers or a successor quotation system, and is not otherwise publicly traded on such date, then the Fair Market Value shall be determined by the Committee, acting in good faith using a reasonable application of a reasonable method taking into consideration the provisions of the Treasury Regulations promulgated under Section 409A of the Code, and such determination shall be final and binding for all purposes of the Plan.

- (i) The term "Plan" means the Precision Auto Care, Inc. 2016 Director Stock Purchase Plan, as amended from time to time.

3. Effective Date of the Plan

The Plan is effective as of September 23, 2016, the date on which the Plan was approved by the Board. The Plan is conditioned on the approval of the shareholders of the Corporation within twelve (12) months after the date the Plan was so adopted by the Board.

4. Administration

- (a) The Plan shall be administered by the Committee.
- (b) The Committee may establish, from time to time and at any time, subject to the approval of the Board and subject to the limitations of the Plan as set forth herein, such rules and regulations and amendments and supplements thereto, as it deems necessary to comply with applicable law and regulation and for the proper administration of the Plan. A majority of the members of the Committee shall constitute a quorum. The vote of a majority of a quorum shall constitute action by the Committee.
- (c) An election to purchase Common Stock pursuant to the Plan will not be valid unless the director meets the eligibility requirements to participate in the Plan as set forth in paragraph 5, below; and, prior to the end of the Annual Offering, the director delivers to the Corporation a signed, completed subscription agreement, in the form attached as Exhibit A.
- (d) Prior to each Annual Offering, the Committee will make a determination that the sale of stock under the Plan would not run afoul of sound corporate governance practices, and in no event will any Annual Offering exceed a total of Two-Hundred-Thousand (200,000) shares; and provided further, however that the Committee will not offer, during any Annual Offering, more than the total number of shares of Common Stock remaining available under the Plan. During any Annual Offering, each director may purchase no less than Twenty-Five-Thousand (25,000) shares of Common Stock and no more than Seventy-Five-Thousand shares of Common Stock; provided, however, that in the event any Annual Offering is oversubscribed, Common Shares shall be allocated on a pro rata basis.
- (e) Within five (5) business days after the closing of the Annual Offering, certificates representing the shares purchased by directors during the Annual Offering will be issued by the Corporation.
- (f) The Committee will fix the price at which Common Stock will be offered under the Plan prior to each Annual Offering. In any event, the price for a share of Common Stock offered under the Plan will not be less than One Hundred Percent (100%) of the Fair Market Value of shares of the Corporation's common stock at the time the annual offering is authorized by the Committee.
- (g) Prior to each Annual Offering of shares under the Plan, the Committee will confirm that its proposed issuance of shares will not result in a Change of Control, and in no event will the Committee offer shares under the Plan if such issuance would result in a change of control.
- (h) The Committee's interpretation and construction of the provisions of the Plan and the rules and regulations adopted by the Committee shall be final, unless otherwise determined by the Board. No member of the Committee or the Board shall be liable for any action taken or determination made, in respect of the Plan, in good faith.

5. Participation in the Plan

Participation in the Plan shall be limited to active members of the Board.

6. Stock Subject to the Plan

- (a) There shall be reserved for issuance and sale pursuant to the Plan ONE MILLION (1,000,000) shares of Common Stock.
- (b) In the event of reorganization, recapitalization, stock split, stock dividend, combination of shares of Common Stock, merger, consolidation, share exchange, acquisition of property or stock, or any change in the capital structure of the Corporation, the Committee shall make such adjustments as may be appropriate, in its discretion, in the number and kind of shares reserved for

Awards and in the number, kind, and price of shares covered by Awards made pursuant to the Plan; provided, however, that any such adjustment shall be made only to the extent that it does not subject any Options to section 409A of the Code.

7. Transfer Restrictions

Shares issued under the Plan will be subject to transfer restrictions under federal and state securities laws.

8. Amendments and Discontinuance of the Plan

The Board shall have the right at any time and from time to time to amend, modify, or discontinue the Plan provided that no such amendment, modification, or discontinuance of the Plan shall: (i) increase the number of shares of Common Stock to be reserved for issuance and sale pursuant to the Plan; (ii) decrease the price determined pursuant to the provisions of subparagraph 4(f); (iii) change the class of persons who may participate in the Plan.

9. Plan Subject to Governmental Laws and Regulations

The Plan and the issuance of shares of Common Stock made pursuant to the Plan shall be subject to all applicable governmental laws and regulations. Notwithstanding any other provision of the Plan to the contrary, the Board of Directors may in its sole and absolute discretion make such changes in the Plan as may be required to conform the Plan to such laws and regulations.

10. Duration of the Plan

No Awards shall be granted under the Plan after ten (10) years following September 23, 2016, the effective date the Plan was adopted by the Board of Directors.

EXHIBIT A
SUBSCRIPTION AGREEMENT

PRECISION AUTO CARE, INC.
SUBSCRIPTION TO COMMON SHARES

In connection with the Annual Offering, pursuant to the Precision Tune Auto Care, Inc. 2016 Director Stock Purchase Plan, the undersigned director hereby subscribes for _____ shares of Common Stock of the Corporation, and agrees to pay in cash the amount of _____ upon issuance of the shares. A certificate for shares of Common Stock will be delivered to the undersigned at the address set forth below, consistent with the Precision Auto Care, Inc. 2016 Director Stock Purchase Plan, and will contain a restrictive legend on the sale of shares represented by the certificate.

SIGNATURE OF SUBSCRIBER

PRINTED NAME OF SUBSCRIBER

STREET ADDRESS

CITY STATE ZIP

SIGNATURE OF SPOUSE
(if purchasing jointly)

PRINTED NAME OF SPOUSE
(if applicable)

Date:

ACCEPTED BY:
Precision Auto Care, Inc.

By: _____
Robert Falconi, President

Date:

PRECISION AUTO CARE, INC.

**PROXY SOLICITED BY THE BOARD OF DIRECTORS
FOR ANNUAL MEETING OF SHAREHOLDERS**

TO BE HELD NOVEMBER 16, 2016

The undersigned hereby appoints Louis M. Brown, Jr., Robert R. Falconi and Frederick F. Simmons and each of them as proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and vote, as set forth below, all the shares of Common Stock of Precision Auto Care, Inc., held of record by the undersigned on September 19, 2016, at the 2016 Annual Meeting of Shareholders to be held on November 16, 2016, or any adjournment thereof.

1. Election of Five Directors to serve for a term of one year:

Woodley A. Allen, Louis M. Brown, Jr., Alex J. Brown, Peter C. Keefe and Ronald J. Kolson

☐ For all nominees

☐ WITHHOLD authority for all nominees

☐ For all, except authority withheld for nominees named below

INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY SUCH NOMINEE(S), WRITE THE NAME(S) OF THE NOMINEE(S) IN THE SPACE PROVIDED BELOW

2. Appointment of Yount, Hyde & Barbour, P.C. as independent auditors for the fiscal year ending June 30, 2016.

☐ FOR

☐ AGAINST

☐ ABSTAIN

3. To approve the 2016 Director Stock Purchase Plan; and

☐ FOR

☐ AGAINST

☐ ABSTAIN

4. To transact such other business as may properly come before the meeting or any adjournment thereof.

Please sign your name(s) on reverse side

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS. IF PROPERLY EXECUTED, IT WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ALL NOMINEES IN PROPOSAL 1. IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT THEREOF.

Please sign your name exactly as it appears hereon. If shares are held jointly, all holders must sign. If you receive more than one proxy, please sign and return each of them. When signing in a fiduciary or representative capacity (attorney, executor, administrator, trustee, guardian, officer of corporation, etc.) please give full title as such. The signer hereby revokes all proxies heretofore given by the signer to vote at such meeting or any adjournment thereof.

Date _____, 2016

Signature _____

Signature _____

**PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY
USING THE ENCLOSED ENVELOPE.**