THIS DISCLOSURE STATEMENT IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE DEBTORS AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS' ~~FIRST~~SECOND AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE HAS APPROVED A DISCLOSURE STATEMENT UNDER SECTION 1125 OF TITLE 11 OF THE UNITED STATES CODE. THIS PROPOSED DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL ONLY AND HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	**Chapter 11**
	)	
Fleming Companies, Inc., et al.,[1]	)	
	)	**Case No. 03-10945 (MFW)**
Debtors.	)	**Honorable Mary F. Walrath**
	)	**(Jointly Administered)**
	)	

~~FIRST~~SECOND AMENDED DISCLOSURE STATEMENT IN SUPPORT OF DEBTORS' AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS' ~~FIRST~~SECOND AMENDED JOINT PLAN OF REORGANIZATION OF FLEMING COMPANIES, INC. AND ITS FILING SUBSIDIARIES UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

IMPORTANT DATES

- Date by which Ballots must be received: [_____], 2004
- Date by which objections to Confirmation of the Plan must be filed and served: [_____], 2004
- Hearing on Confirmation of the Plan: [_____], 2004

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE SECOND AMENDED JOINT PLAN OF REORGANIZATION. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED THIS DISCLOSURE STATEMENT.

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[1] The Debtors are the following entities: Core-Mark International, Inc.; Fleming Companies, Inc.; ABCO Food Group, Inc.; ABCO Markets, Inc.; ABCO Realty Corp.; ASI Office Automation, Inc.; C/M Products, Inc.; Core-Mark Interrelated Companies, Inc.; Core-Mark Mid-Continent, Inc.; Dunigan Fuels, Inc.; Favar Concepts, Ltd.; Fleming Foods Management Co., L.L.C., Fleming Foods of Texas, L.P.; Fleming International, Ltd.; Fleming Supermarkets of Florida, Inc.; Fleming Transportation Service, Inc.; Food 4 Less Beverage Company, Inc.; Fuelserv, Inc.; General Acceptance Corporation; Head Distributing Company; Marquise Ventures Company, Inc.; Minter-Weisman Co.; Piggly Wiggly Company; Progressive Realty, Inc.; Rainbow Food Group, Inc.; Retail Investments, Inc.; Retail Supermarkets, Inc.; RFS Marketing Services, Inc.; and Richmar Foods, Inc.

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Co-Counsel for the Debtors and Debtors-in-Possession
Dated: ~~January 19,~~**March 26,** 2004

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE DEBTORS' AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS' ~~FIRST~~SECOND AMENDED JOINT PLAN OF REORGANIZATION OF FLEMING COMPANIES, INC. AND ITS FILING SUBSIDIARIES UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE ("PLAN") AS WELL AS CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. THE FINANCIAL INFORMATION SUMMARIES AND OTHER DOCUMENTS ATTACHED HERETO OR INCORPORATED BY REFERENCE HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THOSE DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN, OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION INCORPORATED HEREIN BY REFERENCE, THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES. CAPITALIZED TERMS USED HEREIN BUT NOT DEFINED HEREIN SHALL HAVE THE MEANINGS SET FORTH IN THE PLAN.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY CANADIAN SECURITIES ADMINISTRATOR ("CSA") OR ANY STOCK EXCHANGE, NOR HAS THE SEC, ANY CSA OR ANY STOCK EXCHANGE PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

MOREOVER, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, OR LIABILITY, A STIPULATION OR A WAIVER BUT RATHER SHOULD BE CONSTRUED AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS.

THE DEBTORS MAKE THE STATEMENTS AND PROVIDE THE FINANCIAL INFORMATION CONTAINED HEREIN AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND EQUITY INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DATE HEREOF UNLESS SO SPECIFIED. EACH HOLDER OF AN IMPAIRED CLAIM ENTITLED TO VOTE SHOULD THEREFORE CAREFULLY REVIEW THE PLAN, THIS DISCLOSURE STATEMENT AND THE EXHIBITS TO BOTH DOCUMENTS IN THEIR ENTIRETY BEFORE CASTING A BALLOT. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ALL PERSONS DESIRING SUCH ADVICE OR ANY OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

NO PARTY IS AUTHORIZED TO PROVIDE TO ANY OTHER PARTY ANY INFORMATION CONCERNING THE PLAN OTHER THAN THE CONTENTS OF THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS SHOULD NOT RELY ON ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE OF THE PLAN THAT ARE OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN.

THE DEBTORS' MANAGEMENT HAS REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTORS HAVE USED THEIR BEST EFFORTS TO ENSURE THE ACCURACY OF THIS FINANCIAL INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED.

UNLESS OTHERWISE SPECIFIED, ALL REFERENCES TO "DOLLARS" OR "$" SHALL BE DEEMED TO REFER TO UNITED STATES DOLLARS.

ALL CAPITALIZED TERMS IN THIS DISCLOSURE STATEMENT THAT ARE NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS GIVEN TO THEM IN THE PLAN.

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Exhibit 11 Class 5 Preferred Interests Term Sheet

I. SUMMARY

On the Petition Date, the following companies filed petitions under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware: Core-Mark International, Inc.; Fleming Companies, Inc.; ABCO Food Group, Inc.; ABCO Markets, Inc.; ABCO Realty Corp.; ASI Office Automation, Inc.; C/M Products, Inc.; Core-Mark Interrelated Companies, Inc.; Core-Mark Mid-Continent, Inc.; Dunigan Fuels, Inc.; Favor Concepts, Ltd.; Fleming Foods Management Co., O.K., Fleming Foods of Texas, L.P.; Fleming International, Ltd.; Fleming Supermarkets of Florida, Inc.; Fleming Transportation Service, Inc.; Food 4 Less Beverage Company, Inc.; Fuelserv, Inc.; General Acceptance Corporation; Head Distributing Company; Marquise Ventures Company, Inc.; Minter-Weisman Co.; Piggly Wiggly Company; Progressive Realty, Inc.; Rainbow Food Group, Inc.; Retail Investments, Inc.; Retail Supermarkets, Inc.; RFS Marketing Services, Inc.; and Richmar Foods, Inc. Collectively, these entities are referred to herein as the "Debtors."

The Debtors are operating their businesses and managing their properties as debtors and debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

As of the Petition Date, the Debtors were one of the largest distributors of consumable goods in the United States, supplying food, food-related and general merchandise products to approximately 45,000 retail locations throughout the continental United States, Hawaii, Western Canada, and the Caribbean, with distribution centers throughout the country. As of the Petition Date, the Debtors employed over 15,000 people.

As of the Petition Date, the Debtors' distribution business operated within two overall lines of business — (i) wholesale grocery distribution (the "Wholesale Distribution Business"), which supplied a full line of products to grocery stores, discount stores, supercenters and specialty retailers, and (ii) convenience store wholesale distribution ("Fleming Convenience"), which supplied (and continues to supply) products to traditional convenience retailers. The majority of Fleming Convenience is operated under the corporate name of Core-Mark International, Inc. and its subsidiaries Core-Mark Interrelated Companies, Inc., Core-Mark Mid Continent Inc., Minter-Weisman Co., and Head Distributing Co., and the Debtors' other related convenience store operations. Pursuant to section 363 of the Bankruptcy Code, the Bankruptcy Court approved the sale of the Wholesale Distribution Business to C&S Acquisition, LLC (C&S), which sale closed on August 23, 2003 and generated an initial net amount of $237 million and is expected to generate additional sums in the future for the Debtors' estates. The sale to C&S did not include or otherwise affect the assets of Fleming Convenience. By the proposed Second Amended Joint Plan of Reorganization (the "Plan"), the Debtors seek to reorganize their operations around Fleming Convenience.

The Debtors' third line of business, consisting of retail operations, has been discontinued, and the Debtors have either sold or closed all of their retail grocery stores.

Chapter 11 of the Bankruptcy Code allows a debtor to sponsor a plan of reorganization that proposes how to dispose of a debtor's assets and treat claims against, and interests in, such debtor. A plan of reorganization typically may provide for a debtor-in-possession to reorganize by continuing to operate, to liquidate by selling assets of the estate or to implement a combination of both. As mentioned above, the Plan is a reorganizing plan.

Why You Are Receiving This Document

The Bankruptcy Code requires that the party proposing a chapter 11 plan of reorganization prepare and file with the Bankruptcy Court a document called a "disclosure statement." **THIS DOCUMENT IS THE DISCLOSURE STATEMENT (THE "DISCLOSURE STATEMENT") FOR THE PLAN. THE DISCLOSURE STATEMENT INCLUDES CERTAIN EXHIBITS ~~AND A SUPPLEMENT~~, EACH OF WHICH IS INCORPORATED HEREIN BY REFERENCE.**

Please note that any terms not specifically defined in this Disclosure Statement have the meanings ascribed to them in the Plan, and any conflict arising therefrom shall be governed by the Plan.

This Disclosure Statement summarizes the Plan's content and provides information relating to the Plan and the process the Bankruptcy Court will follow in determining whether to confirm the Plan. The Disclosure Statement

also discusses the events leading to the Debtors' filing their Chapter 11 Cases, describes the main events that have occurred in the Debtors' Chapter 11 Cases, and, finally, summarizes and analyzes the Plan. The Disclosure Statement also describes certain potential U.S. and Canadian Federal income tax consequences to Holders of Claims and Equity Interests, voting procedures and the confirmation process.

The Bankruptcy Code requires a disclosure statement to contain "adequate information" concerning the Plan. In other words, a disclosure statement must contain sufficient information to enable parties who are affected by the Plan to vote intelligently for or against the Plan or object to the Plan, as the case may be. The Bankruptcy Court has reviewed this Disclosure Statement and has determined that it contains adequate information and may be sent to you to solicit your vote on the Plan.

All Creditors should carefully review both the Disclosure Statement and the Plan before voting to accept or reject the Plan. Indeed, Creditors should not rely solely on the Disclosure Statement but should also read the Plan. Moreover, the Plan provisions will govern if there are any inconsistencies between the Plan and the Disclosure Statement.

A. Plan Overview

1. Purpose - Reorganization

The purpose of the Plan is to provide the Debtors with a capital structure that can be supported by cash flows from operations. The Debtors believe that the reorganization contemplated by the Plan is in the best interests of their creditors as a whole. If the Plan is not confirmed, the Debtors believe that they will be forced either to file an alternate liquidating plan of reorganization or to liquidate under Chapter 7 of the Bankruptcy Code. In either event, the Debtors believe that the Debtors' unsecured creditors would realize a less favorable distribution of value, or, in certain cases, none at all, for their Claims. *See Article ~~X~~ VIII hereof and the Liquidation Values set forth in the Best Interest Test analysis ~~in the Disclosure Statement Supplement~~ attached hereto as Exhibit 4.*

2. Substantive Consolidation

On the Effective Date, each of the Debtors' estates will be substantively consolidated pursuant to section 105(a) of the Bankruptcy Code for the limited purposes of allowance, treatment and distributions under the Plan. As a result of the substantive consolidation, on the Effective Date, all property, rights and claims of the Debtors shall be deemed pooled for purposes of allowance, treatment and distributions under the Plan. *See Section VI.F.21 hereof.*

3. Creation of Core-Mark Newco and the Post Confirmation Trust

The Plan will provide for the reorganization of the Debtors centered around their ~~r~~ Fleming Convenience businesses through the formation of a new entity, Core-Mark Newco, as outlined in more detail in Section VI.B.2 herein. Additionally, the Debtors' remaining assets and liabilities will be transferred to the Post Confirmation Trust, which will have the responsibility for liquidating such assets, pursuing causes of action and reconciling and paying claims, as outlined in more detail in Section VI.F.8 herein.

4. Summary of Plan Treatment

Unclassified Claims	Plan Treatment
Administrative	

Unclassified Claims	Plan Treatment
Claims:[2]	Subject to the provisions of sections 330(a) and 331 of the Bankruptcy Code, each Holder of an Allowed Administrative Claim, including Holders of Allowed Approved Trade Creditor Lien Claims, but excluding Claims for Professional Fees, will be paid the full unpaid amount of such Allowed Administrative Claim in Cash (i) on the Effective Date or as soon as practicable thereafter, or (ii) if such Administrative Claim is Allowed after the Effective Date, as soon as practicable after the date such Claim is Allowed, or (iii) upon such other terms as may be agreed upon by such Holder and the applicable Reorganized Debtor or otherwise upon an order of the Bankruptcy Court; provided that Allowed Administrative Claims including Allowed Approved Trade Creditor Lien Claims representing obligations incurred in the ordinary course of business or otherwise assumed by the Debtors or Reorganized Debtors pursuant hereto will be assumed on the Effective Date and paid or performed by the applicable Reorganized Debtor when due in accordance with the terms and conditions of the particular agreements governing such obligations. Except as provided in the Plan, Holders of Administrative Claims that arose on or before October 31, 2003 ~~shall file an Administrative Claim on or before the First Administrative Bar Date pursuant~~ to **which** the First Administrative Bar Date ~~Order. Except as provided in the Plan,~~**did not apply and** Holders of Administrative Claims that arose after October 31, 2003 that have not been paid as of the Effective Date, must file an Administrative Claim by the Second Administrative Bar Date. If an Administrative Claim is not timely filed by the First Administrative Bar Date or the Second Administrative Bar Date, as applicable, then such Administrative Claim shall be forever barred and shall not be enforceable against the Debtors or the Reorganized Debtors, their successors, their assigns or their property. The foregoing requirements to file Administrative Claims by the relevant bar date shall not apply to the (i) Administrative Claims of Professionals retained pursuant to sections ~~327 and~~**327, 328 and 363** of the Bankruptcy Code; (ii) expenses of members of the Official Committee of Unsecured **Creditors and the Official Committee of Reclamation** Creditors; (iii) all fees payable and unpaid under 28 U.S.C. § 1930; (iv) any fees or charges assessed against the estates of the Debtors under 28 U.S.C. § 123; (v) Intercompany Claims between Debtors and their affiliates; and (vi) Administrative Claims arising in the ordinary course of business relating to inventory, services or supplies provided by trade vendors or service providers which are paid or payable by the Debtors in the ordinary course of business. An objection to an Administrative Claim filed pursuant to this provision must be filed and properly served within 220 days after the Effective Date. The Debtors and the Post Confirmation Trustee, as applicable, reserve the right to seek an extension of such time to object. All Professionals that are awarded compensation or reimbursement by the Bankruptcy Court in accordance with sections 330, 331 or 363 of the Bankruptcy Code that are entitled to the priorities established pursuant to sections 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code, shall be paid in full, in Cash, the amounts allowed by the Bankruptcy Court: (a) on or as soon as reasonably practicable following the later to occur of (i) the Effective Date; and (ii) the date upon which the Bankruptcy Court order allowing such Claim becomes a Final Order; or (b) upon such other terms as may be mutually agreed upon between such Professional and the Reorganized Debtors. On or before the Effective Date and prior to any distribution being made under the Plan, the Debtors shall escrow into the Professional Fee Escrow Account,

[2] Includes any claim for costs and expenses of administration pursuant to ~~S~~sections 503(b), 507(a)(1), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, but not limited to: (a) the actual and necessary costs and expenses incurred after the petition date of preserving the estates and operating the businesses of the Debtors (such as wages, salaries or commissions for services and payments for goods and other services and leased premises); (b) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed pursuant to ~~S~~sections 328, 330(a) or 331 of the Bankruptcy Code or otherwise for the period commencing on the petition date and ending on the effective date of the Plan; and (c) all fees and charges assessed against the estates pursuant to Chapter 123 of Title 28 United States Code, 28 U.S.C. §§ 1911 through 1930. This excludes Reclamation Claims.

Unclassified Claims	Plan Treatment
	the Carve-Out and the Additional Carve-Out as outlined in the Final DIP Order and any additional estimated accrued amounts owed to Professionals through the Effective Date. Except as otherwise provided by Court order for a specific Professional, Professionals or other entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 or 363 of the Bankruptcy Code for services rendered prior to the Confirmation Date must file and serve an application for final allowance of compensation and reimbursement of expenses no later than forty-five (45) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Court. Any objection to the Claims of Professionals shall be filed on or before thirty (30) days after the date of the filing of the application for final compensation. **Allowed Administrative Claims which shall be paid in full under the Plan are currently estimated to be in the range of $96-~~$135~~ to 125 million as of the Effective Date.**
Priority Tax Claims	~~Each Holder of an~~**In** *full satisfaction, settlement, release, and discharge of,* and in exchange for, each Allowed Priority Tax Claim that is due and payable on or prior to the Effective Date~~shall be paid in *full satisfaction, settlement, release, and discharge of* and in exchange for such~~; (a) if payment of the Allowed Priority Tax Claim is not secured or guaranteed by a surety bond or other similar undertaking, commencing on the Effective Date or as soon as practicable thereafter, the Holder of such Claim shall be paid the principal amount of such Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate available on ninety (90) day United States Treasuries on the Effective Date, in quarterly deferred Cash payments over a period not to exceed six years after the date of assessment ~~in accordance with § 1129(a)(9)(C) of the Bankruptcy Code with interest at a rate agreed~~tax on which such Claim is based, unless the Debtor and Holder mutually agree to ~~by the parties~~a different treatment or ~~set~~as otherwise ordered by the Court. (b) if payment of the Allowed Priority Tax Claim is secured or guaranteed by a surety bond or other similar undertaking, the Holder of the Allowed Priority Tax Claim shall be required to seek payment of its Claim from the surety in the first instance and only after exhausting all right to payment from its surety bond or other similar undertaking shall the Holder be permitted to seek payment from the Debtors under this Plan as a holder of an Allowed Priority Tax Claim and the remainder, if any, owing on an Allowed Claim after deducting all payments received from the surety shall be treated as outlined in paragraph (a) above. To the extent the surety pays the Allowed Priority Tax Claim in full, the Priority Tax Claim shall be extinguished. The surety's Claim against the Debtors for reimbursement is not entitled to be paid as a Priority Tax Claim hereunder. To the extent the surety holds no security for its surety obligations, it shall have a Class 6 Claim and shall be paid in accordance with section III.B.8. of the Plan. To the extent the surety holds security for its surety obligations, the surety shall have a Class 3(A) Claim under the Plan and be paid in accordance with section III.B.3. of the Plan. **Allowed Priority Tax Claims which shall be paid in full under the Plan are currently estimated to be in the range of $~~10~~11 to $~~20~~13 million as of the Effective Date.**[3]
DIP Claims:	On the Effective Date, or as soon as practicable thereafter, each Holder of an Allowed DIP Claim shall be paid in full in Cash in full satisfaction, settlement, release and discharge of and in exchange for each and every Allowed DIP Claim, unless such Holder consents to other

[3] This estimate does not include account payable and accrued liabilities incurred in the ordinary course of business and carried through the Effective Date by Core-Mark Newco.

Unclassified Claims	Plan Treatment
	treatment. **Allowed DIP Claims, which are comprised of letters of credit outstanding and which shall be paid in full under the Plan, are currently estimated to be in the range of ~~$130-$135~~ 25 to 30 million, as of the Effective Date.**

Class	Claim	Plan Treatment of Class
1(A)	Other Priority Non-Tax Claims	~~On the Effective Date, *or as soon as practicable thereafter,* each Holder of an Allowed Other Priority Non Tax Claim shall be paid in~~In full satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Other Priority Non-Tax Claim that is due and ~~every Allowed Other Priority Non-Tax~~payable on or prior to the Effective Date, on the Effective Date *or as soon as practicable thereafter*, the Holder of such Claim ~~in Cash in full,~~shall be paid the principal amount of such Claim unless ~~such~~the Holder ~~agrees~~consents to other treatment. **The class is unimpaired and is deemed to accept.** **Allowed Class 1 Claims which shall be paid in full under the Plan are currently estimated to be in the range of $8~~6~~ to $15 million as of the Effective Date.**
1(B)	Property Tax Claims	In full satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Property Tax Claim that is due and payable on or prior to the Effective Date, commencing on the Effective Date or as soon as practicable thereafter, the Holder of such Allowed Property Tax Claim shall be paid the principal amount of such Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate available on ninety (90) day United States Treasuries on the Effective Date, in quarterly deferred Cash payments over a period not to exceed six years after the date of assessment of the tax on which such Claim is based, unless the Debtor and Holder mutually agree to a different treatment. The Class is impaired and entitled to vote. Allowed Property Tax Claims, which shall be paid in full under the Plan, are currently estimated to be in the range of $5 to 6 million as of the Effective Date.
2	Pre-Petition Lenders' Secured Claims	On the Effective Date, or as soon as practicable thereafter unless such Holder consents to other treatment, each Holder of an Allowed Pre-Petition Lenders' Secured Claim shall be paid in full and shall either (i) assign its liens in the Debtors' assets to the lender under the Exit Financing Facility ~~Agreement~~ or (ii) assign its liens in the Debtors' assets to Core-Mark Newco which liens as assigned shall have the same validity and priority as such liens held by the Holders of the Class 2 Claims, and which liens as assigned shall be subject to further transfer to the Post Confirmation Trust, as applicable. **The class is unimpaired and is deemed to accept.** **Allowed Class 2 Claims which shall be paid in full under the Plan are currently estimated to be $0200 to 220 million as of the Effective Date.**
3		
3(A)	Other Secured Claims that are not Class 1(B) Claims	On the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Other Secured Claim that is not a Class 1(B) Claim (e.g. PMSI Holders, equipment financing lenders, etc.) shall receive one of the following treatments, at

Class	Claim	Plan Treatment of Class
		the Debtors' option, such that they shall be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code: (i) the payment of such Holder's Allowed Other Secured Claim in full, in Cash; (ii) payment of the sale or disposition proceeds of the property securing such Allowed Other Secured Claim to the extent of the value of the Holder's interest in such property; or (iii) the surrender to the Holder of the property securing such Claim. **The class is unimpaired and is deemed to accept.** **Allowed Class 3(A) Claims are currently estimated to be in the range of $750,000 to $2 million as of the Effective Date.**
3(B)	Approved Trade Creditor Reclamation Lien Claims	On the Effective Date, or as soon as practicable thereafter~~, Core-Mark Newco or~~ the Post Confirmation Trust~~, as applicable,~~ shall issue ~~a promissory note~~the Class 3B Preferred Interests in favor of the Holders of Allowed Approved Trade Creditor Reclamation Lien Claims in the estimated aggregate amount of such Allowed Claims under the terms and conditions outlined in the Class 3B Preferred Interests Term Sheet (with the interests to be reissued as such Claims are Allowed by Final Order or settlement) and grant a first priority lien to such Holders on the Post Confirmation Trust Distributable Assets entitling each Holder of an Allowed Approved Trade Creditor Reclamation Lien Claim to its Ratable Proportion of the Post Confirmation Trust Distributable Assets up to the total amount of each Holders' Allowed Approved Trade Creditor Reclamation Lien Claim, in full satisfaction, settlement, release and discharge of each Allowed Approved Trade Creditor Reclamation Lien Claim, unless such Holder agrees to other treatment, and subject at the Debtors' option, to reduction for unpaid post-petition deductions, preference payments and other applicable setoff rights. As additional security for the Class 3B Preferred Interests, Core-Mark Newco shall provide a junior secured guarantee under the terms outlined in the Class 3B Preferred Interests Term Sheet. **The class is impaired and entitled to vote.** **Allowed Class 3(B) Claims are currently estimated to be in the range of ~~$13~~ ~~$92~~43 to 55 million prior to setoffs which may be available to the Debtors as of the Effective Date and will be paid in full under the Plan by the Post Confirmation Trust or Core-Mark Newco as outlined in the Class 3(B) Preferred Interests Term Sheet.**
3(C)	DSD Trust Claims	~~(i) In the event that the DSD Trust Claim Holders obtain a Final Order in their favor in the pending litigation allowing their Claims, on the later of (a) the Effective Date or as soon as practicable thereafter; or (b) the date the DSD Trust Claim Holders obtain a Final Order allowing their Claims or as soon as practicable thereafter, each~~**Each** Holder of an Allowed DSD Trust Claim shall be paid in full satisfaction, settlement, release and discharge of each Allowed DSD Trust Claim in Cash ~~in full, unless such Holder agrees to other treatment, subject, at the Debtors' option to reduction for unpaid post petition deductions, preference payments and other applicable setoff rights. In the event the DSD Trust Claim Holders do not prevail in their litigation, all Allowed DSD Trust Claims shall be treated as Class 6 General Unsecured Claims hereunder~~**Ratable Proportion of the DSD Settlement Fund as outlined in the DSD Settlement Agreement. The class is ~~unimpaired~~impaired and ~~is deemed~~entitled to ~~accept~~vote.** ~~Allowed Class 3(C) Claims are currently estimated to~~ **The DSD Settlement Fund shall be in the ~~range~~amount of ~~$0 to $22~~17.5 million~~ as of the Effective Date.**
4	PACA/PASA	

Class	Claim	Plan Treatment of Class
	Claims:[4]	~~On the Effective Date, *or as soon as practicable thereafter,* unless such Holder agrees to other treatment, each Holder of an Allowed PACA/PASA Claim shall be paid in~~In full satisfaction, settlement, release, and discharge of, and in exchange for, each ~~and every~~ Allowed PACA/PASA Claim ~~in Cash in full from the previously established PACA trust or from Core Mark Newco to the extent the PACA trust~~that is ~~insufficient~~due and payable on or prior to ~~satisfy all the Allowed PACA/PASA Claims with any remaining proceeds~~Effective Date, on the Effective Date *or as soon as practicable thereafter*, the Holder of such Claim shall be paid the principal amount of such Claim unless the ~~PACA~~Holder ~~trust~~consents to ~~be distributed to Core Mark Newco~~other treatment. **The class is unimpaired and is deemed to accept.** **Allowed Class 4 Claims which shall be paid in full under the Plan are currently estimated to be in the range of ~~$9~~ $8 to $14 million as of the Effective Date.**
5	Valid Reclamation Claims that are not Class 3(B) Claims	To the extent the Court determines that the Holders of Reclamation Claims that are not Class 3(B) Claims are entitled to priority treatment, on the Effective Date, or as soon as practicable thereafter, ~~Core Mark Newco or~~ the Post Confirmation Trust, ~~as applicable~~, shall issue ~~a promissory note~~the Class 5 Preferred Interests in favor of such Holders in the estimated aggregate amount of their Allowed Claims (with the interests to be reissued as such Claims are Allowed by Final Order or settlement) and grant a second priority lien on the Post Confirmation Trust Distributable Assets entitling each Holder to its Ratable Proportion of the Post Confirmation Trust Distributable Assets, after all Class 3(B) Claims are paid in full. As additional security for the Class 5 Preferred Interests in the event the Court determines that the Holders of Class 5 Claims are entitled to priority treatment, Core-Mark Newco shall provide a junior guarantee under the terms outlined in the Class 5 Preferred Interests Term Sheet. In the event the Court denies the Holders of Reclamation Claims that are not Class 3(B) Claims priority treatment, such Reclamation Claims shall be treated as Class 6 Claims hereunder. . and any ballots cast by Holders of Class 5 Claims shall be counted as ballots cast by Holders of Class 6 Claims. The class is impaired and entitled to vote. **Allowed Class 5 Claims are currently estimated to be in the range of [$0- to ~~$150~~80 million prior to giving affect to all of the Debtors' prepetition deductions as of the Effective Date and to the extent the Court determines the Holders of Class 5 Claims are entitled to priority treatment, the Holders of Class 5 claims will be paid in full under the Plan by the Post-Confirmation Trust or Core-Mark Newco as outlined in the Class 5 Preferred Interests Term Sheet.**[5]
6	General Unsecured Claims other than Convenience Claims	On the Effective Date, or as soon as practicable thereafter, each Holder of an Allowed General Unsecured Claim other than Convenience Claims, shall be paid in full satisfaction, settlement, release, and discharge of and in exchange for each and every Allowed General Unsecured Claim other than Convenience Claims, at the Debtors' option, in one or a combination of the following manners: (i) issuance of a Ratable Proportion of the New Common Stock subject to dilution from the

[4] Includes claims asserted pursuant to the Perishable Agricultural Commodities Act, 7 U.S.C. §499a et seq. ("~~"~~PACA~~""~~), the Packers and Stockyard Act, 7 U.S.C. §181 et seq. ("~~"~~PASA~~"?~~), or state statutes or similar import.

[5] ~~As per the November 21, 2003 Reclamation Claims Summary report filed with the Court by the Debtors, this estimate is net of setoff of prepetition deductions.~~

Class	Claim	Plan Treatment of Class
		issuance of warrants to the Tranche B Lenders ~~or the shares of New Common Stock issued upon the conversion of Preferred Stock issued pursuant to the Rights Offering, if applicable,~~ and through the Management Incentive Plan; and/or (ii) in the event the Debtors, with the consent of the Creditors Committee, elect to sell some or all of their assets as outlined herein, a Ratable Proportion of Cash remaining from the sale of such assets after all of the Allowed Unclassified Claims and Claims of Holders in Classes 1 through 5 have been satisfied in full. As additional consideration, each Holder of an Allowed General Unsecured Claim shall be entitled to a Ratable Proportion of Excess Proceeds (as defined in the Post Confirmation Trust Agreement), if any, available from the Post Confirmation Trust after payment by the Post Confirmation Trust of all claims and obligations required to be made by the Post Confirmation Trust under the Plan, the Post Confirmation Trust Agreement, or otherwise, as set forth in the Post Confirmation Trust Agreement. ~~Further, in the event the Debtors utilize a Rights Offering, each Holder of a General Unsecured Claim that is listed on the Rights Participation Schedule shall be entitled to receive in exchange for such Holders' Claim its Equity Subscription Rights for shares of Preferred Stock as outlined in Section VII.B. of the Plan, and Exhibit 6 herein.~~ **The class is impaired and is entitled to vote.** **Allowed Class 6 Claims are currently estimated to be in the range of $2.6-$3.2 billion as of the Effective Date. Based on this estimated range of Allowed Claims and the estimated value of the New Common Stock, the Holders of Class 6 Claims shall be receiving stock in Core-Mark Newco with a value equal to approximately 4% to 7% of the Allowed Amount of each such Holders' Claim.**
7	Convenience Claims	On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 7 Claim shall receive, in full and final satisfaction of such claim, a cash distribution equal to 10% of the amount of its Class 7 Claim, *provided however*, the aggregate amount of such Allowed Class 7 Claims shall not exceed $10,000,000. If the aggregate amount of the Allowed Class 7 Claims exceeds $10,000,000, each Holder of an Allowed Class 7 Claim shall receive its Ratable Proportion of $1,000,000. **The class is impaired and is entitled to vote.** **Allowed Class 7 Claims are currently estimated to be in the range of $5-$10 million as of the Effective Date.**
8	Equity Interests:	Receives no distribution and are canceled. **The class is fully impaired and deemed to reject.**
9	Intercompany Claims	Receives no distribution and are canceled. **The class is fully impaired and deemed to reject.**
10	Other Securities Claims and Interests	Receives no distribution and are cancelled and discharged. **The class is fully impaired and deemed to reject.**

THE BANKRUPTCY COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE BANKRUPTCY COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON ALL CLAIM AND EQUITY INTEREST HOLDERS.

5. Executory Contracts and Unexpired Leases

Immediately prior to the Confirmation Date, except as otherwise provided herein, all executory contracts or unexpired leases of the Debtors will be deemed rejected in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code except those executory contracts and unexpired leases **that** (i) have been previously rejected or assumed by Order of the Bankruptcy Court, (ii) are subject to a pending motion to reject or assume**; or** (iii) are ~~executory contracts and unexpired leases related to the Wholesale Distribution Business for which the Option Period to assume or reject such executory contract or unexpired lease has not yet expired or (iv) are~~ specifically listed on the Assumption Schedule **to be** filed with the ~~Plan Supplement~~**Court 15 days prior to the Voting Deadline**. The Debtors, with the consent of the Creditors' Committee, reserve the right for 30 days after the Confirmation Date to modify the Assumption Schedule to add Executory Contracts or Leases or remove Executory Contracts or Leases from such Assumption Schedule. The Debtors shall provide appropriate notice to any party added or removed from the Assumption Schedule after the Confirmation Date, and any such party removed from the Assumption Schedule shall have thirty days from the receipt of such notice to file a proof of claim with the Bankruptcy Court.

B. Voting and Confirmation

Each Holder of a Claim in Classes **1(B), 3(B), 3(C),** 5, 6 and 7 will be entitled to vote either to accept or reject the Plan. Classes **1(B), 3(B), 3(C),** 5, 6 and 7 shall have accepted the Plan if: (i) the Holders of at least two-thirds in dollar amount of the Allowed Claims actually voting in each such Class have voted to accept the Plan and (ii) the Holders of more than one-half in number of the Allowed Claims actually voting in each such Class have voted to accept the Plan. Assuming the requisite acceptances are obtained, the Debtors intend to seek confirmation of the Plan at the Confirmation Hearing scheduled to commence on [_____], 2004 before the Bankruptcy Court. Notwithstanding the foregoing, the Debtors will seek Confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to the Impaired Classes presumed to reject the Plan and reserve the right to do so with respect to any other rejecting Class or to modify the Plan in accordance with Article XIII.D of the Plan.

Article III of this Disclosure Statement specifies the deadlines, procedures and instructions for voting to accept or reject the Plan and the applicable standards for tabulating Ballots. The Bankruptcy Court has established [_____], 2004, (the "Voting Record Date") as the date for determining which Holders of Claims are eligible to vote on the Plan. Ballots will be mailed to all registered Holders of Claims as of the Voting Record Date who are entitled to vote to accept or reject the Plan. An appropriate return envelope will be included with your Ballot, if necessary. Beneficial Holders of Claims who receive a return envelope addressed to their bank, brokerage firm or other Nominee, or any agent thereof, (each, a "Nominee") should allow sufficient time for the Nominee to receive their votes ~~and~~, process them on a Master Ballot **and forward them to the Solicitation Agent** before the Voting Deadline, as defined below.

The Debtors have engaged the Solicitation Agent to assist in the voting process. The Solicitation Agent will answer questions, provide additional copies of all materials and oversee the voting tabulation. The Solicitation Agent will also process and tabulate ballots for each Class entitled to vote to accept or reject the Plan. The "Solicitation Agent" is Bankruptcy Management Corporation, 1330 E. Franklin Avenue, El Segundo, California 90245, (888) 909-0100 (toll free).

~~1. Time and Place of the Confirmation Hearing~~

~~The hearing at which the Bankruptcy Court will determine whether to confirm the Plan will take place on [ ], 2004 at : .m., PREVAILING EASTERN TIME, in the United States Bankruptcy Court, District of Delaware, before the Honorable Mary F. Walrath, United States Bankruptcy Judge.~~

~~2. *Deadline for Voting For or Against the* Plan~~

~~If you are entitled to vote, it is in your best interest to vote timely on the enclosed ballot (the "Ballot") and return the Ballot in the enclosed envelope to the Solicitation Agent.~~

TO NO LATER THAN 5:00 P.M., PREVAILING EASTERN TIME, ON [ ], 2004 (THE "VOTING DEADLINE"), UNLESS THE BANKRUPTCY COURT EXTENDS OR WAIVES THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED. ANY EXECUTED BALLOT OR COMBINATION OF BALLOTS REPRESENTING CLAIMS IN THE SAME CLASS OR SUBCLASS HELD BY THE SAME HOLDER THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR THAT INDICATES BOTH AN ACCEPTANCE AND REJECTION OF THE PLAN SHALL NOT BE COUNTED. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE COUNTED IN THE DISCRETION OF THE DEBTORS AND THE CREDITORS' COMMITTEE. BE COUNTED, THE SOLICITATION AGENT MUST RECEIVE YOUR BALLOT (OR MASTER BALLOT OF YOUR NOMINEE HOLDER) INDICATING ACCEPTANCE OR REJECTION OF THE PLAN

THE DEBTORS AND THE CREDITORS' COMMITTEE BELIEVE THAT THE PLAN IS IN THE BEST INTEREST OF ALL OF THEIR CREDITORS AS A WHOLE. THE DEBTORS AND THE CREDITORS' COMMITTEE THEREFORE RECOMMEND THAT ALL HOLDERS OF CLAIMS SUBMIT BALLOTS TO ACCEPT THE PLAN.

At the Debtors' request, the Bankruptcy Court has established certain procedures for the solicitation and tabulation of votes on the Plan. They are described in the Order entitled "Order (A) Approving Disclosure Statement; (B) Scheduling A Hearing To Confirm The Plan; (C) Establishing A Deadline For Objecting To The Plan; (D) Approving Form Of Ballots, Voting Deadline And Solicitation Procedures; And (E) Approving Form And Manner Of Notices" and the "Notice Of (I) Entry Of Order Approving Disclosure Statement; (II) Hearing To Confirm Plan Of Reorganization; And (III) Related Important Dates" (the "Confirmation Hearing Notice") that accompany this Disclosure Statement as Exhibit 2.

3. Deadline for Objecting to the Confirmation of the Plan

Objections to Plan confirmation must be filed with the Bankruptcy Court and served upon the following, so that they are ***actually received*** on or before [ ] p.m. Prevailing Eastern Time on [ ], 2004.

Counsel to the Debtors
Kirkland & Ellis LLP
777 South Figueroa Street
Los Angeles, California 90017
Attn: Richard L. Wynne, Esq.
Shirley S. Cho, Esq.

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601
Attn: Geoffrey A. Richards, Esq.
Janet S. Baer, Esq.

Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C.
919 N. Market Street, Sixteenth Floor
Post Office Box 8705
Wilmington, Delaware 19899-8705 (Courier 19801)
Attn: Laura Davis Jones, Esq.
Christopher J. Lhulier, Esq.

United States Trustee
Office of the United States Trustee
Joseph McMahon, Esq.
844 N. King Street, Second Floor
Wilmington, Delaware 19801

Counsel for the Creditors Committee

Pepper Hamilton LLP
100 Renaissance Center
Detroit, Michigan 48243
Attn: I. William Cohen, Esq.
Robert Hertzberg, Esq.

Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005
Attn: Dennis Dunne, Esq.
Paul S. Aronzon, Esq.

C. Risk Factors

Prior to deciding whether and how to vote on the Plan, each Holder of a Claim should consider carefully all of the information in this Disclosure Statement and should particularly consider the Risk Factors described in Article IX hereof.

~~D. Identity of Persons to Contact for More Information~~

~~Any interested party desiring further information about the Plan should contact: Counsel for the Debtors: Kirkland & Ellis LLP, 777 South Figueroa Street, Los Angeles, California, via e-mail at scho@kirkland.com.~~

D. ~~E.~~ Disclaimer

1. Read This Disclosure Statement And The Plan Carefully

All creditors are urged to carefully read this Disclosure Statement, with all attachments and enclosures, in ~~their~~its entirety, in order to formulate an informed opinion as to the manner in which the Plan affects their Claims against the Debtors and to determine whether to vote to accept the Plan.

You should also read the Plan carefully and in its entirety. The Disclosure Statement contains a summary of the Plan for your convenience, but the terms of the Plan, itself, supersede and control the summary.

In formulating the Plan, the Debtors relied on financial data derived from their books and records. The Debtors therefore represent that everything stated in this Disclosure Statement is true to the best of their knowledge. We nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement.

The discussion in this Disclosure Statement regarding the Debtors may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as "may," "expect," "believe," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The liquidation analyses, distribution projections and other information are estimates only, and the timing and amounts of actual distributions to creditors may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates or recovery projections may or may not turn out to be accurate.

NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT IS, OR SHALL BE DEEMED TO BE, AN ADMISSION OR STATEMENT AGAINST INTEREST BY THE DEBTORS FOR PURPOSES OF ANY PENDING OR FUTURE LITIGATION MATTER OR PROCEEDING.

ALTHOUGH THE ATTORNEYS, ACCOUNTANTS, ADVISORS AND OTHER PROFESSIONALS EMPLOYED BY THE DEBTORS HAVE ASSISTED IN PREPARING THIS DISCLOSURE STATEMENT BASED UPON FACTUAL INFORMATION AND ASSUMPTIONS RESPECTING FINANCIAL, BUSINESS AND ACCOUNTING DATA FOUND IN THE BOOKS AND RECORDS OF THE DEBTORS, THEY HAVE NOT INDEPENDENTLY VERIFIED SUCH INFORMATION AND MAKE NO REPRESENTATIONS AS TO THE ACCURACY THEREOF. THE ATTORNEYS, ACCOUNTANTS, ADVISORS AND OTHER PROFESSIONALS EMPLOYED BY THE DEBTORS SHALL HAVE NO LIABILITY FOR THE INFORMATION IN THIS DISCLOSURE STATEMENT.

THE DEBTORS AND THEIR PROFESSIONALS ALSO HAVE MADE A DILIGENT EFFORT TO IDENTIFY IN THIS DISCLOSURE STATEMENT AND IN THE PLAN PENDING LITIGATION CLAIMS AND PROJECTED CAUSES OF ACTION AND OBJECTIONS TO CLAIMS. HOWEVER, NO

RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED CAUSE OF ACTION OR OBJECTION TO CLAIM IS, OR IS NOT, IDENTIFIED IN THIS DISCLOSURE STATEMENT OR THE PLAN. THE DEBTORS, THE REORGANIZED DEBTORS OR THE POST CONFIRMATION TRUST MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE LITIGATION CLAIMS AND PROJECTED CAUSES OF ACTION AND OBJECTIONS TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT OR THE PLAN IDENTIFIES ANY SUCH CLAIMS, CAUSES OF ACTION OR OBJECTIONS TO CLAIMS.

II. RECOMMENDATIONS

A. The Debtors And The Creditors' Committee Strongly Recommend That You Vote In Favor Of The Plan

The Debtors and the Creditors' Committee strongly recommend that you vote in favor of the Plan. Your vote on the Plan is important. Nonacceptance of the Plan may result in protracted delays, a chapter 7 liquidation or the confirmation of another less favorable chapter 11 plan. These alternatives may not provide for distribution of as much value to Holders of Allowed Claims as does the Plan. The Debtors and the Creditors' Committee believe that unsecured creditors will receive a greater distribution under the Plan than they would in a chapter 7 liquidation, as more fully discussed in "Alternatives to the Plan – Liquidation Under Chapter 7" below.

III. VOTING ON AND CONFIRMATION OF THE PLAN

A. ~~Voting And Ballots~~*Deadline for Voting For or Against the* Plan

~~IF YOU OWN ANY OF FLEMING'S OLD NOTES, PLEASE RETURN YOUR INDIVIDUAL BALLOT TO THE NOMINEE THAT SENT THE BALLOT TO YOU (AS DISCUSSED BELOW). ALL OTHER INDIVIDUAL BALLOTS SHOULD BE RETURNED *TO THE SOLICITATION AGENT.*~~

If one or more of your Claims is in a voting Class, the Debtors' solicitation agent, Bankruptcy Management Corporation ("Solicitation Agent") has sent you one or more individual Ballots, with return envelopes (WITHOUT POSTAGE ATTACHED) for voting to accept or reject the Plan. The Debtors and Creditors' Committee urge you to accept the Plan by completing, signing and returning the enclosed Ballot(s) in the return envelope(s) (WITH POSTAGE AFFIXED BY YOU), to the Solicitation Agent as follows ~~(the "Solicitation Agent")~~:

If by hand delivery/courier:	If by U.S. mail:
Bankruptcy Management Corporation	Bankruptcy Management Corporation P.O. Box 900
1330 E. Franklin Avenue	El Segundo, CA 90245-0900
El Segundo, CA 90245	Attn: Fleming Solicitation Agent
Attn: Fleming Solicitation Agent	

~~or, if you beneficially own Old Notes through a Nominee or other Record Holder, such as a bank, brokerage firm or any other agent thereof and you received this Disclosure Statement directly from such Nominee, then you should return your ballot to such Nominee. You should allow for enough time so that the Nominee can receive your vote and present it on a Master Ballot before the Voting Deadline.~~

~~Ballots must be sent so that each Ballot is~~ RECEIVED ~~WITH AN ORIGINAL SIGNATURE (NOT A PHOTOCOPIED~~

~~OR FACSIMILE SIGNATURE) NO LATER THAN 5:00 P.M., PREVAILING EASTERN TIME, ON _____, 2004. IF YOU BENEFICIALLY OWN OLD NOTES THROUGH A NOMINEE OR OTHER RECORD HOLDER, SUCH AS A BANK, BROKERAGE FIRM OR ANY OTHER AGENT THEREOF AND YOU RECEIVED THIS DISCLOSURE STATEMENT DIRECTLY FROM SUCH NOMINEE, THEN YOU SHOULD RETURN YOUR BALLOT TO SUCH NOMINEE. YOU SHOULD ALLOW FOR ENOUGH TIME SO THAT THE NOMINEE CAN RECEIVE YOUR VOTE, REFLECT IT ON A MASTER BALLOT AND RETURN THE MASTER BALLOT *TO THE SOLICITATION AGENT* BEFORE THE VOTING DEADLINE.~~

~~*TO NO LATER THAN 5:00 P.M., PREVAILING EASTERN TIME, ON [ ], 2004 (THE "VOTING DEADLINE"). UNLESS THE BANKRUPTCY COURT EXTENDS OR WAIVES THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED. ANY EXECUTED BALLOT OR COMBINATION OF BALLOTS REPRESENTING CLAIMS IN THE SAME CLASS OR SUBCLASS HELD BY THE SAME HOLDER THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR THAT INDICATES BOTH AN ACCEPTANCE AND REJECTION OF THE PLAN SHALL NOT BE COUNTED. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE COUNTED IN THE DISCRETION OF THE DEBTORS AND THE CREDITORS' COMMITTEE. BE COUNTED. THE SOLICITATION AGENT MUST RECEIVE YOUR BALLOT (OR MASTER BALLOT OF YOUR NOMINEE HOLDER) INDICATING ACCEPTANCE OR REJECTION OF THE* PLAN~~

Detailed voting instructions are printed on and/or accompany each Ballot. Any Ballot and Master Ballot sent by mail must be received ~~before the first mail collection~~ by the Solicitation Agent ~~*after the Voting Deadline,* and any~~no later than 5:00 p.m. Eastern Time on the Voting Deadline. Any Ballot or Master Ballot received ~~after such first mail collection~~*after the Voting Deadline,* shall not be counted, subject to the discretion of the Debtors

and the Creditors' Committee. Any Ballot or Master Ballot sent by any other means must be physically received by the Solicitation Agent or a Nominee, as the case may be, by the Voting Deadline or it shall not be counted. Any unsigned Ballot or any Ballot that has no original signature, including any Ballot received by facsimile or other electronic means, or any Ballot with only a photocopy of a signature shall not be counted. Any Ballot that is not clearly marked as voting for or against the Plan, or marked as both voting for and against the Plan, shall not be counted. Any Ballot that is properly completed and timely received shall not be counted if such Ballot was sent in error to, or by, the voting party, because the voting party did not have a Claim that was entitled to be voted in the relevant Voting Class as of the Voting Record Date. A Beneficial Holder (but not an entity voting acting in a fiduciary capacity and on behalf of more than one Beneficial Holder, such as a Nominee) that is voting more than one Claim in a Voting Class must vote all of its Claims within a particular Voting Class either to accept or to reject the Plan and may not split its vote in the same Voting Class, and thus, any Ballot (or Ballots in the same Voting Class) of a Beneficial Holder that partially rejects and partially accepts the Plan shall be deemed as accepting the Plan. Whenever a Holder of a Claim in a Voting Class casts more than one Ballot voting the same Claim prior to the Voting Deadline, the last Ballot physically received by the Solicitation Agent or a Nominee, as the case may be, prior to the Voting Deadline shall be deemed to reflect the voter's intent and thus shall supersede and replace any prior cast Ballot(s), and any prior cast Ballot(s), shall not be counted. **The Debtors, in consultation with the Committee, without notice, subject to contrary order of the Court, may waive any defect in any Ballot or Master Ballot at any time, either before or after the close of voting, and without notice. Such determinations will be disclosed in the voting report and any such determination by the Debtors and the Committee shall be subject to de-novo review by the Court.**

The Debtors and the Creditors' Committee filed their ~~First~~Second Amended Joint Plan of Reorganization of Fleming Companies, Inc. and its Filing Subsidiaries Under Chapter 11 of the United States Bankruptcy Code **[Docket No. __]**; and the Bankruptcy Court has entered the Solicitation Order requested thereby, which, among other things, approved the voting procedures addressed herein. You should carefully read the Solicitation Order, which is annexed hereto as Exhibit 2. It establishes, among other things: (a) the deadlines, procedures and instructions for voting to accept or reject the Plan; (b) the Voting Record Date, which is **[_____], 2004** (c) the applicable standards for tabulating Ballots; (d) the deadline for filing objections to Confirmation of the Plan; and (e) the date and time of the Confirmation Hearing (also set forth below).

The Solicitation Order should be referred to if you have any questions concerning the procedures described herein. If there are any inconsistencies or ambiguities between this Disclosure Statement and the Solicitation Order, the Solicitation Order will control.

THE DEBTORS AND THE CREDITORS' COMMITTEE BELIEVE THAT THE PLAN IS IN THE BEST INTEREST OF ALL OF THEIR CREDITORS AS A WHOLE. THE DEBTORS AND THE CREDITORS' COMMITTEE THEREFORE RECOMMEND THAT ALL HOLDERS OF CLAIMS SUBMIT BALLOTS TO ACCEPT THE PLAN.

B. Confirmation Hearing For The Plan

The Bankruptcy Court has set a hearing on the Confirmation of the Plan (the "Confirmation Hearing") to consider objections to Confirmation, if any, commencing at _:__ _.m., **Prevailing Eastern Time** on _____ __, **2004,** in the United States Bankruptcy Court, 824 Market Street, Wilmington, Delaware 19801. The Confirmation Hearing may be adjourned, from time to time, without notice, other than an announcement of an adjourned date at such hearing or an adjourned hearing**, or by posting such continuance on the Court's docket**.

C. Any Objections To Confirmation Of The Plan

Any responses or objections to Confirmation of the Plan must be in writing (with proposed changes to the Plan being marked for changes, i.e., blacklined against the Plan), and must be filed with the Clerk of the Bankruptcy Court with a copy to the Court's Chambers, together with a proof of service thereof, and served on counsel for the Debtors, counsel for the Committee and the Office of United States Trustee **ON OR BEFORE** _____ __, **2004 at 5:00 P.M., Prevailing Eastern Time.** Bankruptcy Rule 3007 governs the form of any such objection.

Counsel on whom objections must be served are:

Counsel for the Debtors:
Kirkland & Ellis LLP
200 E. Randolph Drive
Chicago, Illinois 60601
Attn: Geoffrey A. Richards, Esq.
Janet S. Baer, Esq.

Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C.
919 N. Market Street, Sixteenth Floor
Post Office Box 8705
Wilmington, Delaware 19899-8705 (Courier 19801)
Attn: Laura Davis Jones, Esq.
Christopher J. Lhulier, Esq.

Counsel for the United States Trustee
Office of the United States Trustee
844 N. King Street, Second Floor
Wilmington, Delaware 19801
Attn: Joseph McMahon, Esq.

Counsel for the Official Committee of Unsecured Creditors
Milbank, Tweed, Hadley & McCloy
1 Chase Manhattan Plaza
New York, New York 10005
Attn: Dennis Dunne, Esq.
Paul S. Aronzon, Esq.

Pepper Hamilton LLP
100 Renaissance Center
Detroit, Michigan 48243
Attn: I. William Cohen, Esq.
Robert Hertzberg, Esq.

D. Questions About The Disclosure Statement, Plan Or Ballots

You may address any questions you have about this Disclosure Statement, the Plan or your Ballot(s) to general bankruptcy counsel for the Debtors:

Evan R. Gartenlaub, Esq.

Kirkland & Ellis LLP
200 E. Randolph Drive
Chicago, Illinois 60601
~~Attn: Evan Gartenlaub, Esq.~~
Tel.: (312) 861-~~2261~~2000
Fax: (312) 861-2200
~~Email: Egartenlaub@kirkland.com~~

Unsecured creditors may also address any questions they may have to counsel for the Creditors' Committee:

Dennis Dunne, Esq.
Milbank, Tweed, Hadley & McCloy
1 Chase Manhattan Plaza
New York, New York 10005
Tel: (212) 530-5000
Fax: (212) 530-5219
Email: ddunne@milbank.com

Dennis S. Kayes, Esq.
Pepper Hamilton LLP
100 Renaissance Center
Detroit, Michigan 48243
Tel: (313) 259-7110
Fax: (313) 259-7926
Email: kayesd@pepperlaw.com

IV. ORGANIZATION AND ACTIVITIES OF THE DEBTORS

A. Operations

As of the Petition Date, Fleming, together with its Debtor and non-debtor affiliates, was an industry leading distributor of consumable packaged goods in the United States. The Debtors' distribution business for both the Wholesale Distribution Business and the Convenience Business involved purchasing, receiving, warehousing, selecting, loading, delivering and distributing a wide variety of consumable items including groceries, meat, dairy, delicatessen products and packaged goods, as well as a variety of general merchandise such as health and beauty care items. As of the Petition Date, the Debtors' distribution network operated through 50 distribution centers. In 2002, the average number of stock-keeping units, or SKUs, carried in the Debtors' wholesale distribution centers ranged from 6,000 to 19,000 based on the size and focus of the specific distribution center. **The Wholesale Distribution Business assets were sold during the course of the Chapter 11 Cases as outlined below.**

Largely independent of its distribution segment, certain of the Debtor entities also maintained retail operations. As of the Petition Date, the retail segment operated approximately 100 stores under the Food 4 Less, Rainbow and yes!LESS® trade names, serving primarily middle and lower income consumers. The Debtors' retail establishments were concentrated in Texas, Arizona, Minnesota, New Mexico, Northern California, Utah, Wisconsin and Louisiana. The Debtors' retail operations have been discontinued, and all of the retail stores have since been sold or closed.

The Debtors' corporate headquarters are located in Lewisville, Texas, with accounting and information technology operations located in Oklahoma City, Oklahoma. The corporate headquarters of Fleming Convenience, which is a premier distributor of food and consumer products for convenience stores in North America, are located in San Francisco, California.

B. Debt Structure

1. Debt

The Debtors, and their non-debtor subsidiaries, historically have generated some of the cash necessary to finance operations by incurring certain debt obligations primarily through bank loans and through the issuance of a series of notes under indentures from time to time. Accordingly, the Debtors are party to prepetition financing arrangements including secured bank debt arising under a credit facility and obligations arising under a series of unsecured indentures. Each of the foregoing types of indebtedness is described more fully below.

2. Secured Debt

On June 18, 2002, Fleming entered into a $975 million secured credit facility with a syndicate of banks ~~led~~**agented** by Deutsche Bank **Trust Company Americas** and ~~J.P. Morgan~~**JPMorgan Chase Bank** (the "Pre-Petition Lenders") to refinance the then existing $850 million ~~Pre-Petition Credit Agreement~~**credit agreement**. Under the terms of the Pre-Petition Credit Agreement, the Pre-Petition Lenders made loans and advances to Fleming and issued or caused to be issued letters of credit on Fleming's behalf. The loans and advances were secured by first-priority security interests and liens on all or substantially all of the then existing and after-acquired accounts receivable, inventory, instruments and chattel paper evidencing accounts receivable (or into which any accounts receivable have been, or hereafter are, converted), securities, limited liability company interests, partnership interests, security entitlements, financial assets and investment property, and all proceeds and products of any and all of the foregoing (the "Prepetition Collateral"). The Prepetition Collateral includes all of the proceeds of the Prepetition Collateral~~,~~ existing before and after the commencement of these Cases.

As of the Petition Date, Fleming's entire obligation to the Pre-Petition Lenders under the Pre-Petition Credit Agreement totaled approximately $~~609~~**604** million. Of this entire obligation, $219 million was outstanding under the revolving loan, $239 million was outstanding under the term loan, and $146 million was outstanding under certain letters of credit issued on Fleming's account. **Subsequent to the Petition Date, an automatic step up provision in a letter of credit resulted in an increase of exposure in one letter of credit in an**

amount of $5 million. After such step up, the outstanding pre-petition indebtedness totaled $609 million, including $151 million of pre-petition letters of credit. Of the $609 million outstanding on the Petition Date, approximately $~~223.7~~ 28 million ~~remains~~is expected to be outstanding in funded debt on the Effective Date and approximately $~~59.7~~ 79 million ~~remains~~is expected to be outstanding in prepetition letters of credit~~.~~, which are supported by approximately $60 million of cash collateral as of January 29, 2004. See Section V.C.1b herein.

On April 24, 2003, the Bankruptcy Court approved an interim "bridge" debtor in possession loan facility of $50 million from the Pre-Petition Lenders (Docket No. 565), and on May 7, 2003, the Bankruptcy Court approved a final debtor in possession loan facility of $150 million (Docket No. 743). Both the interim DIP Credit Facility and the DIP Credit Facility are subject to borrowing base requirements and are secured by virtually all of the Debtors' assets on a superpriority basis. The DIP Credit Facility is paid off except for approximately $~~24.6~~25 million in outstanding letters of credit.

3. Unsecured Debt

Prior to the Petition Date, Fleming issued a series of unsecured notes under indentures. Each of these notes is guaranteed by the Fleming Ssubsidiaries.

Outstanding obligations under these indentures are as follows:

- **10 1/8% senior notes due in 2008.**

Under an Indenture dated as of March 15, 2001, Fleming issued its 10 1/8% senior notes due in 2008 in a principal amount of $355 million.

- **9 1/4% senior notes due in 2010.**

Under an Indenture dated as of June 18, 2002, Fleming issued its 9 1/4% senior notes due in 2010 in a principal amount of $200 million.

- **10 5/8% senior subordinated notes due in 2007 (two tranches).**

Under an Indenture dated as of October 15, 2001, Fleming issued two series of 10 5/8% senior subordinated notes due in 2007 in a principal amount of $400 million.

- **5 1/4% convertible senior subordinated notes due in 2009.**

Under an Indenture dated as of March 15, 2001, Fleming issued 5 1/4% convertible senior subordinated notes due in 2009 in a principal amount of $150 million. The holders of these notes may elect to convert these notes into the common stock of Fleming at an initial conversion price of $30.27 per share, subject to adjustment under certain circumstances as described in the Indenture.

- **9 7/8% senior subordinated notes due in 2012.**

Under an Indenture dated as of April 15, 2002, Fleming issued its 9 7/8% senior subordinated notes due in 2012 in a principal amount of $260 million.

Attached as Exhibit 6 is a listing of all known CUSIP numbers corresponding to the above notes.

4. Trade Debt

Debtors' businesses involve the resale of goods that are purchased from third party vendors.

The Debtors transacted business with vendors that are typically the sole suppliers of uniquely branded products for which there are no viable substitutes, such as food products from major food distributors, including, but not limited to, ConAgra Foods, Kraft and Nestle (collectively, the "Merchandise Suppliers"). In addition to the Merchandise Suppliers, the Debtors rely on other vendors to support their core business functions by way of administrative and ancillary support, such as production of advertising circulars for goods distributed.

The Debtors also contracted with transportation vendors to support their core business of distributing food and consumer products from their warehouses across the country to their customers in some 45,000 retail locations.

5. PBGC Debt

~~The~~**As of the Petition Date, the** Debtors sponsor**ed** five tax qualified defined benefit pension plans ~~that are currently underfunded~~. With respect to each of these plans, the Pension Benefit Guaranty Corporation (the "PBGC") has filed Administrative Claims for missed minimum funding contributions, unfunded benefit liabilities and missed PBGC premium payments. The PBGC estimates ~~the~~**that its** claims total approximately $400 million. The Debtors dispute **both** the categorization and amount**s** of these claims. The Debtors believe that most, if not all, of the claims are General Unsecured Claims and that the entire General Unsecured Claim will be substantially less than the PBGC estimate. Benefits under four of the pension plans have been frozen for a number of years, and benefits ~~on~~**under** the fifth plan ~~will be~~**were** frozen as of December 31, 2003. The Debtors ~~are attempting to terminate~~**commenced distress termination application proceedings for** all five pension plans, ~~either through direct petition to the PBGC or otherwise through the Bankruptcy Court,~~**on October 31, 2003,** in order to relieve themselves of future funding obligations towards these plans. ~~Settlement negotiations~~**On February 12, 2004, by agreement between Fleming and the PBGC, the PBGC became the Trustee of the Fleming Companies, Inc. Pension Plan (the "Fleming Pension Plan") and the Fleming Pension Plan was terminated as of January 1, 2004. Discussions between the Debtors and the PBGC** with respect to ~~all of~~ the ~~above~~**Debtors' other four pension plans (the "Existing Pension Plans")** are ~~on-going~~**ongoing**.

The PBGC asserts that, as a matter of law, the Existing Pension Plans may not be rejected in bankruptcy. Rather, they may be terminated only in accordance with the Employee Retirement Income Security Act ("ERISA"), and only if certain financial distress tests are met. In the event that the Existing Pension Plans are not terminated in accordance with ERISA prior to the Effective Date, the PBGC asserts that the Existing Pension Plans will remain on-going as of and after the Effective Date, and that the Debtors, Reorganized Debtors, and each member of the Debtors' control groups (as defined under 29 U.S.C. § 1301(a)(14)) will be liable and responsible for the Existing Pension Plans as required by applicable statutory and regulatory requirements. The Debtors believe the Existing Pension Plans will either be terminated prior to the Effective Date or rejected as of *the Effective Date. Alternatively, the* Debtors may agree to not terminate or otherwise reject the Existing Pension Plans as a result of their discussions with the PBGC regarding the treatment, priority and amount of the PBGC's claims.

6. Potential Environmental Liabilities

Core Mark Newco and the Reorganized Debtors will continue to comply post-Effective Date with environmental requirements, including any remediation requirements, applicable to facilities it will own or operate post-Effective Date. The Debtors have no known environmental remediation liabilities at such facilities other than certain ongoing remediation activities related to underground tanks at several facilities as to which C&S has yet to determine whether it will assume, assign or reject the Leases for those facilities. The Debtors are aware of a few Claims that have been asserted against them for prepetition environmental liabilities which, if Allowed, will be treated as Class 6 Claims under the Plan.

C. Pre-Petition Operational Restructuring Efforts

Prior to the filing of these Chapter 11 Cases, the Debtors attempted several cost-cutting measures designed to increase their competitiveness and focus on their core competencies, including consolidating distribution

operations, reducing overhead and operating expenses by centralizing functions at the Debtors' headquarters in Dallas, Texas, and by selling their retail grocery operations.

V. THE CASES

A. Events Leading to the Chapter 11 Cases

Both the wholesale food distribution and retail food industries are highly competitive. Generally, the consumable goods industry is marked by bulk sales with low profit margins. Consequently, even the slightest price changes have significant economic implications. Given the recent instability of the national economy, the Debtors' businesses have suffered greatly.

In February 2003, Kmart Corporation, then the largest customer of the Debtors' Wholesale Distribution Business, moved in its chapter 11 case in the Northern District of Illinois to reject its supply agreement with Fleming. In 2002, Kmart accounted for approximately twenty percent (20%) of Fleming's net sales, and Kmart listed Fleming as its single largest supplier of food and consumable products in its bankruptcy pleadings, accounting for in excess of $3.0 billion of total sales per annum.

The subsequent termination of the Kmart supply agreement as well as the disputes over the amount of Fleming's claim for damages exacerbated existing liquidity issues. In addition, the negative marketplace perceptions lead to tightening of the credit terms offered to the Debtors by their suppliers which, in turn, directly led to decreased liquidity.

Given the Debtors' liquidity crises, the Debtors attempted to renegotiate with their Pre-Petition Lenders and Agents to reach an agreement ~~and~~to amend the terms of the Pre-Petition Credit Facility in order to provide liquidity and to avoid Debtors' default under the Pre-Petition Credit Agreement. The Debtors were unsuccessful in renegotiating that amendment prior to the Petition Date.

Furthermore, the Debtors were unable to meet a March 28, 2003 deadline for the filing of their Form 10-K Annual Report with the SEC. On the Petition Date, the Debtors were obligated to make a scheduled $18 million interest payment to the holder of the 10 1/8% Senior Notes, which the Debtors did not make. The Debtors filed for bankruptcy protection under Chapter 11 of ~~the~~ title 11 of the United States Code on April 1, 2003 (the "Petition Date").

B. The Auction and Sale Process For the Wholesale Distribution Assets &and Plans for Fleming Convenience Assets

1. Auction and Sale Process for Wholesale Distribution Assets

Certain of the Debtors[65] began an auction process after the Petition Date for the sale of the assets of the Wholesale Distribution Business. C&S Wholesale Grocers, Inc., a Vermont corporation ("C&S"), placed the largest initial bid and became the "stalking horse" bidder in the auction process. Solicitations were sent out, but no other qualified bids were received pursuant to the bidding procedures order dated July 18, 2003.

The Bankruptcy Court approved the asset purchase agreement with C&S (the "C&S Purchase Agreement") by its sale order dated August 15, 2003. The C&S transaction ~~initially~~ closed August 23, 2003. Pursuant to the C&S Purchase Agreement, C&S, its affiliates or third parties designated by C&S ~~may~~had the option to have the Debtors acquire or reject certain assets of the Wholesale Distribution Business and ~~may~~had the option to assume and assign or reject contracts related to the Wholesale Distribution Business on a continual basis over a six-month ~~O~~option ~~P~~period. Such ~~Option Period will expire~~option period expired on February 23, 2004.

[65] ~~This includes~~ Fleming, Fleming Transportation Service, Inc., Fleming International Ltd., Piggly Wiggly Company, RFS Marketing Services, Inc., Fleming Foods Of Texas L.P., Fleming Foods Management Co., L.L.C., ABCO Food Group, Inc., ABCO Markets, Inc. and ABCO Realty Corp.

2. ~~Plans for~~Operations of Fleming Convenience Businesses and Plans for Assets

The Fleming Convenience businesses are one of two national wholesale distribution businesses serving the convenience retail industry in the United States and Western Canada and the second largest in North America. The Fleming Convenience Businesses, headquartered in South San Francisco, California, provide distribution and logistics services as well as value-added programs to over 19,500 customer locations (many customers own multiple locations) of a variety of store formats including traditional convenience retailers, mass merchandisers, drug stores, liquor stores, specialty stores and other stores that carry convenience packaged goods.

Fleming Convenience operates 22 high velocity distribution centers servicing 38 states and five Canadian provinces that have a total of 2.6 million square feet of total warehouse space. Fleming Convenience supplies a broad line of approximately 55,800 stock-keeping units ("SKUs") including cigarettes and tobacco products as well as dry, frozen and chilled food products, health and beauty care products ("HBC") and general merchandise products. Fleming Convenience also offers a broad array of value-added information and data services that enable customers to more effectively manage product movement as well as merchandising and sales functions.

Pursuant to the Plan, the Debtors intend to restructure around the Fleming Convenience ~~assets pursuant to the Plan under which Core-Mark Newco shall be formed~~business as ~~detailed~~outlined in ~~the Plan~~more detail in section VI.F.8 herein.

C. Significant Case Events

1. Summary of Significant Motions

The following summarizes significant motions that have been filed in the Chapter 11 Cases. You can view these motions at www.bmccorp.net/fleming or from the Bankruptcy Court's docket.

a. *Post-Petition Financing*

Debtors' Emergency Motion for (A) Interim and Final Approval of Post-Petition Financing, Under 11 U.S.C. §§ 105, 361, 362, 363 and 364, Fed. R. Bankr. P. 2002, 4001(b), 4001(c) and 9014, and Del. Bankr. LR 4001-2, (B) Approving Terms of Trade Credit Program, and (C) Scheduling Final Hearing Pursuant to Bankruptcy Rule 4001(c) (Docket No. 16). The Debtors received postpetition financing from the Post-Petition Lenders. Pursuant to the terms of the credit agreement, the Post-Petition Lenders were granted super-priority liens on substantially all of the Debtors' assets. The Debtors do not currently owe any amounts under these postpetition credit agreements except for approximately ~~$1824~~.6 million in outstanding letters of credit. *See Final Order Authorizing (I) Post-Petition Financing Pursuant to 11 U.S.C. § 364 and Bankruptcy Rule 4001(c); (II) Use of Cash Collateral Pursuant to 11 U.S.C. § 363 and Bankruptcy Rules 4001(b) and (d); (III) Grant of Adequate Protection Pursuant to 11 U.S.C. §§ 361 and 363; and (IV) Approving Secured Inventory Trade Credit Program and Granting of Subordinate Liens, Pursuant to 11 U.S.C. §§ 105 and 364(c)(3) and Rule 4001(c)* (Docket No. 743).

b. *Pay-Down of Pre-Petition Loans*

Joint Motion of Debtors and Pre-Petition Agents for Authorizationg, Pursuant to Sections 363 and 105 of the Bankruptcy Code, to Pay Amounts to the Pre-Petition Agents on Behalf of the Pre-Petition Lenders (Docket No. 4011). On October 10, 2003, the Debtors and the Pre-Petition Lenders filed this motion to pay down $325 million of the Pre-Petition Lenders' Secured Claims. After two contested hearings, the Bankruptcy Court approved the motion, thus reducing the amount of the Pre-Petition Lenders' Secured Claims from $609 million to $~~284~~228 million. The total amount of the Pre-Petition Lenders Secured Claims is presently $144.38 million based on other paydowns that have subsequently been allowed. (see, e.g., Replacement DIP

Financing below.) *See Order Approving Joint Motion of Debtors and Pre-Petition Agents for Authorization, to Pay Amounts to the Pre-Petition Agents on Behalf of the Pre-Petition Lenders* (Docket No. 4776).

c. *Replacement DIP Financing*

Debtors'' Motion For An Order (I) (A) Authorizing Debtors To Obtain Replacement Post-Petition Financing Under 11 U.S.C. Section 364 And Bankruptcy Rule 4001(C) And Del.Bankr. LR 4001-2 And Assign The Existing Secured Lenders'' Liens To The Replacement Lenders, And (B) Authorizing Debtors To Pay Certain Commitment And Related Fees And Expenses Relating To The Replacement Post-Petition Financing, (II) Granting Adequate Protection Pursuant To 11 U.S.C. Section 361 And 363; And (III) Authorizing Debtors To Repay Certain Outstanding Obligations Under The Pre-Petition Credit Agreement And The Post-Petition Loan Agreement (Docket No. 5034). On December 16, 2003, the Debtors filed this motion to enter into a $250 million replacement DIP facility in order to pay down the Pre-Petition Lenders **and for other relief. After contested hearings on February 17, 2004 and March 3, 2004, the Court approved the Debtors' request to pay down the Pre-Petition Lenders $50 million**. The ~~hearing on~~**Debtors withdrew their request as to the remainder of** the motion ~~originally scheduled for January 5, 2004 has been continued to January 21, 2004.~~**and have not entered into a replacement DIP facility.**

d. *Cash Management Motion*

Motion for Order (A) Authorizing (i) Maintenance of Existing Bank Accounts, (ii) Continued Use of Existing Business Forms, (iii) Continued Use of Existing Cash Management System and (iv) Existing Investment Practices (Docket No. 16). The Bankruptcy Court granted the Debtors' request to continue to utilize the same centralized cash management system, bank accounts and investment practices, among other things, after the Petition Date that had been in use before the Petition Date in order to effectuate a seamless transition into Chapter 11. The Bankruptcy Court entered the Final Order (A) Authorizing (i) Maintenance of Existing Bank Accounts, (ii) Continued Use of Existing Business Forms, (iii) Continued Use of Existing Cash Management System and (iv) Existing Investment Practices on April 22, 2003 (Docket No. 562).

e. *Employee Wages and Benefits Motion*

Motion of Debtors an Order Pursuant to Sections 105 and 363(b) of the Bankruptcy Code (I) Authorizing the Payment of Employee Obligations and (II) Authorizing Institutions to Honor and Process Checks and Transfers Related to Such Obligations (Docket No. 15). The Bankruptcy Court granted the Debtors' request to pay certain employee obligations arising before the Petition Date, including: wages, salaries, commissions and other compensation, severance (subject to certain conditions precedent as set forth in docket no. 1697), vacation, other paid leave, federal and state withholding taxes, payroll taxes and medical benefits up to specified dollar amounts and upon the terms as set forth in the orders approving components of the motion. *See Various Orders re Wage Motion* (Docket Nos. 70, 557, 741, 1352, 1492, 1493, 1697). Although the Debtors sought authority to pay obligations arising in the prepetition period for the Senior Executive Retirement Program ("SERP"), Senior Executive Relocation Program, Aim High Program, Incentive Programs, Fleming Pension Plan and Core-Mark Pension Plan, this request was ultimately withdrawn.

f. *Employee Stay Program*

Motion of Debtors for an Order Pursuant to Section 105 and 363(b) of the Bankruptcy Code Authorizing the Debtors to Implement Wholesale and Convenience Business Employee Stay Program (Docket No. 1852). The Bankruptcy Court granted the Debtors' request to pay $12,000,000 to those certain eligible employees of Fleming Convenience and Debtors' Wholesale Distribution Business as an incentive to stay in the Debtors' employ during its critical stage of selling the Wholesale Distribution Business and to preserve the value of those assets. *See Order Pursuant to Section 105 and 363(b) of the Bankruptcy Code Authorizing the Debtors to Implement Wholesale and Convenience Business Employee Stay Program* (Docket No. 2079).

g. *Critical Trade Motion*

Motion for Order Authorizing the Payment of Critical Trade Vendors in Exchange for Continuing Relationship Pursuant to Customary Trade Terms (Docket No. 11). The Bankruptcy Court granted the Debtors' request to pay $100,000,000 to certain vendors with outstanding pre-petition claims deemed critical to the Debtors' operations upon the restoration of customary trade terms and the execution of the Critical Trade Agreement, as defined in that Motion and Order. *See Order Granting Motion for Order Authorizing the Payment of Critical Trade Vendors in Exchange for Continuing Relationship Pursuant to Customary Trade Term* (Docket No. 733).

h. *Junior Trade Lien*

Supplement to Motion for Order Authorizing the Granting of Junior Trade Lien Status to Critical Vendors in Exchange for Continuing Relationship Pursuant to Customary Trade Terms (Docket No. 297). In connection with the critical trade vendor motion discussed above, the Bankruptcy Court granted the Debtors' request to provide a junior trade lien to vendors who provided trade terms to the Debtors after the Petition Date. Pursuant to the terms of that motion and order and the terms of the ~~Fuel~~Final DIP Order, vendors who hold Reclamation Claims were also entitled to participate in the junior trade lien program. *See Order Granting Motion for Order Authorizing the Payment of Critical Trade Vendors in Exchange for Continuing Relationship Pursuant to Customary Trade Term* (Docket No. 733). The Debtors' Post-Petition Lenders consented to the granting of the junior trade liens as set forth in the Final DIP Order. *See* Docket No. 743.

i. *Pre-Petition Tax Motion*

Motion of Debtors for Order Authorizing Payment of Prepetition Taxes and Authorizing the Use of Existing Bonds to Pay Prepetition Taxes (Docket No. 697). The Debtors obtained approval to pay up to $49,000,000 ~~of taxes arising before the Petition Date~~ on account of sales/use, tobacco and excise taxes arising before the Petition Date. *See Order Authorizing Debtors to Pay Prepetition Taxes* (Docket No. 1067).

j. *Equity Bar Trading Motion*

Emergency Motion for an Interim Order Under 11 U.S.C. §§ 105(a), 362(a)(3), and 541 Limiting Trading in Equity Securities of the Debtors (Docket No. 937). The Debtors filed this motion on an emergency basis requesting that the Bankruptcy Court institute procedures to prohibit, without the consent of the Debtors or the Bankruptcy Court, sales and other transfers of the outstanding common stock of Fleming by Substantial Equityholders (those owning equity securities of any of the Debtors with an aggregate fair market value equal to or greater than 5% of the fair market value of the common stock of Fleming as defined in the motion). The Debtors requested this relief in order to guard against an unplanned change in control for purposes of section 382 of the Internal Revenue Code, which could limit the Debtors' ability to use net operating losses in the future. The Bankruptcy Court granted this motion and entered a final order on May 20, 2003. *See Order Under 11 U.S.C. §§ 105(a), 362(a)(3), and 541 Limiting Trading in Equity Securities of the Debtors* (Docket No. 978).

k. *PACA/PASA Claims Motion*

Motion for Authority to Pay Prepetition Claims Under the Perishable Agricultural Commodities Act and the Packers and Stockyard Act (Docket No. 12). Prior to the Petition Date, certain of the Debtors' vendors (i) sold goods to the Debtors that such vendors assert are covered by the Perishable Agricultural Commodities Act ("PACA") and/or by state statutes of similar effect, including the Minnesota Wholesale Produce Dealers Act (the "PACA Claims") and/or (ii) sold livestock or other similar goods to the Debtors which they assert are covered by the Packers and Stockyard Act ("PASA") and/or state statutes of similar effect (the "PASA Claims"). Therefore, the Debtors filed a Motion for Authority to Pay Prepetition Claims Under the Perishable Agricultural Commodities Act and the Packers and Stockyard Act (Docket No. 12). On May 6, 2003, the Bankruptcy Court entered the Order Requiring Segregation of Funds to Cover Certain PACA Claims and Authorizing Procedure for Reconciliation and Payment of Valid Claims Under the Perishable Agricultural Commodities and the Packers and Stockyard Act (the "PACA/PASA Order") (Docket No. 725). Since that time, the Debtors have filed (a) their ~~(a)~~ Report of Claims

(Docket No. 1505)~~,~~ and (b) their First through Seventh Supplemental Reports of Claims (Docket ~~No~~Nos. ~~1992), (c) Second Supplemental Report of Claims (Docket No. 3210), (d) Third Supplemental Report of Claims (Docket No. 3695), (e) Fourth Supplemental Report of Claims (Docket No. 4088)~~ 1992, 3210, 3695, 4088, 4613, 5605 and ~~(f) Fifth Supplemental Report of Claims (Docket No. 4613~~6779, respectively) (collectively, the "Supplemental Reports"). To date, approximately ~~$56.3~~56.4[6] million[7] in PACA Claims have been asserted in these Cases. Of the asserted PACA Claims, the Debtors have paid ~~$41.8~~(or are scheduled to pay pursuant to a pending PACA Report) $42.6 million and ~~$2.9~~3.6 million has been disallowed pursuant to the PACA/PASA Order. In addition, with respect to ~~$7.9~~13.4 million of the asserted PACA Claims, the Debtors are seeking to disallow such claims as invalid PACA Claims, but the applicable claimants ~~is~~are contesting such disallowance. The remaining ~~$3.4 million~~300,000 of PACA Claims have not been reconciled on a final basis. The Debtors' next Supplemental PACA Report is scheduled to be filed on ~~December~~March 16, ~~2003~~2004. The Debtors do not believe there are any valid PASA Claims in these Cases.

1. *Reclamation ~~Motion~~Related Matters*

Motion of Debtors for an Order, Under 11 U.S.C. Sections 105(a), 503(b) and 546(c): (a) Establishing Procedure for Treatment of Reclamation Claims and (b) Prohibiting Third Parties from Interfering with Delivery of Debtors' Goods (Docket No. 8). The Debtors anticipated that a number of vendors would seek reclamation Claims against the Debtors and otherwise interfere with the delivery of goods after receiving notice of the commencement of these Chapter 11 Cases. Therefore, in the Motion of Debtors for an Order ~~(the "Reclamation Procedures Order"),~~ Under 11 U.S.C. Sections 105(a), 503(b) and 546(c): (a) Establishing Procedure for Treatment of Reclamation Claims and (b) Prohibiting Third Parties from Interfering with Delivery of Debtors' Goods (Docket No. 8), the Debtors requested a procedure by which reclamation claimants could proceed against the Debtors' goods. The Bankruptcy Court entered the Order (the "Reclamation Procedures Order") Under 11 U.S.C. §§ 105(a) 503(b), 546(c) and 546(g), (a) Establishing Procedure for Treatment of Reclamation Claims and (b) Prohibiting Third Parties from Interfering with Delivery of Debtors' Goods on April 22, 2003 (Docket No. 559). On July 21, 2003, the Debtors filed their Motion For Entry Of An Order With Respect To The Reclamation Claims Filed In The Debtors' Cases [Docket No. 2050] (the "Initial Reclamation Motion") pursuant to the Reclamation Procedures Order.

On November 25, 2003, the Debtors filed their Combined Amended Reclamation Report and Motion to Determine that Reclamation Claims are Valueless (the "Amended Report and Motion") (Docket No. 4596).[87] The Amended Report and Motion consisted of two parts. In Part I of the Amended Report and Motion, the Debtors sought the entry of an order that provides that the Reclamation Claims other than Approved Trade Creditor Reclamation Lien Claims are General Unsecured Claims that are not entitled to any priority ~~(administrative or otherwise) and that such Claims may not be asserted as secured claims~~under section 546(c) of the Bankruptcy Code. Part II of the Amended Report and Motion included detail regarding the Debtors' reconciliation of the reclamation claims that have been filed. ~~The~~On December 12, 2003, the Bankruptcy Court, however, declined to hear the motion and directed the Debtors to file separate adversary proceedings against each ~~and every~~ reclamation claimant. ~~The Debtors estimate that they will be required to file approximately 600 such adversary proceedings and are currently in the process of preparing complaints to initiate such proceedings.~~

Assuming on or about January 31, 2004, the Debtors filed 576 reclamation complaints (the "Reclamation Complaints"). The Debtors also filed a motion (the "Consolidation Motion") to consolidate the Reclamation Complaints to determine common legal issues arising from the reclamation claims. The response date on the Consolidation Motion for all reclamation defendants was February 25, 2004, and the reply date was March 3, 2004. The answer date for the Reclamation Complaints has been

6 All numbers in this paragraph have been rounded to the nearest hundred thousand. Exact figures are contained in the Supplemental Reports.

7 ~~All numbers in this paragraph have been rounded to the nearest hundred thousand. Exact figures are contained in the Supplemental Reports.~~

87 The Amended Report and Motion amends and supercedes the Initial Reclamation Motion, and the Debtors have sought leave of court to withdraw the Initial Reclamation Motion.

extended by agreement to April 15, 2004 for all defendants and the hearing on the Consolidation Motion is currently scheduled for April 5, 2004.

On February 2, 2004, the Court, on request of various reclamation claimants, ordered the appointment of an Official Committee of Reclamation Creditors (the "Reclamation Committee") for the purpose of negotiating with the Debtors with respect to the proposed Chapter 11 Plan. On February 13, 2004, the United States Trustee appointed the members of the Reclamation Committee. The members are: The Procter & Gamble Distributing Company, Mead Johnson Nutritionals, Quaker Sales & Distribution, Inc., Swift Company, DelMonte Corporation, Sara Lee Corp. and The Clorox Sales Company.

m. *Schedules and Statements*

The Debtors filed their respective schedules of assets and liabilities and statement of financial affairs (the "Schedules") with the Bankruptcy Court on July 1, 2003. The Schedules can be reviewed at the office of the Clerk of the Bankruptcy Court for the District of Delaware or can be obtained on the website www.bmccorp.net/fleming.

2. Retention of Professionals

At various times through the Chapter 11 Cases, the Bankruptcy Court has approved the retention of certain professionals to represent and assist the Debtors in connection with the Chapter 11 Cases. These professionals were intimately involved with the negotiation and development of the Plan. These professionals include, among others: AP Services, LLC, crisis managers for the Debtors (Docket No. 1698); Kirkland & Ellis LLP, co-counsel for Debtors (Docket No. 740); Pachulski, Stang, Ziehl Young, Jones & Weintraub, P.C., co-counsel for the Debtors (Docket No. 852); and The Blackstone Group, L.P., financial advisors to the Debtors (Docket No. 1692).

The Bankruptcy Court also approved requests to retain other professionals to assist the Debtors in ongoing specialized matters. These professionals include, but are not limited to: McAfee & Taft, special corporate counsel for the Debtors (Docket No. 1028); Ernst & Young LLP, inside auditor and tax accountant for the Debtors (Docket No. 219); Baker, Botts, LLP, special corporate and securities counsel for the Debtors (Docket No. 1241); PricewaterhouseCoopers, LLP, forensic accountants for the audit committee of the Board of Directors of the Debtors (Docket No. 732); Rider Bennett, LLP, special labor relations and business litigation counsel for the Debtors (Docket No. 1065); and Kekst and Company, public relations and corporate communications consultant to the Debtors (Docket No. 1380).

The Bankruptcy Court also approved requests to retain real-estate professionals to assist the Debtors in their disposition efforts. These professionals include, but are not limited to: Dovebid, Inc., auctioneers for the sale of residual assets (Docket No. 1359); The Food Partners, retail grocery financial advisor to the debtors (Docket No. 1691); Retail Consulting Services, Inc./Staubach Retail Services, Inc., exclusive real estate consultants to the debtors (Docket No. 1361); DMC Real Estate, Inc., realtors for the Debtors (Docket No. 3948); and Keen Realty, LLP, special real estate consultant to the Debtors (Docket No. 2161).

3. Appointment of Creditors' Committee and Retention of Professionals

On April 16, 2003, the United States Trustee appointed the following unsecured creditors to the Committee: (a) Bank One Trust Company, N.A., as Indenture Trustee; (b) Apollo Management V, L.P.; (c) Northeast Investors Trust; (d) Kraft Foods; (e) Nestle USA; (f) ConAgra Foods, Inc; and (g) Pension Benefit Guaranty Corporation. The ex officio members of the committee are S.C. Johnson and the Bank of New York.

The Bankruptcy Court also approved the retention of the following professionals to represent and assist the Committee in connection with these Chapter 11 Cases: Pepper Hamilton, LLP, co-counsel to the Official Unsecured Committee of Creditors (Docket No. 1415); Milbank, Tweed, Hadley & McCloy, LLP, co-counsel to the Official Committee of Unsecured Creditors (Docket No. 2155); KPMG, LLP, accountants and restructuring advisors

to the Official Committee of Unsecured Creditors (Docket No. 1356); and Compass SRP Associates, LLP, advisors to the Official Committee of Unsecured Creditors (Docket No. 2155).

4. Asset Sales and Other Dispositions

The Debtors have filed several motions for the sale of disposal of the Debtor's assets as follows:

a. *Sale of Debtors' Wholesale Distribution Business*

On or about July 11, 2003, the Debtors filed their Motion For Order (A) Approving Asset Purchase Agreement With C&S Wholesale Grocers, Inc. And C&S Acquisition LLC, (B) Authorizing (I) Sale Of Substantially All Of Selling Debtors' Assets Relating To The Wholesale Distribution Business To Purchaser Or Its Designee(s) Or Other Successful Bidder(s) At Auction, Free And Clear Of All Liens, Claims, Encumbrances And Interests And (II) Assumption And Assignment Of Certain Executory Contracts, License Agreements And Unexpired Leases, And (C) Granting Related Relief (Docket No. 1906). This motion sought the sale of substantially all of the Wholesale Distribution Business, which supplied a full line of products to grocery stores, discount stores, supercenters and specialty retailers. The winning bidder was determined to be C&S Acquisition, LLC, whose bid was an estimated $400 million. After three days of hearings, the Bankruptcy Court entered an order approving the sale on August 15, 2003 (Docket No. 3142) and the transaction was closed on August 23, 2003.

b. *Adequate Protection Reserve*

In the order approving the sale of the Debtors' Wholesale Distribution Business to C&S, which order was entered by the Bankruptcy Court on August 15, 2003 (Docket No. 3142), the Debtors were required to set aside $75 million as an "Adequate Protection Reserve" for those qualifying creditors' Offset Rights (as defined in the C&S asset purchase agreement) only if those creditors (i) had asserted or joined in a demand for adequate protection by a date certain in connection with the Wholesale Distribution Business sale; (ii) were parties to facility standby agreements that were rejected; and (iii) were parties to promissory notes or forgiveness notes that the Bankruptcy Court determined was not an executory contract or an integrated part of an executory contract.

By motion dated September 12, 2003 (Docket No. 3667), the Debtors sought to reduce the amount of the Adequate Protection Reserve by $40 million to reflect the correct amount of note balances outstanding. The motion was granted, and an order was entered on December 23, 2003 (Docket No. 5224) allowing the Debtors to reduce the Adequate Protection Reserve and further allowing the Debtors to reduce the Adequate Protection Reserve by any settlements made on note balances. Currently, the Adequate Protection Reserve is approximately $29 million. Upon approval of pending settlements of note balances, the Debtors estimate that the amount of the Adequate Protection Reserve will be reduced to approximately $20 million.

c. ~~b.~~ *Sale of California Stores*

On November 13, 2002, Fleming, Richmar and Save Mart entered into an asset purchase agreement for the sale of twenty-eight (28) Food-4-Less grocery stores located in California (the "California Stores") for an aggregate purchase price of $105 million plus inventory at cost (subject to certain purchase price adjustments). Due to the inability to receive the timely approval of the transaction by the Federal Trade Commission (the "FTC"), however, closing of the sale of all 28 stores never occurred. In late January 2003, the FTC permitted the parties to break the California Stores transaction into two parts, one involving the sale of nineteen (19) of the California Stores with a value of approximately $71 million plus inventory and the second involving the sale of nine (9) stores with a value, at that time, of approximately $34 million plus inventory. The parties closed the nineteen (19) store transaction in late January 2003.

On or about May 12, 2003, the Debtors filed a motion in these Chapter 11 Cases seeking to convey their interests in the remaining nine (9) stores and certain contracts and leases to two (2) buyers for an

aggregate purchase price of approximately $27 million plus inventory (Docket No. 817). The Bankruptcy Court entered its orders approving this motion and the sale to each buyer on June 4, 2003 (Docket Nos. 1375 & 1377).

d. ~~e.~~ *Sale of Rainbow Food Retail Grocery Stores*

On or about May 12, 2003, the Debtors filed their Debtors' Motion For Order Authorizing: (A) Sale Of 31 Rainbow Food Retail Grocery Stores' Assets Free And Clear Of All Liens, Claims, Interests And Encumbrances; And (B) Assumption And Assignment Of Acquired Contracts And Leases (Docket No. 816). This Motion sought to sell the assets used in the operation of thirty-one (31) of the Rainbow Food retail grocery stores. The aggregate purchase price was approximately $44 million plus inventory. The Bankruptcy Court entered an order approving this motion on June 4, 2003 (Docket No. 1362).

e. ~~d.~~ *Sale of Pharmacy Assets*

On or about April 15, 2003, the Debtors filed their Emergency Motion For An Order Authorizing Sale Of Pharmacy Assets Located At Seven Of The Debtors' Stores (Docket No. 323). This motion sought the sale of the Debtors' drug inventory, prescription files and related assets located at seven (7) of the Debtors' stores to two (2) bidders for approximately $1.5 million. The Bankruptcy Court entered an order approving this motion on April 21, 2003 (Docket No. 556).

f. ~~e.~~ *Sale of Fleming-Owned Real Property Under Auction*

On or about September 12, 2003, the Debtors filed their "Debtors' Motion For Order: (A) Authorizing and Scheduling an Auction for the Sale of Certain of the Debtors' Real Property; (B) Approving the Terms and Conditions of Such Auction, Including Bidding Procedures Related Thereto; and (C) Approving Assignment Procedures For Affected Unexpired Leases" (Docket No. 3666). This motion sought, among other things, approval of bidding procedures for the sale of certain real property owned by the Debtors and the assignment of the Debtors' rights under certain real property leases. The real property subject to these proposed sales and assignments consisted of certain of the Debtors' assets not associated with the Wholesale Distribution Business and therefore not associated with the C&S Purchase Agreement.

At a hearing on October 2, 2003, the Bankruptcy Court approved the motion and authorized the Debtors to proceed with an auction, upon the terms described within the motion, on October 14, 2003. On October 14, 2003, the auction was held, and the Debtors identified the highest and best bidders for each of the real property locations subject to the auction. On October 24, 2003, the Bankruptcy Court entered an order approving the sale or assignment, as applicable, of the auctioned properties to the highest and best bidders identified by the Debtors at the auction (Docket No. 4205). The gross proceeds received by the Debtors as a result of the auction were approximately $4.8 million.

g. *Sale of Fleming-Owned Real Property Not Under Auction*

Pursuant to the "Order Establishing Procedures for the sale of Real Estate And Personal Property Located Therein" under Sections 363(b), 363(f) and 1146(c) of the Bankruptcy Code (the "Expedited Procedures For The Sale Of Real Estate And Personal Property), entered May 22, 2003 (Docket No. 1016), the Debtors may sell free and clear of all mortgages, liens, claims, interests and encumbrances (Liens) certain real property and personal property contained therein at the highest price offered, with all valid Liens to be satisfied from the net proceeds of the sales without further order of the Court, but subject to approval by the Notice Parties (as defined in the order) under a 5 business day notice period. The gross proceeds received by the Debtors to-date as a result of these sales were approximately $9.2 million.

h. ~~f.~~ *Order Authorizing Store Closing Sales and Abandonment of Assets re Closing Locations*

Pursuant to the "Order Authorizing The Debtor To Conduct Store Closing Sales Pursuant To Section 363 Of The Bankruptcy Code And Abandon Inconsequential Assets Related To The Closing Locations"

(the "Store Closing Sale Order"), entered on May 21, 2003 (Docket No. 1014), the Debtors are authorized to conduct store closing sales free and clear of liens in the ordinary course of business pursuant to a procedure whereby the Debtors give notice of any store closing sale, and the Debtors may consummate the sale without further order of the Court if there are no objections. Pursuant to this procedure, the Debtors may also give notice of abandonment of assets at the closed locations. If no timely objections are filed, the Debtors may abandon the assets without further order of the Court.

i. ~~g.~~ *Order Authorizing Sale or Abandonment of Assets of De Minimis Value*

Pursuant to the "Order Pursuant To Sections 363(b), 363(f), 554(a) And 1146(c) Of The Bankruptcy Code Authorizing And Approving Expedited Procedures For The Sale Or Abandonment Of The Debtors' De Minimis Assets" (the "De Minimis Sale Order"), entered May 21, 2003 (Docket No. 1018), the Debtors may sell free and clear of liens various assets, including customer lists and accounts receivable that are past due and owing to the Debtors, remaining inventory in retail stores, tractors, trailers, furniture, fixtures and other excess warehouse and supermarket equipment such as coolers, refrigeration compressor systems, shelving, generators and material handling equipment (e.g. stock carts, pallet jacks and fork lifts), and assets of de minimis value to the Debtors, such as notes owing to the Debtors and franchise rights (which may include the Debtors' rights under trademark licenses of de minimis value to the Debtors), that relate to the Debtors' abandoned, or to be abandoned, relationships with retail grocery store businesses.

Depending on whether the assets to be sold or abandoned have a value under $2.5 million or a value between $2.5 million and $6.5 million, different notice periods apply. Under both procedures, if no timely objection is filed, the Debtors may file a Certificate of No Objection and consummate the sale after entry of the order.

j. ~~h.~~ *Order Authorizing Sale of Obsolete and Other Excess Inventory*

Pursuant to the "Order Under 11 U.S.C. §§ 105(a), 363(b) And 363(f) Granting Authority To Debtors To Dispose Of Obsolete And Other Excess Inventory Free And Clear Of Any Existing Liens, Claims And Interests" (the "Excess Inventory Sale Order"), entered on May 20, 2003 (Docket No. 1031), the Debtors may sell free and clear of liens certain excess inventory. Prior to accepting any bid to sell excess inventory to a diverter or liquidator, the Debtors must give the Committee and the Lenders written notice of its intention to accept such bid at least five (5) days prior to accepting the bid.

k. ~~i.~~ *Order Approving Going Out of Business ("GOB") Sale*

Under the Order Approving GOB Procedures In Connection With The Final Dip Order, (Final Order Authorizing (I) Post-Petition Financing Pursuant to 11 U.S.C. § 364 and Bankruptcy Rule 4001(c); (II) Use of Cash Collateral pursuant to 11 U.S.C. § 363 and Bankruptcy Rule 4001(b) and (d); (III) Grant of Adequate Protection Pursuant to 11 U.S.C. §§ 361 and 363; and (IV) Approving Secured Inventory Trade Credit Program and Granting of Subordinate Liens, Pursuant to 11 U.S.C. §§105 and 364(c)(3) and Rule 4001 (c) (Docket No. 743)) entered May 20, 2003 (Docket No. 1030), the Debtors are entitled, under certain circumstances, to vacate and surrender certain premises, as well as abandon assets located in the premises. On the surrender date, the lease is deemed rejected unless the Debtors have filed a specific notice to assume the lease.

5. Debtor in Possession Operating Reports

Consistent with the operating guidelines and reporting requirements established by the United States Trustee (the "Guidelines") in these Chapter 11 Cases, the Debtors have satisfied their initial reporting

requirements, have filed their first ~~eight~~eleven Monthly Operating Reports[98] and will continue to file such Monthly Operating Reports as required by the Guidelines. Each Monthly Operating Report includes for the relevant period, among other things, (a) information regarding the Debtors' cash receipts and disbursements, (b) an income statement (prepared on an accrual basis), (c) a balance sheet (prepared on an accrual basis), (d) a statement regarding the status of the Debtor's post-petition taxes and (e) a statement regarding the status of accounts receivable reconciliation and aging.

6. Pending Litigation And The Automatic Stay

a. *Directors' & Officers' Litigation*

In re Fleming Companies Inc. Securities and Derivative Litigation, United States District Court for the Eastern District of Texas, Texarkana Division, Case No. MDL 1530. During 2002, a number of securities class action cases were commenced by and on behalf of persons who purchased Fleming's publicly traded securities. The actions named Fleming and certain of Fleming's directors and officers as defendants and sought damages under either or both of the Securities Exchange Act of 1934 (the "Exchange Act") and the Securities Act of 1933 (the "Securities Act"). ~~*During the same time period, two derivative actions were filed on Fleming's behalf, seeking damages from various of Fleming's directors and officers for alleged violations of securities laws. Those derivative actions have been, or are in the process of being, administratively closed or dismissed without prejudice.*~~ Various parties to those actions asked the Judicial Panel on Multidistrict Litigation (the "JPML") to consolidate that litigation, then consisting of 14 separately filed cases, in a single court. On June 25, 2003, the JPML issued an order directing that all of those actions be transferred to the Eastern District of Texas, Texarkana Division, for coordinated or consolidated pretrial proceedings. *During the same time period, two derivative actions were filed on Fleming's behalf, seeking damages from various of Fleming's directors and officers for alleged violations of securities laws. Those derivative actions have been, or are in the process of being, administratively closed or dismissed without prejudice.*

On February 20, 2003, while the JPML proceedings were pending, a class action generally captioned *Massachusetts State Carpenters Pension Fund, etc. v. Fleming Companies, Inc., et al.*, was filed in the 160th District Court, Dallas County, Texas, and thereafter removed to the United States District Court for the Northern District of Texas, Dallas Division, as Case No. 3-03CV0460-P. That action named Fleming, various of Fleming's directors and officers, Lehman Brothers, Inc., Deutsche Bank Securities, Inc., Wachovia Securities, Morgan Stanley & Co., Inc., and Deloitte & Touche, L.L.P., as defendants, and sought damages under the Securities Act. Subsequently, on April 17, 2003, an identical action (except for the elimination of Fleming as a defendant) was commenced in the Eastern District of Texas, Texarkana Division, as Case No. 03-CV-83, where it could be, and ultimately was, consolidated with the Fleming securities litigation pending in that Court. Meanwhile, the District Court for the Northern District of Texas denied the plaintiffs' motion to dismiss that action without prejudice. Ultimately, the action was transferred to the Eastern District of Texas where it, too, was consolidated with the litigation pending in that district.

On June 27, 2003, eighty individual plaintiffs commenced an action against various present and former directors and officers of Fleming and against Deloitte & Touche, L.L.P. That action, captioned *Rick Fetterman, et al., v. Mark Hansen, et al.*, United States District Court for the Northern District of Texas, Dallas Division, Case No. 3:03-CV-1435 (L), sought damages for alleged violations of the Exchange Act and certain Texas securities statutes. The JPML has transferred that case to the Eastern District of Texas as a "tag-along" case, and it has been consolidated with the other cases pending in that district.

On August 28, 2003, sixty-three individual plaintiffs commenced an action against various present and former directors and officers of Fleming and against Deloitte & Touche, L.L.P. That action,

[98] The Debtors have filed the following Monthly Operating Reports which Reports can be obtained from the court's docket in these cases: 4/1/03 - 4/19/03 [Docket No. 3102]; 4/20-03 - 5/19/03 [Docket No. 3103]; 5/18/03 - 6/14/03 [Docket No. 3214]; 6/15/03 - 7/12/03 [Docket No. 3373]; 7/13/03 - 8/9/03 [Docket No. 3754]; 8/10/03 - 9/6/03 [Docket No. 4139 amended by Docket No. 5106]; 9/17/03-10/4/03 [Docket No. 4979]; 10/5/03-11/1/03 [Docket No. 5112]; 11/2/03-11/30/03 [Docket No. 5720]; 12/1/03-12/31/03 [Docket No. 6776 amended by Docket No. 6969]; and 1/1/04-1/31/04 [Docket No. 7188].

captioned *Christopher L. Doucet, et al. v. Mark Hansen, et al.*, United States District Court for the Northern District of Texas, Dallas Division, Case No. 3-03-CV-1950 H, sought damages for alleged violations of the Exchange Act and certain Louisiana securities statutes and under theories of fraud, misrepresentation and conspiracy. A "tag along" notice has been filed with the JPML, but the case has not yet been transferred to the Eastern District of Texas for consolidated or coordinated pretrial proceedings in that court.

See Article VI.L.9. herein for a discussion of the effects the Plan and certain provisions therein will have on the directors and officers litigation.

b. *SEC Investigation*

The lawsuits described above encompass allegations dealing with accounting, financial reporting and other disclosures and claim that Fleming falsely inflated its ~~stock~~ **securities** prices by means of accounting fraud and false public statements about its business operations and profit. Shortly after the first lawsuit was filed, the *Wall Street Journal* published an article on September 5, 2002, citing examples where Fleming allegedly had taken certain aggressive deductions against its suppliers.

These events prompted an informal inquiry by the SEC. On November 13, 2002, Fleming announced that the SEC had initiated an informal inquiry related to Fleming's vendor trade practices, the presentation of second quarter 2001 adjusted earnings per share data in Fleming's second quarter 2001 and 2002 earnings press releases, Fleming's accounting for drop-ship sales transactions with an unaffiliated vendor in Fleming's discontinued retail operations, and its calculation of comparable store sales in its discontinued retail operations.

The SEC converted the informal inquiry into a formal investigation on February 13, 2003. The formal investigation has focused on whether any persons or entities engaged in any acts, transactions, practices or courses of business which operated or would operate as a fraud or a deceit upon purchasers of Fleming securities or upon other persons in violation of the federal securities laws. Fleming has answered questions submitted by the SEC and has produced documents to the SEC. The SEC has interviewed several current and former employees of Fleming as well as third parties. Fleming continues to be in discussions with the SEC and intends to continue to fully cooperate with the SEC. Kraft Foods, Dean Food and Frito-Lay recently announced they have been notified that the SEC is considering filing charges against those companies in connection with their business dealings with Fleming, including whether employees of those companies aided Fleming in accelerating revenue improperly.

After receiving notice of the informal SEC inquiry, Fleming undertook an independent investigation related to the same topics. The Audit and Compliance Committee of the Board of Directors of Fleming ("Audit Committee") engaged independent legal counsel and independent accounting consultants to assist in connection with the independent investigation. The independent investigation included a review of transactions that occurred during the 2000, 2001 and 2002 time periods. These periods are the subject of the SEC investigation. The scope of the independent investigation included the original topics identified by the SEC as well as issues related to the timing of recording revenue, documentation of certain vendor transactions and certain initiatives undertaken for the purpose of increasing reported income.

On April 17, 2003, Fleming issued a press release (the "April 17 Release") announcing that it would **have to** restate its 2001 annual and quarterly financial statements and 2002 quarterly financial statements previously filed with the SEC and that it would revise its previously announced 2002 fourth quarter and annual financial results. Fleming announced that the restatements and revisions reflected significant business issues and developments affecting it, including the recent termination of Fleming's supply agreement with Kmart and events leading to Fleming's voluntary Chapter 11 bankruptcy filing on April 1, 2003, as well as adjustments identified in connection with the continuing independent investigation by the Audit Committee into certain accounting and disclosure issues.

The April 17 Release also reported that the restatements of the results for the full-year 2001 and the first three quarters of 2002 would reduce the pre-tax financial results from continuing operations for

such periods by an aggregate amount of not more than $85 million and that the restatements would mainly correct the timing of when certain vendor transactions are recognized and the balance of certain reserve accounts.

The April 17 Release also announced that Fleming would have to revise its previously announced 2002 fourth quarter and annual financial results to reflect a loss from continuing operations. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, Fleming announced that it expectsed to record a non-cash adjustment to continuing operations for a full impairment of goodwill currently valued at approximately $645 million, due to an overall decrease in the value of Fleming. In accordance with SFAS No. 144, Fleming also announced that it would record an additional impairment charge to discontinued operations of approximately $90 million related to retail store operations held for sale, due to a reduction in the net realizable value of such operations. In accordance with SFAS No. 109, Fleming announced that it had determined that it would record a non-cash charge against continuing operations in the fourth quarter of 2002 relating to its deferred tax assets in the range of $275-325 million, due to uncertainties as to whether net operating losses would be utilized against future tax payments. Fleming also announced that its fourth quarter 2002 pre-tax loss from continuing operations would be increased by expenses totaling not more than $80 million as a result of a number of factors, including increased vendor payback rates, the Kmart contract cancellation and corrections identified as a result of the Audit Committee's independent investigation.

Finally, Fleming announced on April 17, 2003, that it would early adopt EITF 02-16, Accounting by a Reseller for Cash Consideration Received from a Vendor, retroactive to the beginning of fiscal year 2002. This rule requires cash consideration received from a vendor to be recorded as an adjustment to the prices for the vendor's products and therefore characterized as a reduction of cost of sales when recognized in the customer's income statement. Fleming announced that the 2002 effect of adopting EITF 02-16 iswas expected to reduce the pre-tax loss from 2002 annual results in the range of $5-15 million, although the cumulative effect that willwould be recorded as of the beginning of 2002 iswas expected to be an expense of not more than $45 million.

In a Form 12b-25 filed by Fleming with the SEC on June 4, 2003, Fleming announced that it would restate its 2000 annual financial statements previously filed with the SEC would require restatement. The June 4th announcement stated that it expectsed the related restatements of the results for the full-year 2000 willto reduce consolidated pre-tax financial results for such period by an aggregate amount of not more than $2 million, reflecting an increase in 2000 pre-tax loss from continuing operations of not more than $6 million and a decrease in 2000 pre-tax loss from discontinued operations of not more than $4 million. As stated in the June 4th announcement, those restatements willwould principally correct the timing of when certain vendor transactions were recognized and willwould reflect other adjustments and corrections identified as a result of the Audit Committee's independent investigation.

c. ***Labor-Related Claims***

During the prepetition and post-petition period, the Debtors had several labor-related claims pending against them by individual employees and/or union representatives for grievance/arbitration claims for vacation pay, health and welfare payments, severance pay and discrimination claims, the majority of which the Debtors believe, if allowed, will be General Unsecured Claims.

In connection with the wind-down of their Wholesale Distribution Business, the Debtors closed several facilities in various states, including Wisconsin, for which there are currently claims pending by the Wisconsin Department of Workforce Development for claims under Section 109.07 of the Wisconsin Statutes based on insufficient notice of the facility closings.

In addition, except as set forth in the Benefits Schedule, the Debtors shall have withdrawn from all "multiemployer plans" (as such term in defined in Section 3(37) of ERISA) prior to the Effective Date. As a result, several multiemployer benefit plans have filed proofs of claims against the Debtors' estates. The Debtors propose to treat these claims as General Unsecured Claims.

d. ~~c.~~ *Significant Prepetition Litigation*

(1) *DiGiorgio Corp. v. Fleming Companies, Inc., et al.*, United States District Court for the District of New Jersey, Case No. 02-2887-DMC. DiGiorgio alleged that Fleming breached a non-compete agreement with respect to supplying certain grocery items in Connecticut, New York and parts of New Jersey. DiGiorgio sought injunctive relief and an unspecified amount of damages and requested an audit of Fleming's books and an order extending the term of the non-compete agreement beyond its scheduled June 2004 expiration date. Fleming denied that it breached the agreement and, additionally, claimed that the non-compete agreement was invalid because it was unreasonably broad. Finally, Fleming asserted that even if there were an enforceable agreement that had been breached, DiGiorgio's damages, if any, were nominal. On April 1, 2003, the court granted DiGiorgio's motion for a preliminary injunction and prohibited Fleming from, among other things, engaging in wholesale distribution of meat, dairy, deli, frozen meats, frozen dairy and frozen deli products for retail sale within the Amended Restricted Territory. On April 23, 2003, the Bankruptcy Court lifted the automatic stay to permit Fleming to appeal and/or pursue other actions regarding the order granting the preliminary injunction, and on April 30, 2003, Fleming filed its notice of appeal to the United States Court of Appeals for the Third Circuit. ~~All other proceedings~~**The parties reached a global settlement** in the ~~action remain stayed~~**bankruptcy case resolving all their disputes, including the issues raised in this litigation. The settlement was approved by the Bankruptcy Court on November 25, 2003.**

(2) *Harvest Logistics, Inc. and Iceworks Logistics, Inc. v. Fleming Companies, Inc.*, United States District Court for the Northern District of Texas, Case No. 301-CV1813-L. After the parties mutually agreed to terminate Harvest's five-year written warehouse management contract for a Ft. Wayne facility and Iceworks' five-year oral warehouse management contract for a Grand Rapids perishable produces facility in August 2001, those entities sued Fleming for breach of contract, alleged anticipatory repudiation of Fleming's obligation to pay future management fees, unjust enrichment and quantum meruit. Plaintiffs claimed that they were owed $6,000,000 for unreimbursed expenses and $10,000,000 for five years of future management fees. Fleming denied Harvest's and Iceworks' claims and asserted counterclaims against them for breach of contract and against their parent entity, Tibbett & Britten Group North America, Inc., for failure to properly supervise performance of those agreements. Fleming alleged that Harvest and Iceworks were corporate shells and alter egos of Tibbett & Britten and sought damages of approximately $5,600,000, subsequently reduced to $3,900,000. Discovery has been completed, and the case was set for trial in June 2003. Fleming moved for summary judgment on the Harvest and Iceworks' claims for alleged anticipatory repudiation of Fleming's obligation to pay future management fees, and Harvest and Iceworks cross-moved for summary judgment on Fleming's claim that they were corporate shells and alter egos of Tibbett & Britten. The automatic stay that has been imposed when Fleming commenced its chapter 11 case was lifted to permit the parties to brief these motions. Thereafter, the parties reached an agreement in principle that Fleming will dismiss with prejudice its claims against Tibbett & Britten (but not against Harvest and Iceworks), and Harvest

and Iceworks will dismiss with prejudice their claims against Fleming insofar as those claims pertains to loss of future management fees, but not as to claimed unreimbursed expenses. This agreement in principle will result in the withdrawal of the cross-motions for summary judgment, which no longer will be necessary.

(3) *SuperValu, Inc. and SuperValu Holdings, Inc. v. Rainbow Food Group, Inc. H. Brooks & Co., LLC and Fleming Companies, Inc.*, Second Judicial District Court, Ramsey County, Minnesota, Case No. C4-02-4394. SuperValu alleged that Rainbow had used Rainbow's broker, H. Brooks, to obtain SuperValu's ads and used the information in those ads to undercut Cub Foods prices or to reschedule promotions. SuperValu asserted claims of misappropriation of trade secrets and tortious interference with prospective business advantage and sought injunctive relief, unspecified compensatory and punitive damages and attorneys' fees. Rainbow and Fleming denied SuperValu's claims and asserted counterclaims for misappropriation of trade secrets and confidential information, tortious interference with contract, unfair competition and tortious employee raiding stemming from SuperValu's wrongful raiding of former Rainbow associates and subsequent use of confidential information possessed by those associates, and claims for unlawful restraint of trade and violation of the Minnesota antitrust monopolization of food products statute. Rainbow and Fleming sought injunctive relief, unspecified actual and treble damages, interest and attorneys' fees. The parties agreed to a confidential settlement prior to commencement of the Chapter 11 Cases, and consummated that settlement after the Petition Date.

(4) *Home Depot v. Ronald Griffin and Fleming Companies, Inc.*, Court of Chancery of the State of Delaware, Case No. 19649-NC. Griffin, a former employee of Home Depot, was hired by Fleming. Home Depot alleged that Griffin breached his agreement not to solicit Home Depot employees and that Fleming tortiously interfered with Griffin's non-solicitation agreement and sought compensatory damages in excess of $6,000,000 (including $1,000,000 in Griffin's stock option gains), plus attorneys' fees totaling more than $300,000. Griffin and Fleming denied the allegations, Fleming has tendered Griffin's defense to its directors' and officers' liability insurance carrier. **The parties have reached a settlement in principle in this case, although they continue to work out the language of a final settlement agreement and any settlement is subject to approval of the Bankruptcy Court.**

(5) *Fleming Companies, Inc. v. Clark Retail Enterprises, Inc.*, American Arbitration Association Case No. 51 181 00447 01; In re Clark Retail Enterprises, Inc., United States Bankruptcy Court for the Eastern District of Illinois, Case No. 02-40045 (JHS). Fleming asserted that Clark committed to at least $80,000,000 annually in non-cigarette purchases under a five-year supply agreement and that such commitment induced Fleming to enter into the agreement and to agree to provide over $40,000,000 in incentive payments over the five-year term of the agreement. Fleming sought to rescind the agreement due to Clark's failure to make the requisite non-tobacco purchases. Clark requested termination of the agreement due to Fleming's unilateral modification of contract terms in alleged breach of the agreement. Fleming agreed to the requested termination. Fleming sought damages, including the reimbursement of the approximately $8,000,000

unamortized portion of the $12,000,000 incentive payment it made to Clark, plus more than $20,000,000 for Fleming's start-up warehousing and other costs. Clark replaced Fleming with a new supplier and claimed related damages in excess of $5,000,000, including lost "benefit of the bargain" resulting from termination of the agreement. The dispute was scheduled for mandatory arbitration, but all proceedings were stayed when Clark filed its liquidating chapter 11 case in October 2002. Fleming filed a $31,600,000 proof of claim in the Clark chapter 11 case. Just before the commencement of the Chapter 11 Cases, Clark sought to lift the stay in its own chapter 11 case to proceed with the arbitration. All proceedings were stayed when Fleming filed its bankruptcy case. The parties have ~~tentatively~~ settled their matter by agreeing to mutual releases ~~subject to their respective bankruptcy courts' approval~~. **The Bankruptcy Court approved the settlement by order entered February 13, 2004.**

(6) *Russell Stover Candies, Inc., et al. v. Fleming Companies, Inc.*, United States District court for the Western District of Missouri, Case No. 01-1022-CV-W-3. Stover commenced an action against Fleming based upon Fleming's distribution of Stover candy that allegedly had become heat damaged while in Fleming's custody. Ultimately, Stover and Fleming entered into a settlement agreement resolving the litigation, subject to full performance of the settlement. A dispute arose over the manner in which a term of the settlement agreement was to be interpreted. Stover asserted that Fleming was required to pay an additional $737,000 under the agreement. On February 28, 2003, the parties filed cross motions for summary judgment. The matter was submitted to the court, and the parties engaged in settlement negotiations, and those motions were pending when Fleming commenced bankruptcy. On September 15, 2003, the court dismissed the summary judgment motions without prejudice to their being reset if and when the parties obtain relief from the automatic stay in the Fleming bankruptcy case.

(7) *Bank of New York v. Fleming Companies, Inc.*, New York Supreme Court, Erie County, Index No. 2001-9864. One of the principals of Avery's Markets, a grocery store operator supplied by Fleming, owned real property subject to a mortgage to Bank of New York ("BONY"). The mortgage contained an assignment of rents clause. Fleming leased the property and subleased the premises to Avery's. The principal defaulted on the BONY mortgage, Avery's and its principals filed bankruptcy cases and BONY foreclosed on its mortgage. Five years later BONY sued Fleming to enforce its assignment of rents rights and to collect approximately $203,000. Fleming asserted defenses of setoff, improper exercise of the assignment of rents clause and laches. The parties filed and argued cross-motions for summary judgment. The Chapter 11 Cases were commenced before those motions were decided, and all proceedings in the case are now stayed.

(8) *Wayne Berry v. Fleming Companies, Inc.*, et al, USDC Hawaii No. 01 00446 SPK-LEK. Wayne Berry, designer of certain software used by Fleming at its Kapolei, Hawaii facilities to track freight, sued Fleming for copyright infringement. Fleming denied the allegations, and the matter went to trial. On March 6, 2003, the jury found in favor of Fleming on all claims but one. With regard to the claim on which the jury found in Berry's favor, the jury awarded damages of $98,250 and

found that Fleming had willfully infringed. Post-trial motions were still pending when the bankruptcy petition was filed on April 1, 2003, staying the proceedings.

(9) ***Duane D. Betterman v. Fleming Companies Inc.*, State of Wisconsin, Court of Appeals District III, County of Douglas (Case No. 02-2617). After a jury trial, judgment was entered in favor of Betterman in January 2002. Betterman was awarded damages totaling $555,666. On October 24, 2002, Fleming appealed to the Wisconsin Court of Appeals. The Wisconsin Court of Appeals affirmed the judgement in favor of Betterman. Fleming does not anticipate any further appeals.**

e. ***Significant postpetition litigation outside of Bankruptcy Court***

(1) ***Fleming Companies, Inc. v. Baker Petrolite Corporation and Baker Hughes, Inc.*, 15th Judicial District Court, Lafayette Parish, Louisiana, 20036373. Fleming filed suit against defendants alleging their contamination of certain real property owned by Fleming in Broussard, Louisiana. Defendants owned adjacent property whose soil and groundwater became contaminated from defendants' operations and contaminated Fleming's property. Fleming subsequently sold the property, postpetition. The purchase required a $1 million reduction in the sale price due to the contamination. Fleming filed suit alleging claims of trespass, negligence, nuisance and strict liability against defendants to recover the diminution in property value. This lawsuit is currently pending.**

(2) ***Chouteau I-35 Development, L.L.C. v. Fleming Companies, Inc. and Kirsten Richesson.* Circuit Court of Clay County, Liberty, Missouri. This proceeding involved the liquidation of Fleming's ownership interest in a joint venture. Specifically, I-35 and Fleming established a joint venture in 1998 to own and develop a shopping center. Fleming alleged that I-35 took every possible action to prevent a sale of the property and forced Fleming to pursue attempts to sell the property by dissolving the entity and liquidating the assets as well as preparing pleadings necessary to foreclose on a mortgage loan Fleming extended to the joint venture. I-35 alleged that Fleming sought a quick repayment of its outstanding loan balance in a postpetition fire sale and that Fleming had no right under the operating agreement to sell the shopping center without first meeting certain prerequisites. The Bankruptcy Court granted relief from stay on or about December 15, 2003, to allow both parties to litigate outside of Bankruptcy Court. I-35 initiated a lawsuit against Fleming in the Circuit Court of Clay County. This matter was settled on or about January 30, 2004. The terms of the settlement agreement are, generally, that Fleming and I-35 agreed to sell the property for $10,550,000, that I-35 would receive $720,000, the parties further waived and released each other from all claims, and agreed that they would then dissolve the joint venture and wind up its affairs.**

f. ~~d.~~ *Significant Adversary Proceedings Filed in the Debtors' Chapter 11 Cases*

~~Listed below are the major ongoing~~

(1) Reclamation related adversary proceedings ~~filed in these Chapter 11 Cases~~. As described in section C.1.l. above, on November 25, 2003, the Debtors filed the Amended Report and Motion in connection with Reclamation Claims. In relevant part, the Amended Report and Motion sought the entry of an order that provides that the Reclamation Claims are General Unsecured Claims that are not entitled to any priority (administrative or otherwise) and that such Claims may not be asserted as secured claims. The Bankruptcy Court, however, declined to hear the motion and directed Fleming to file separate adversary proceedings against each and every Reclamation Claimant. Accordingly, the Debtors have filed approximately 575 such adversary proceedings against reclamation claimants seeking a judicial determination that the Reclamation Claims are General Unsecured Claims that are not entitled to any priority. In addition to the declaratory relief sought in each such adversary proceeding, the Debtors asserted additional causes of action or defenses, if applicable, that related to any particular Reclamation Claimant. Many of the 576 adversary proceedings include causes of actions related to preferential transfers, other avoidance powers, set off rights or actions based on breach of contract.

(2) Adversary Proceedings against surety companies. Fleming initiated a number of Adversary Proceedings in these Chapter 11 Cases against surety companies. Below is a summary of each such Adversary Proceeding.

(a) *Fleming Companies, Inc. v. Hartford Fire Insurance Company and Hartford Casualty Insurance Company*, 03-60185. This Adversary Proceeding was commenced on December 23, 2003 to recover alleged preferences in the sum of $12,644,152 from Hartford Fire Insurance Company and Hartford Casualty Insurance Company (together, "Hartford"). On January 19, 2004, Hartford filed an answer denying all liability and raising a number of affirmative defenses.

(b) *Fleming Companies, Inc. v. RLI Insurance Company*, 03-60186. This Adversary Proceeding was commenced on December 23, 2003 to recover alleged preferences in the sum of $15,000,000 from RLI Insurance Company. The parties negotiated a settlement, and on January 21, 2004, the Bankruptcy Court entered its Order Granting Debtors' Motion Pursuant To 11 U.S.C. Section 105(a) and Fed. R. Bankr. P. 9019 For

Approval Of Compromise With RLI Insurance Company. This adversary proceeding was dismissed with prejudice on February 17, 2004.

(c) *Fleming Companies, Inc. v. Travelers Casualty and Surety Company of America*, 03-60187. This Adversary Proceeding was commenced on December 23, 2003 to recover alleged preferences in the sum of $4,100,000 from Travelers Casualty and Surety Company of America ("Travelers"). On February 6, 2004, Travelers filed an answer denying all liability and raising a number of affirmative defenses.

(d) *Fleming Companies, Inc. v. Westchester Fire Insurance Company*, 03-60188. This Adversary Proceeding was commenced on December 23, 2003 to recover alleged preferences in the sum of $11,000,000 from Westchester Fire Insurance Company. The parties negotiated a settlement, and on January 21, 2004, the Bankruptcy Court entered its Order Granting Debtors' Motion Pursuant To 11 U.S.C. Section 105(a) and Fed. R. Bankr. P. 9019 For Approval Of Compromise With Westchester Fire Insurance Company. This adversary proceeding was dismissed with prejudice on February 17, 2004.

(e) *Fleming Companies, Inc. v. Zurich American Insurance Company*, 03-60189. This Adversary Proceeding was commenced on December 23, 2003 to recover alleged preferences in the sum of $7,500,000 from Zurich American Insurance Company ("Zurich"). On January 20, 2004, Zurich filed Defendant's Motion To Dismiss For Failure To State A Claim Upon Which Relief Can Be Granted. Fleming filed its opposition to the motion on February 13, 2004.

(f) *Fleming Companies, Inc. v. Greenwich Insurance Company, AIG Europe (UK) Limited, Underwriters at Lloyd's Syndicates, Zurich Specialties London Limited, RLI Insurance Company, Twin Cities Fire Insurance Company, Starr Excess Liability International Insurance, Ltd., Underwriters at Lloyd's Syndicates,*

Gulf Insurance Company and Lumbermen's Mutual Casualty Company, 03-59474. This Adversary Proceeding was commenced on December 9, 2003, to obtain declaratory relief with respect to various issues under primary and excess policies of directors and officers liability insurance. Defendants Greenwich Insurance Company, Underwriters at Lloyd's Syndicates, Zurich Specialties London Limited, Twin Cities Fire Insurance Company, Gulf Insurance Company and Lumbermen's Mutual Casualty Company have answered the complaint and have filed counterclaims for declaratory relief on the same issues that form the basis of the complaint. Fleming has filed a reply to each counterclaim. Defendant AIG Europe (UK) Limited was recently served with summons and complaint and has not yet responded to the complaint. Defendant Starr Excess Liability International Insurance Ltd. demanded that it be served pursuant to the provisions of the Hague Convention on Service of Process Abroad. That service has been made, but Starr has not yet responded to the complaint. The parties have a greed to hold in abeyance all issues other than coverage issues raised by the complaint and counterclaims and have propounded written discovery to each other on those issues.

(3) The following are other Adversary Proceedings filed in these Chapter 11 Cases

(a) ~~(1)~~ *The Kroger Co. v. Fleming Companies, Inc.*, 03-52915. This is a reclamation claim. The parties have stipulated to suspend proceedings pending general resolution of reclamation claims collectively.

(b) *Superior Dairy v. Fleming Companies Inc, et al, 03-53034*. Plaintiff alleged that certain funds in Fleming's possession were Plaintiff's property. The parties stipulated to a dismissal of the action on or about February 13, 2004.

(c) *American Greetings Corporation v. Fleming Companies, Inc., 03-53346*. Plaintiff alleged that certain funds in Fleming's possession were held in constructive trust for the benefit of the

vendors. The parties reached a settlement that was approved by the Bankruptcy Court by order entered February 5, 2003.

(d) ~~(2)~~ *Farris Produce, Inc., et al. v. Fleming Companies, Inc., et al.* 03-54449. This proceeding is a class action brought by and on behalf of numerous vendors who delivered certain goods directly to retailers and invoiced Fleming for such deliveries. Plaintiffs contend that certain funds in Fleming's possession are held in constructive trust for the benefit of the class of vendors. **Fleming denied Plaintiffs' claims.** The ~~judge granted an injunction in favor of the plaintiffs, then certified the class.~~**parties reached a settlement on or about February 5, 2004.** Under the ~~injunction order~~**terms of the proposed settlement**, Fleming ~~has escrowed and/or paid out~~**will pay the class** ~~$14.7~~17.5 million. ~~Fleming has appealed *the Bankruptcy Court's ruling* on class certification. Discovery is ongoing in advance of a final hearing still to be scheduled~~**The parties are currently seeking court approval**.

(e) ~~(3)~~ *Fleming Companies, Inc. v. Jackson Capital Management, et al.* 03-54449. This proceeding is a request for an injunction under 11 U.S.C. § 105 to prevent class actions against present and former directors. The parties have postponed the proceedings by stipulation.

(f) ~~(4)~~ *Fleming Companies, Inc. v. Robert Ellis et al.*, 03-54756. This proceeding is a request for an injunction under 11 U.S.C. § 105 to prevent the State of Georgia from criminally prosecuting a Fleming executive. The Bankruptcy Court granted a preliminary injunction against the prosecution. Discovery is ongoing in advance of an unscheduled final hearing.

(g) ~~(5)~~ *Wayne Berry v. Hawaiian Express Service et al.*, USDC Hawaii No. CV 03 00385 SOM-LEK. In this proceeding, Wayne Berry has sued Fleming, C&S and other companies and individuals in the United States District Court for Hawaii alleging that the defendants continue to violate his copyright in certain freight tracking software previously used by

Fleming at its facilities in Kapolei, Hawaii. Berry's software was the subject of a prepetition lawsuit, discussed in the prepetition section above, in which Berry won $98,250 and a finding of willful infringement against Fleming, but the ~~bankruptcy~~**automatic** stay went into effect before the judgment was entered. In the postpetition lawsuit, originally filed on July 22, 2003 and amended on August 13, 2003 to include Fleming, C&S and various employees as individuals, Berry alleges that the defendants continue to infringe on his software copyrights notwithstanding the prepetition jury verdict. ~~The defendants deny the allegations and have filed motions to dismiss, stay or transfer.~~ Discovery is ongoing.~~.~~ **, and a trial date has been set for November 16, 2004.**

(h) ~~(6)~~ *Gorman Foods, LLC v. Fleming Companies, Inc.*, 03-55518. This proceeding is a complaint brought by a group of store owners seeking over $445,000 in damages on the basis that Fleming is holding in trust for the benefit of the store owners certain funds remitted by certain vendors to Fleming to pay for various product advertisements run by the group of store owners. Discovery is ongoing.

(i) ~~(7)~~ *The Unofficial Committee of Unsecured Trade Creditors of Dunigan Fuels, Inc. v. Deutsche Bank Trust Company Americas, et al.*, 03-55715. This proceeding is a fraudulent conveyance complaint brought by a group of creditors against various banks and Fleming for $9.2 million which was allegedly owed by Dunigan Fuels, Inc. The creditors group contends that but for Fleming's causing Dunigan Fuels to guarantee unrelated debts, Dunigan Fuels would have been able to repay the group. The group therefore seeks to have this money repaid by the banks or by Fleming. **The Debtors have settled this matter and are in the process of documenting the settlement.**

(j) ~~(8) *Cavendish Farms et al. v. Fleming Companies, Inc., et al., Adv. Proc. No. 03-56207 (MFW), United States Bankruptcy Court for the District of Delaware.~~ ***56207.*** This ~~proceeding is an~~ adversary proceeding **was** filed on September 26, 2003, by eleven

PACA claimants against Fleming Companies, Inc. and three of its officers. In their adversary complaint, plaintiffs seek to recover $3,203,608.89 (plus costs and attorneys' fees) as statutory trust assets pursuant to the PACA. In addition, plaintiffs assert common law claims of breach of contract and breach of fiduciary duties. **By order entered January 29, 2004, the Bankruptcy Court granted Fleming's motion to withdraw the reference.**

(k) ***Sara Lee Bakery Group, Inc. v. Fleming Companies, Inc., et. al., 03-53027.*** **Sara Lee Bakery Group ("SLBG") was a vendor that delivered goods directly to retailers and invoiced Fleming for such deliveries. SLBG initiated this adversary proceeding, on April 17, 2003, alleging, inter alia, that the funds paid to Fleming by the retailers were held in constructive trust for the benefit of SLBG. Fleming denied SLBG's claims. On May 12, 2003, the Bankruptcy Court entered a Temporary Restraining Order (the "TRO"). Pursuant to the TRO, Fleming paid the amount of $1,205,739.70 to SLBG and placed $948,403.56 in a segregated account pending the final resolution of the Adversary Proceeding. After the completion of discovery, the parties reached a settlement which was approved by the Bankruptcy Court on November 25, 2003. Under the terms of the settlement, SLBG paid to Fleming the sum of $205,739.70, SLBG retained the remainder of the funds paid to it by Fleming pursuant to the TRO and SLBG retained an allowed unsecured claim in the amount of $701,195. In addition, the TRO was vacated and Fleming and SLBG were relieved of their obligations under the TRO, including Fleming's obligation to segregate funds for the benefit of SLBG. Each party bore its own costs and attorneys' fees.**

7. Claims Bar Date and Review Process

a. *Claims Bar Date*

On June 25, 2003, the Bankruptcy Court entered an order (the "Bar Date Order") establishing September 15, 2003 as the bar date (the "Non-Governmental Claims Bar Date") for all non-governmental Persons and Entities to file prepetition Claims in these Chapter 11 Cases and October 1, 2003 as the bar date (the "Governmental Bar Date") for all governmental Persons and Entities to file prepetition Claims in these

Chapter 11 Cases. The Bar Date Order further provides that, among other things, any Person or Entity that is required to file a Proof of Claim in these Chapter 11 Cases but fails to do so in a timely manner shall be forever barred, estopped and enjoined from (a) asserting any Claim against the Debtors that such Person or Entity has that (i) is in an amount that exceeds the amount, if any, that may be set forth in the Schedules or (ii) is of a different nature or in a different classification than what may be set forth in the Schedules (in either case any such Claim referred to as an "Unscheduled Claim") and (b) voting upon, or receiving distributions under, any plan or plan of reorganization in these Chapter 11 Cases in respect of an Unscheduled Claim.

b. *Administrative Claim Bar Date*

On December 3, 2003, the Bankruptcy Court entered an order approving January 15, 2004 as the bar date for all persons or entities holding an Administrative Claim arising on or after April 1, 2003, through and including October 31, 2003 (the "First Bar Date Order") [Docket No. 4738]. For purposes of the First Administrative Bar Date, an Administrative Claim includes any Claim (as defined in 11 U.S.C. § 101(5)) with respect to which the holder intends to seek priority of payment pursuant to sections 503 and 507(a)(1) of the Bankruptcy Code, except for the following: (i) Administrative Claims of professionals retained pursuant to sections 327 and 328 of the Bankruptcy Code; (ii) expenses of members of the Creditors' Committee; (iii) all fees payable and unpaid under 28 U.S.C. § 1930; (iv) any fees or charges assessed against the estates of the Debtors under 28 U.S.C. § 123; (v) intercompany Claims between Debtors and their affiliates; (vi) Administrative Claims arising in the ordinary course of business relating to inventory, services or supplies provided by trade vendors or service providers which are paid or payable by the Debtors in the ordinary course of business; (vii) Claims for reclamation asserted pursuant to section 546(c) of the Bankruptcy Code; (viii) Administrative Claims relating to executory contracts and unexpired leases that have neither been rejected nor assumed by the Debtors, as well as Administrative Claims relating to, or arising under, executory contracts or unexpired leases, regardless of whether such executory contracts or unexpired leases have been assumed or rejected, that are unknown to the claim holder; (ix) Administrative Claims that have previously been filed or for which any request for payment pursuant to section 503(a) of the Bankruptcy Code or adversary proceeding is pending; and (x) any Claims of the Pre-Petition Lenders' agents and Pre-Petition Lenders as well as those of the Post-Petition Lenders' agents and Post-Petition Lenders arising under or in connection with the Pre-Petition Credit Agreement, DIP Credit Facility and the Final DIP Order. The Administrative Bar Date Order further provides that any person or entity that is required to file a Proof of Administrative Claim in these Chapter 11 Cases, but fails to do so on or before the Administrative Claims Bar Date, shall not, with respect to any such Administrative Claim, be treated as a creditor of the Debtors for purposes of allowing such Claim. The court-approved Administrative Claims Bar Date Notice provides that, among other things, any Person or Entity that is required to file a Proof of Administrative Claim in these Chapter 11 Cases, but fails to do so in a timely manner, shall be forever barred, estopped and enjoined from (a) asserting any such Administrative Claim against the Debtors and (b) voting upon, or receiving distributions under, any plan or plan of reorganization in these Chapter 11 Cases in respect of such Administrative Claim.

c. *Claims Review Process*

The Debtors have begun to evaluate the numerous Claims filed in these Cases to determine, among other things, whether it is necessary and appropriate to file objections seeking to disallow, reduce and/or reclassify such Claims The Debtors expect to also reconcile the Claims against their Schedules in an effort to (a) eliminate duplicative or erroneous Claims and (b) ensure that the Bankruptcy Court allows only valid Claims. If the Debtors, Core-Mark Newco, or the Post Confirmation Trust, as applicable, objects to a Claim, a hearing regarding such objection will be held and notice of such objection and the related hearing will be provided to affected Claim Holders as well as to other parties entitled to receive notice. To the extent necessary, the Bankruptcy Court will rule on the objection and ultimately determine whether, and in what amount and priority, to allow the applicable Claim. If the Debtors, Core-Mark Newco, or the Post Confirmation Trust, as applicable, do not object to a Claim by the Objection Deadline, such Claim will be deemed allowed and will receive the treatment accorded such Claim under the Plan. As appropriate, the Debtors, Core-Mark Newco, or the Post Confirmation Trust, as applicable, may seek to negotiate and/or settle disputes regarding a Claim or Claims as an alternative to filing objections to the allowance or treatment of such Claims.

The Debtors have begun to file procedural and substantive objections to secured, administrative and priority claims ("SAP Claims") in order to reconcile their estimated exposure with the

value of the asserted SAP Claims. On December 5, 2003, the Debtors filed their First Omnibus Objections to Claims (Docket No. 4790). On January 31, 2004, the Debtors filed their Second and Third Omnibus Objections to Claims (Docket Nos. 6178 and 6179 respectively). These Omnibus Objections affect approximately 1,000 secured, administrative and/or priority claims with an asserted value of $3.2 billion. The Court has entered an Order granting the relief in the First Omnibus Objection [Docket No. 5768]. The hearing date on the Second and Third Omnibus Objections is March 25, 2004 with an objection deadline of March 18, 2004. On February 24, 2004, the Debtors filed their Fourth and Fifth Omnibus Objections to Claims (Docket Nos. 6178 and 6179 respectively). These Omnibus Objections affect approximately 129 secured, administrative and/or priority claims with an asserted value of $25 million.

On February 13, 2004, the Debtors filed their Motion for Waiver of Del. Bankr. Local Rule 3007-1(f) With Respect To Certain Omnibus Objections to Claims, which Motion requests authority, notwithstanding the Local Rules, to object to more than 150 claims in specific "Reclassify Only" Objections, to file more than two substantive Omnibus Objections in a month (for Reclassify Only Objections) and to object to certain claims solely on the basis of priority reserving the right to later object to such claims on other grounds. The Motion was granted on March 3, 2004. On March 18, 2004, the Debtors filed the first of their Reclassify Only Objections in the Debtors' Sixth Omnibus Objection to Claims. These Reclassify Only Objections affect approximately 363 secured, administrative and/or priority claims with an asserted value of $160 million. The hearing date on the Sixth Omnibus Objection is April 19, 2004 with an objection deadline of April 12, 2004.

VI. SUMMARY OF THE PLAN OF REORGANIZATION

A. Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and interest holders. Another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan and any creditor of, or equity holder in, the debtor, whether or not such creditor or equity holder (a) is impaired under or has accepted the plan or (b) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtors from any debt that arose prior to the date of confirmation of the plan and substitutes therefore the obligations specified under the confirmed plan.

A chapter 11 plan may specify that the legal, contractual and equitable right of the holders of claims or interests in classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, are deemed to accept the plan. Accordingly, it is not necessary to solicit votes from the holders of claims or equity interests in such classes. A chapter 11 plan also may specify that certain classes will not receive any distribution of property or retain any claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes that are receiving a distribution of property under the plan but are not "unimpaired" will be solicited to vote to accept or reject the plan.

Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall classify the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Plan divides Claims and Equity Interests into various Classes and sets forth the treatment for each Class. The Debtors also are required under section 1122 of the Bankruptcy Code to classify Claims and Equity Interests into Classes that contain Claims and Equity Interests that are substantially similar to the other Claims and Equity Interests in such Classes. The Debtors believe that the Plan has classified all Claims and Equity Interests in compliance with the provisions of section 1122 of the Bankruptcy Code, but it is possible that a Holder of a Claim or Equity Interest may challenge the classification of Claims and Equity Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court and the Plan, to make such reasonable modifications of the classifications under the Plan to permit confirmation and to use the Plan acceptances received in this solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting Holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

The Debtors (and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys), the Creditors Committee (and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys) have, and upon confirmation of the Plan will be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities under the Plan, and therefore are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

THE REMAINDER OF THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (AS WELL AS THE EXHIBITS THERETO AND DEFINITIONS IN THE PLAN).

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO IN THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO IN THE PLAN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENT OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS IN THE PLAN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, THE DEBTORS, THE DEBTORS' ESTATES, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

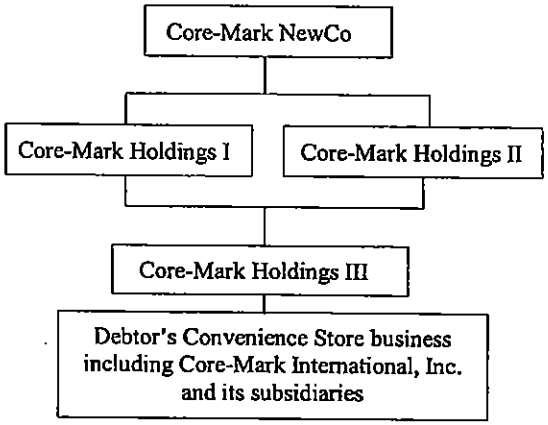
B. Generally

1. Structure of Reorganizing Plan

The Debtors believe that the Plan provides the best and most prompt possible recovery to Holders of Claims and Equity Interests. For purposes of this Disclosure Statement, the term Holder refers to the holder of a Claim or Equity Interest in a particular Class under the Plan. If the Plan is confirmed by the Bankruptcy Court and consummated, on the Effective Date or as soon as practicable thereafter, the Debtors will make distributions in respect of certain Classes of Claims and Equity Interests as provided in the Plan. The Classes of Claims against, and Equity Interests in, the Debtors created under the Plan, the treatment of those Classes under the Plan and distributions to be made under the Plan are described below.

2. Creation of Core-Mark Newco

The Plan ~~will provide~~**provides** for the reorganization of the Debtors centered around the~~ir~~ remaining convenience store wholesale distribution business. As a result of the restructuring transactions described below in S~~s~~ection ~~IX~~**VI.E.5.** hereof, **the** Debtors' corporate structure will change as of the Effective Date. On the Effective Date, ~~as a result of~~**two newly formed** ***wholly-owned subsidiaries of Core-Mark Newco ("Core-Mark Holdings I" and "Core-Mark Holdings II") will each own 50% of another*** **newly formed** ***subsidiary ("Core-Mark Holdings III"),*** **all** of Fleming's assets **related to it's convenience store business, including** the ~~transfer~~**Reorganized Debtors, will be transferred** to Core-Mark Holdings III **and the reorganized subsidiaries. Fleming's remaining assets will be transferred to a Post Confirmation Trust which will be liquidated and Fleming's remaining direct and indirect subsidiaries will be dissolved. As a result,** Core-Mark International, Inc., Core-Mark Interrelated Companies, Inc., Core-Mark Mid-Continent, Inc., **General Acceptance Inc., C/M Products, Inc., ASI Office Automation, Inc., E.A. Morris Distributors, Inc. Marquise Ventures Company, Inc.,** Minter-Weisman Co., **and** Head Distributing Co. ~~and other subsidiaries of Fleming~~**(the "Reorganized Debtors"),** will become indirect, wholly-owned subsidiaries of Core-Mark Newco. ~~Two new, wholly-owned subsidiaries of Core-Mark Newco ("Core-Mark Holdings I" and "Core-Mark Holdings II") will each own 50% of another new subsidiary ("Core-Mark Holdings III").~~ An organizational chart depicting the anticipated corporate structure of the new holding companies of the Reorganized Debtors as of the Effective Date is set forth below.



3. Exit Financing Facility, Obtaining Cash for Plan Distributions and Transfers of Funds Among the Debtors and the Reorganized Debtors

All Cash necessary for Core-Mark Newco and the Post Confirmation Trust, as applicable, to make payments pursuant to the Plan will be obtained from the Reorganized Debtors' existing Cash balances, **the continuing** operations **of Core-Mark Newco**, the Exit Financing Facility, the Tranche B Loan ~~or the Rights Offering~~ and prosecution of Causes of Action, including collections of the Litigation Claims, unless such Cash is not sufficient to fund the Plan, in which case the Debtors, with the consent of the Committee, reserve the right to raise Cash from a sale of some or substantially all of their assets. On the Effective Date, the Reorganized Debtors are authorized to execute and deliver those documents necessary or appropriate to obtain the Exit Financing Facility. ~~The determination of whether to utilize a~~ **and the** Tranche B Loan ~~or a Rights Offering to fund certain Plan payments shall be made upon the mutual agreement of the Debtors and the Committee~~**, if necessary**. The Exit Financing Facility shall not be secured by the assets transferred to the Post Confirmation Trust.

4. Tranche B Loan

The Tranche B Loan shall be a term credit facility in the amount of up to $60 million available to be borrowed from the Tranche B Lenders on the Effective Date in the form of funded borrowings or letters of credit. All obligations under the Tranche B Loan shall be secured by second priority security interests in and liens upon substantially all present and future assets of Core-Mark Newco, other than those assets transferred to the Post Confirmation Trust, including accounts receivable, general intangibles, inventory, equipment, fixtures and real property, and products and proceeds thereof. The Tranche B Loan shall be junior to the Exit Financing Facility.

The Tranche B Loan shall be made by the Tranche B Lenders on substantially the terms set forth ~~on~~**in** the **Indicative** Tranche B Loan Term Sheet~~, which is~~ **attached hereto as** Exhibit ~~E to the Plan.~~**8.**

5. Sale of Assets

In the event that the Debtors do not have sufficient Cash from their (i) existing Cash balances on the Effective Date, (ii) operations, (iii) the Exit Financing Facility, (iv) the Tranche B Loan or ~~the Rights Offering or~~ (v) pursuit of Causes of Action to make the required payments under the Plan, the Debtors, with the consent of the Creditors Committee, reserve the right to fund the Plan through a sale of some or substantially all of the assets of the Debtors under section 363 of the Bankruptcy Code.

C. Classification And Treatment Of Claims And Equity Interests

1. Summary of Unclassified Claims against all Debtors

a. *Administrative Claims*

Subject to the provisions of section 330(a) and 331 of the Bankruptcy Code, each Holder of an Allowed Administrative Claim, including Holders of Allowed Approved Trade Creditor Lien Claims, but excluding claims for Professional Fees, will be paid the full unpaid amount of such Allowed Administrative Claim in Cash (i) on the Effective Date or as soon as practicable thereafter, or (ii) if such Administrative Claim is Allowed after the Effective Date, as soon as practicable after the date such Claim is Allowed, or (iii) upon such other terms as may be agreed upon by such Holder and the applicable Reorganized Debtor or otherwise upon an order of the Bankruptcy Court; *provided that* Allowed Administrative Claims including Allowed Approved Trade Creditor Lien Claims representing obligations incurred in the ordinary course of business or otherwise assumed by the Debtors or Reorganized Debtors pursuant hereto will be assumed on the Effective Date and paid or performed by the applicable Reorganized Debtor when due in accordance with the terms and conditions of the particular agreements governing such obligations.

Except as provided in the Plan, Holders of Administrative Claims that arose on or before October 31, 2003 ~~shall file an Administrative Claim on or before the First Administrative Bar Date pursuant to~~ which the First Administrative Bar Date ~~Order. Except as provided in the Plan,~~ did not apply and Holders of Administrative Claims that arose after October 31, 2003 that have not been paid as of the Effective Date, must file an Administrative Claim by the Second Administrative Bar Date. If an Administrative Claim is not timely filed by the First Administrative Bar Date or the Second Administrative Bar Date, as applicable, then such Administrative Claim shall be forever barred and shall not be enforceable against the Debtors or the Reorganized Debtors, their successors, their assigns or their property. The foregoing requirements to file Administrative Claims by the relevant bar date shall not apply to the (i) Administrative Claims of Professionals retained pursuant to sections ~~327 and~~327, 328 and 363 of the Bankruptcy Code; (ii) expenses of members of the Official Committee of Unsecured Creditors; (iii) all fees payable and unpaid under 28 U.S.C. § 1930; (iv) any fees or charges assessed against the estates of the Debtors under 28 U.S.C. § 123; (v) Intercompany Claims between Debtors and their affiliates; and (vi) Administrative Claims arising in the ordinary course of business relating to inventory, services or supplies provided by trade vendors or service providers which are paid or payable by the Debtors in the ordinary course of business. An objection to an Administrative Claim filed pursuant to this provision must be filed and properly served within 220 days after the Effective Date. The Debtors and the Post Confirmation Trustee, as applicable, reserve the right to seek an extension of such time to object.

All Professionals that are awarded compensation or reimbursement by the Bankruptcy Court in accordance with sections 330, 331 or 363 of the Bankruptcy Code that are entitled to the priorities established pursuant to sections 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code, shall be paid in full, in Cash, the amounts allowed by the Bankruptcy Court: (a) on or as soon as reasonably practicable following the later to occur of (i) the Effective Date; and (ii) the date upon which the Bankruptcy Court order allowing such Claim becomes a Final Order; or (b) upon such other terms as may be mutually agreed upon between such Professional and the Reorganized Debtors. On or before the Effective Date and prior to any distribution being made under the Plan, the Debtors shall escrow into the Professional Fee Escrow Account, the Carve-Out and the Additional Carve-Out as outlined in the Final DIP Order and any additional estimated accrued amounts owed to Professionals through the Effective Date.

Except as otherwise provided by Court order for a specific Professional, Professionals or other entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 or 363 of the Bankruptcy Code for services rendered prior to the Confirmation Date must file and serve an application for final allowance of compensation and reimbursement of expenses no later than forty-five (45) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Court. Any objection to the Claims of Professionals shall be filed on or before thirty (30) days after the date of the filing of the application for final compensation.

b. *Priority Tax Claims*

In *full satisfaction, settlement, release, and discharge of*, and in exchange for, each *Allowed Priority Tax Claim that is due and payable on or prior to the Effective Date*:

(1) ~~Each Holder of an *Allowed Priority Tax Claim that is due and payable on or prior to the Effective Date*~~If payment of the Allowed Priority Tax Claim is not secured or guaranteed by a surety bond or other similar undertaking, commencing on the Effective Date or as soon as practicable thereafter, the Holder of such Claim shall be paid the principal amount of such Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate available on ninety (90) day United States Treasuries on the Effective Date, in ~~*full satisfaction, settlement, release, and discharge of* and in exchange for such Priority Tax Claim in~~ quarterly deferred Cash payments over a period not to exceed six years after the date of assessment ~~in accordance with §1129(a)(9)(C) of the Bankruptcy Code with interest at a rate agreed to by the parties or set by the Court~~tax on which such Claim is based, unless ~~such~~the Debtor and Holder ~~consents~~mutually agree to ~~other~~a different treatment or as otherwise ordered by the Court.

(2) If payment of the Allowed Priority Tax Claim is secured or guaranteed by a surety bond or other similar undertaking, the Holder of the Allowed Priority Tax Claim shall be required to seek payment of its Claim from the surety in the first instance. Only after exhausting all right to payment from its surety bond or other similar undertaking shall the Holder be permitted to seek payment from the Debtors under this Plan as a holder of an Allowed Priority Tax Claim, and the remainder, if any, owing on an Allowed Claim after deducting all payments received from the surety, shall be treated as outlined in paragraph (1) above.

To the extent the surety pays the Allowed Priority Tax Claim in full, the Priority Tax Claim shall be extinguished. The surety's Claim against the Debtors for reimbursement is not entitled to be paid as a Priority Tax Claim hereunder. To the extent the surety holds no security for its surety obligations, it shall have a Class 6 Claim and shall be paid in accordance with section III.B.8. of the Plan. To the extent the surety holds security for its surety obligations, the surety shall have a Class 3(A) Claim under the Plan and be paid in accordance with section III.B.3. of the Plan.

c. *DIP Claims*

On the Effective Date, or as soon as practicable thereafter, each Holder of an Allowed DIP Claim shall be paid in full in Cash in full satisfaction, settlement, release and discharge of and in exchange for each and every Allowed DIP Claim, unless such Holder consents to other treatment.

2. Classification and Treatment of Classified Claims

a. Class 1(A)—Other Priority Non-Tax Claims

(1) *Classification:* Class 1(A) consists of all Allowed Other Priority Non-Tax Claims.

(2) *Treatment:* ~~On the Effective Date, *or as soon as practicable thereafter,* unless such Holder agrees to other treatment, each Holder of an Allowed Other Priority Non-Tax Claim shall be paid in~~In full satisfaction, settlement, release, and discharge of, and in exchange for, each ~~and every~~ Allowed Other Priority Non-Tax Claim ~~in Cash in full~~**that is due and payable on or prior to the Effective Date, on the Effective Date** *or as soon as practicable thereafter,* **the Holder of such Claim shall be paid the principal amount of such Claim on any outstanding balance, unless the Holder consents to other treatment**.

(3) *Voting:* Class 1(A) is not impaired and the Holders of Class 1(A) Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 1 are not **entitled to vote to accept or reject the Plan.**

b. Class 1(B)—Property Tax Claims

(1) *Classification:* Class 1(B) consists of all Allowed Property Tax Claims.

(2) *Treatment:* In full satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Property Tax Claim that is due and payable on or prior to the Effective Date, commencing on the Effective Date or as soon as practicable thereafter, the Holder of such Allowed Property Tax Claim shall be paid the principal amount of such Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate available on ninety (90) day United States Treasuries on the Effective Date, in quarterly deferred Cash payments over a period not to exceed six years after the date of assessment of the tax on which such Claim is based, unless the Debtor and Holder mutually agree to a different treatment.

(3) *Voting:* Class 1(B) is impaired and the Holders of Class 1(B) Claims are entitled to vote to accept or reject the Plan.

c. ~~b.~~ Class 2—Pre-Petition Lenders' Secured Claims

(1) *Classification:* Class 2 consists of all Allowed Pre-Petition Lenders' Secured Claims.

(2) *Treatment:* On the Effective Date, or as soon as practicable thereafter, unless such Holder consents to other treatment, each Holder of an Allowed Pre-Petition Lenders' Secured Claim shall be paid in full and shall either (i) assign its liens in the Debtors' assets to the lender under the Exit Financing Facility ~~Agreement~~ or (ii) assign its liens in the Debtors' assets to Core-Mark Newco, which liens as assigned shall

have the same validity and priority as such liens held by the Holders of the Class 2 Claims, and which liens as assigned shall be subject to further transfer to the Post Confirmation Trust, as applicable.

Any default with respect to any Class 2 Claim that existed immediately prior to the filing of the Chapter 11 Cases shall be deemed cured upon the Effective Date.

(3) *Voting:* Class 2 is not impaired and the Holders of Class 2 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 2 are not entitled to vote to accept or reject the Plan.

d. ~~c.~~ Class 3(A)— *Other Secured Claims that are not Class 1(B) Claims*

(1) *Classification:* Class 3(A) consists of all Allowed Other Secured Claims **that are not Class 1(B) Claims**.

(2) *Treatment:* On the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Other Secured Claim **that is not a Class 1(B) Claim** (e.g. PMSI Holders, equipment financing lenders, etc.) shall receive one of the following treatments, at the Debtors' option, such that they shall be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code: (i) the payment of such Holder's Allowed Other Secured Claim in full, in Cash; (ii) the sale or disposition proceeds of the property securing such Allowed Other Secured Claim to the extent of the value of the Holder's interests in such property; or (iii) the surrender to the Holder of the property securing such Claim.

(3) *Voting:* Class 3(A) is unimpaired and Holders of Class 3**(A)** Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 3(A) are not entitled to vote to accept or reject the Plan.

e. ~~d.~~ Class 3(B)—Approved Trade Creditor Reclamation Lien Claims

(1) *Classification:* Class 3(B) consists of all Allowed Approved Trade Creditor Reclamation Lien Claims.

(2) *Treatment:* On the Effective Date, or as soon as practicable thereafter, ~~Core-Mark Newco or~~ the Post Confirmation Trust~~, as applicable,~~ shall issue ~~a promissory note~~**the Class 3B Preferred Interests** in favor of the Holders of Allowed Approved Trade Creditor Reclamation Lien Claims in the estimated aggregate amount of such Allowed Claims **under the terms and conditions of the Class 3B Preferred Interests Term Sheet (with the interests** to be reissued as such Claims are Allowed by Final Order or settlement**)** and grant a first priority lien to such Holders on the Post Confirmation Trust Distributable Assets, entitling each Holder of an Allowed Approved Trade Creditor Reclamation Lien Claim to its Ratable Proportion of Post Confirmation Trust Distributable Assets up to the total amount of each Holders' Allowed Approved Trade Creditor Reclamation Lien Claim, in full satisfaction, settlement, release and discharge of each Allowed Approved Trade Creditor Reclamation Lien Claim, unless such Holder agrees to other treatment, and subject, at the Debtors' option, to

reduction for unpaid post-petition deductions, preference payments and other applicable setoff rights.

As additional security for the Class 3B Preferred Interests, Core-Mark Newco shall provide a junior guarantee under the terms outlined in the Class 3B Preferred Interests Term Sheet.

(3) *Voting:* Class 3(B) is impaired and the Holders of Class 3(B) Claims are entitled to vote to accept or reject the Plan.

f. ~~e.~~ Class 3(C)—DSD Trust Claims

(1) *Classification:* Class 3(C) consists of all Allowed DSD Trust Claims.

(2) *Treatment:* ~~(i) In the event that the DSD Trust Claim Holders obtain a Final Order in their favor in the pending litigation allowing their Claims, on the later of (a) the Effective Date or as soon as practicable thereafter; or (b) the date the DSD Trust Claim Holders obtain a Final Order allowing their Claims or as soon as practicable thereafter, each~~**Each** Holder of an Allowed DSD Trust Claim shall be paid in full satisfaction, settlement, release and discharge of each Allowed DSD Trust Claim in Cash ~~in full, unless such Holder agrees to other treatment, subject, at the Debtors' option to reduction for unpaid post-petition deductions, preference payments and other applicable setoff rights and (ii) in the event the DSD Trust Claim Holders do not prevail in~~ their ~~litigation, all Allowed DSD Trust Claims shall be treated as Class 6 General Unsecured Claims hereunder~~**Ratable Proportion of the DSD Settlement Fund as outlined in the DSD Settlement Agreement**.

(3) *Voting:* Class 3(C) is ~~unimpaired~~**impaired** and Holders of Claims in Class 3(C) are ~~conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 3(C) are not~~ entitled to vote to accept or reject the ~~p~~**P**lan.

g. ~~f.~~ Class 4—PACA/PASA Claims

(1) *Classification:* Class 4 consists of all Allowed PACA/PASA Claims.

(2) *Treatment:* ~~On the Effective Date, *or as soon as practicable thereafter,* unless such Holder agrees to other treatment, each Holder of an Allowed PACA/PASA Claim shall be paid in~~**In** full satisfaction, settlement, release, and discharge of, and in exchange for, each ~~and every~~ Allowed PACA/PASA Claim ~~in Cash in full from the previously established PACA trust or from Core-Mark Newco to the extent the PACA trust~~**that** is ~~insufficient~~**due and payable on or prior** to ~~satisfy all~~ the ~~Allowed PACA/PASA Claims with~~**Effective Date, on the Effective Date *or as soon as practicable thereafter,* the Holder of such Claim shall be paid the principal amount of such Claim on** any ~~remaining proceeds of~~**outstanding balance, unless** the ~~PACA~~**Holder** ~~trust~~**consents** to ~~be distributed to Core-Mark Newco~~**other treatment**.

(3) *Voting:* Class 4 is unimpaired and Holders of Allowed Claims in Class 4 are conclusively deemed to have accepted the Plan pursuant to section

1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 4 are not entitled to vote to accept or reject the Plan.

h. ~~g.~~ Class 5—Valid Reclamation Claims that are not Class 3(B) Claims

(1) *Classification:* Class 5 consists of Allowed Valid Reclamation Claims that are not Class 3(B) Claims.

(2) *Treatment:* To the extent the Court determines that the Holders of Reclamation Claims that are not Class 3(B) Claims are entitled to priority treatment, on the Effective Date, or as soon as practicable thereafter, ~~Core Mark Newco or~~ the Post Confirmation Trust, ~~as applicable~~, shall issue ~~a promissory note~~**the Class 5 Preferred Interests** in favor of such Holders in the estimated aggregate amount of their Allowed Claims **(with the interests to be reissued as such Claims are Allowed by Final Order or settlement)** and grant a second priority lien on the Post Confirmation Trust Distributable Assets entitling each Holder to its Ratable Proportion of the Post Confirmation Trust Distributable Assets, after all Class 3(B) Claims are paid in full. ~~*In the event the Court denies the Holders of Reclamation Claims that are not Class 3(B) Claims priority treatment, such Reclamation Claims shall be treated as Class 6 General Unsecured Claims* hereunder.~~

As additional security for the Class 5 Preferred Interests in the event the Court determines that the Holders of Class 5 Claims are entitled to priority treatment, Core-Mark Newco shall provide a junior guarantee under the terms outlined in the Class 5 Preferred Interests Term Sheet.

***In the event the Court denies the Holders of Reclamation Claims that are not Class 3(B) Claims priority treatment, such Reclamation Claims shall be treated as Class 6 General Unsecured Claims* hereunder, and any ballots cast by Holders of Class 5 Claims shall be counted as ballots cast by Holders of Class 6 Claims.**

(3) *Voting:* Class 5 is impaired and Holders of Allowed Claims in Class 5 are entitled to vote to accept or reject the Plan.

i. ~~h.~~ Class 6—General Unsecured Claims other than Convenience Claims

(1) *Classification:* Class 6 consists of all Allowed General Unsecured Claims other than Convenience Claims.

(2) *Treatment:* On the Effective Date, or as soon as practicable thereafter, each Holder of an Allowed General Unsecured Claim other than Convenience Claims, shall be paid in full satisfaction, settlement, release, and discharge of and in exchange for each and every Allowed General Unsecured Claim other than Convenience Claims, at the Debtors' option, in one or a combination of the following manners: (i) issuance of a Ratable Proportion of New Common Stock subject to dilution from the issuance of warrants to the Tranche B Lenders ~~or the shares of New Common Stock issued upon the conversion of Preferred Stock issued pursuant to the Rights Offering, if applicable,~~ and through the Management Incentive Plan; and/or (ii) in the event the Debtors, with the consent of the Creditors Committee, elect to sell some or all of

their assets as outlined herein, a Ratable Proportion of Cash remaining from the sale of such assets after all of the Allowed Unclassified Claims and Claims of Holders in Classes 1 through 5 have been satisfied in full.

As additional consideration, each Holder of an Allowed General Unsecured Claim shall be entitled to a Ratable Proportion of Excess Proceeds (as defined in the Post Confirmation Trust Agreement), if any, available from the Post Confirmation Trust after payment by the Post Confirmation Trust of all claims and obligations required to be made by the Post Confirmation Trust under the Plan, the Post Confirmation Trust Agreement, or otherwise, as set forth in the Post Confirmation Trust Agreement.

~~*As additional consideration, each Holder of an Allowed General Unsecured Claim shall be entitled to a Ratable Proportion of Excess Proceeds (as defined in the Post Confirmation Trust Agreement), if any, available from the Post Confirmation Trust after payment by the Post Confirmation Trust of all claims and obligations required to be made by the Post Confirmation Trust under the Plan, the Post Confirmation Trust Agreement, or otherwise, as set forth in the Post Confirmation Trust Agreement.*~~ ~~Further, in the event the Debtors utilize a Rights Offering, each Holder of a General Unsecured Claim that is listed on the Rights Participation Schedule shall be entitled to receive, in exchange for such Holder's Claim, its Equity Subscription Rights for shares of Preferred Stock as outlined in Section VII.B of the Plan and Exhibit 6 to this Disclosure Statement.~~

(3) *Voting:* Class 6 is impaired and Holders of Claims in Class 6 are entitled to vote to accept or reject the Plan.

j. ~~i.~~ Class 7 - Convenience Claims

(1) *Classification:* Class 7 consists of all General Unsecured Claims**, other than the claims of Holders of Old Notes,** of $5,000 or less held by a single Holder. Holders of **Old Notes and** General Unsecured Claims in excess of $5,000 may not opt into Class 7.

(2) *Treatment:* On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 7 Claim shall receive, in full and final satisfaction of such Claim, a e**C**ash distribution equal to 10% of the amount of its Class 7 Claim, provided however, the aggregate amount of such Allowed Class 7 Claims shall not exceed $10,000,000. If the aggregate amount of the Allowed Class 7 Claims exceeds $10,000,000, each Holder of an Allowed Class 7 Claim shall receive its Ratable Proportion of $1,000,000.

(3) *Voting:* Class 7 is impaired, and Holders of Class 7 Claims are entitled to vote to accept or reject the Plan.

k. ~~j.~~ Class 8—Equity Interests

(1) *Classification:* Class 8 consists of all Equity Interests.

(2) *Treatment:* Receives no distribution and are canceled as of the Effective Date.

(3) *Voting:* Class 8 is impaired, but because no distributions will be made to Holders of Class 8 Claims nor will such Holders retain any property, such Holders are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Class 8 is not entitled to vote to accept or reject the Plan.

~~k.~~ l. Class 9—Intercompany Claims

(1) *Classification:* Class 9 consists of all Intercompany Claims.

(2) *Treatment:* Receives no distribution and are canceled as of the Effective Date.

(3) *Voting:* Class 9 is impaired, ~~and~~but because no distributions will be made to Holders of Class 9 Claims nor will such Holders retain any property, such Holders are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Class 9 is not entitled to vote to accept or reject the Plan.

~~l.~~ m. Class 10 – Other Securities Claims and Interests

(1) *Classification*: Class 10 consists of all Other Securities Claims and Interests of whatever kind or nature.

(2) *Treatment*: Receives no distribution and are cancelled and discharged as of the effective date.

(3) *Voting*: Class 10 is impaired, and since no distributions will be made to Holders of Class 10 Claims, such Holders are deemed to reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code. Class 10 is not entitled to vote to accept or reject the Plan.

D. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' or the Reorganized Debtors' rights in respect of any Unimpaired Claims, including, but not limited to, all rights in respect of legal and equitable defenses to or setoffs or recoupments against such Unimpaired Claims.

E. Acceptance And Rejection Of The Plan

1. Voting Classes

Each Holder of an Allowed Claim in Classes ~~3~~1(B), 3(B), 3(C), 5, 6 and 7 shall be entitled to vote to accept or reject the Plan.

2. Acceptance by Impaired Classes

An Impaired Class of Claims shall have accepted the Plan if (a) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the Holders (other than any Holder designated

under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

3. Presumed Acceptance of Plan

Classes ~~1,~~1(A), 2, 3(A~~), 3(C)~~ and 4 are unimpaired under the Plan and, therefore, are presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

4. Presumed Rejection of Plan

Classes 8, 9 and 10 are impaired and shall receive no distributions and, therefore, are presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

5. Non-Consensual Confirmation

The Debtors and the Committee ~~reserve the right to~~will seek Confirmation of the Plan under section 1129(b) of the Bankruptcy Code, to the extent applicable, ~~in~~based on the ~~event that~~deemed rejection by classes 8, 9 and 10 and, if any Voting Class fails to accept the Plan in accordance with section 1129(a)(8) of the Bankruptcy Code. The Debtors and the Committee reserve the right (a) to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code and/or (b) to modify the Plan in accordance with Ssection XIV.D. thereof.

F. Plan Implementation

1. Substantive Consolidation

As set forth in ~~Article~~section V.A of the Plan, all of the Debtors seek a limited substantive consolidation of their estates solely for purposes of actions associated with the confirmation and consummation of the Plan, including, but not limited to, voting, confirmation and distribution. The Plan does not contemplate the merger or dissolution of any Debtor which is currently operating or which currently owns operating assets or the transfer or commingling of any asset of any Debtor, except that the assets of Fleming ~~already~~currently being used by Fleming Convenience in its operations ~~as~~ shall be formally vested in Core-Mark Newco, ~~Inc.,~~ or one of ~~its~~the Reorganized ~~Debtor subsidiaries~~Debtors, and except to accomplish the distributions under the Plan. Such limited substantive consolidation shall not affect (other than for Plan voting, treatment and/or distribution purposes) (i) the legal and corporate structures of a Reorganized Debtor or (ii) equity interests in the Filing Subsidiaries.

a. *Other Effects of Substantive Consolidation*

As set forth in Article V of the Plan, as a result of substantive consolidation, a Holder of Claims against one or more of the Debtors arising from or relating to the same underlying debt that would otherwise constitute Allowed Claims against two or more Debtors, including, without limitation, Claims based on joint and several liability, contribution, indemnity, subrogation, reimbursement, surety, guaranty, co-maker and similar concepts, shall have only one Allowed Claim on account of such Claims. In addition, all Claims between and among Fleming and its Filing Subsidiaries shall be eliminated as a result of substantive consolidation under the Plan.

b. *Benefits of Substantive Consolidation*

The Debtors and the Committee believe that substantive consolidation is in the best interest of the Debtors' estates and will promote a more expeditious and streamlined distribution and recovery process for Creditors. Substantive consolidation of the Debtors' estates will result in (i) the deemed consolidation of the assets and liabilities of the Debtors; (ii) the deemed elimination of intercompany claims, multiple and duplicative creditor claims, joint and several liability claims and guarantees; and (iii) the payment of Allowed Claims from a common pool of assets. Substantive consolidation will relieve the Debtors' estates from having to engage in the costly and time-consuming exercise of litigating intercompany claims as those claims will be eliminated. It will also relieve the Debtors from having to litigate creditor claims against multiple Debtor entities on the same liability, as

only one claim will be deemed allowed and payable from one common pool of assets. The Debtors estimate that there have been over $20 billion of duplicate proofs of claim filed against the Debtors' estates. Moreover, substantive consolidation will provide for a greater recovery overall for the vast majority of creditors of the Debtors' estates.

c. *Legal Analysis of Substantive Consolidation*

Substantive consolidation is an equitable doctrine that permits the Bankruptcy Court to merge the assets and liabilities of affiliated entities so that the combined assets and liabilities are treated as though held by one entity. It is well established that section 105(a) of the Bankruptcy Code, which provides in pertinent part that the "court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title," empowers a bankruptcy court to authorize substantive consolidation. The Bankruptcy Code also contemplates consolidation in aid of reorganization. 11 U.S.C. § 1123(a)(5).

There are no express criteria in the Bankruptcy Code for determining whether an order granting substantive consolidation should issue, but the Third Circuit has generally articulated a standard based on two cases, *In re Auto-Train Corp.*, 810 F.2d 270 (D.C. Cir. 1987) and *Union Savings Bank v. Augie/Restivo Baking Co.* (*In re Augie/Restivo Baking Co.*), 860 F.2d 515 (2d Cir. 1988). Under the Auto-Train test, the court looks at (1) whether there is substantial identity between the entities to be consolidated and (2) whether consolidation is necessary to avoid some harm or to realize some benefit. Under the Augie/Restivo test, the court will examine: (1) whether creditors dealt with the entities as a single economic unit and did not rely on their separate identity in extending credit or (2) whether the affairs of the debtor companies are so entangled that consolidation will be beneficial.

A party may be estopped from opposing substantive consolidation where a reasonable party in a similar situation "knew or should have known of the close association between affiliate and bankrupt," or where the party could be deemed to have dealt with the debtors with full knowledge of their consolidated operations. *In re Snider Bros., Inc.*, 18 B.R. 230, 237-38 (Bankr. Mass. 1982). The existence of cross-corporate guarantees among each of the debtor entities may also put a party on notice of substantial identity among affiliates. *See In re Commercial Envelope Mfg. Co.*, 3 B.C.D. 647, 655 (Bankr. S.D.N.Y. 1977). Estoppel is warranted, even though a creditor may not have dealt with more than any one debtor at a time, where the knowledge that there existed an intercorporate relationship could have bolstered confidence in dealing with any individual corporation because the creditor knew s/he could rely on the credit and assets of all the entities, not just the one with which s/he was dealing. *Id.*

Substantive consolidation is ultimately a test of balancing of the equities where the court must weigh the economic prejudice of continued debtor separateness against the economic prejudice of substantive consolidation. As a court-made doctrine, substantive consolidation is constantly evolving to meet the realities of the ever-changing and increasingly complex business world. There is a modern trend towards favoring substantive consolidation. This trend is driven by judicial cognizance of modern business practices, which use complex interrelated business structures, involving interconnected parents and subsidiaries, overlapping directorates, and integrated administrative, operational and cash management systems. *Murray Indus., Inc.*, 119 B.R. 820, 832 (Bankr. M.D. Fla. 1990). Substantive consolidation should be authorized whenever it will benefit the debtors' estates without betraying legitimate expectations of the debtors and their respective creditors. *Id.*

d. *The Debtors Meet the Criteria for Substantive Consolidation*

The substantial interrelationship between and among Fleming and the Filing Subsidiaries warrants substantive consolidation in this case. For example, the Debtors currently share a joint corporate structure, joint business operations and joint liability on the most significant and largest outstanding debts in these Chapter 11 Cases.

(1) Joint Corporate Structure.

- Fleming operates as the parent company for the Filing Subsidiaries as well as for the non-filing subsidiaries and owns 100% of the capital stock (directly or indirectly) of all of the Filing Subsidiaries.

- Fleming's officers and directors also serve as officers and directors of the Filing Subsidiaries' boards.

- Important decisions were generally made by the Fleming board and implemented by unanimous consent at the subsidiary level without separate board meetings.

- The Debtors file joint tax returns and engage in consolidated audits of their financial records.

- The Debtors file**d** consolidated financial statements and SEC filings.

(2) Joint Business Operations.

- The Debtors use a centralized cash management system for operations conducted between themselves, their affiliates and third parties, including the Pre-Petition Lenders.

- The Fleming Subsidiaries have no access to capital outside of Fleming's credit facility because all funds in the Fleming Subsidiaries' accounts are swept on a daily basis into Fleming's main concentration accounts.

- The Filing Subsidiaries were managed as seamless divisions of Fleming. For example, after ~~the~~ Fleming**'s** acquisition of Core-Mark in June 2002, Core-Mark interacted with the public as **part of** Fleming Convenience, **a an existing** division of Fleming. The Debtors also heavily promoted the acquisition of Core-Mark as creating a seamless national geographic network **when combined** with ~~respect to~~ Fleming ~~Convenience~~**'s existing convenience operations** (as discussed in more detail infra).

- Fleming provides**d** various insurance, SEC reporting and other administrative services including legal services for the Fleming Subsidiaries.

- Vendors perceived the Debtors as one integrated company based on the fact that Vendors of Fleming Convenience withdrew millions of dollars of credit from Fleming Convenience because of fears concerning Fleming Companies, Inc.'s economic condition.

(3) Joint Liability on Debt.

- The Filing Subsidiaries are liable to the Pre-Petition Lenders for all Pre-Petition Lenders' Claims arising under Class 2 of the Plan due to a guarantee on the Pre-Petition Lenders' secured pre-petition indebtedness executed by the Filing Subsidiaries.

- The Filing Subsidiaries executed the Bond Guarantees in favor of the Holders of Old Notes pre-petition and are thus liable for amounts outstanding under the Old Notes.

- The PBGC alleges that the Filing Subsidiaries, as members of Fleming's controlled group, are liable for the PBGC Claims.

- A substantial majority of the Claims filed against the Debtors by the Bar Date are against multiple Debtors for the same underlying debt.

Based upon the Debtors' joint corporate structure, joint business operations, and joint liability on debt, among other things, the Debtors believe that Fleming and all Filing Subsidiaries should be

consolidated for Plan purposes. The Debtors have undertaken an extensive factual review of the factors in support of substantive consolidation and believe that the facts in these cases warrant substantive consolidation.

For example, the Debtors believe that Core-Mark International, Inc. ("Core-Mark") as well as its direct subsidiaries should be consolidated with Fleming. Fleming acquired Core-Mark on June 18, 2002. The code name for Fleming's acquisition of Core-Mark was "Project Platform." That is, Fleming acquired Core-Mark as a platform to create a national convenience store distribution business to compliment its national wholesale distribution business. Immediately upon acquiring Core-Mark, Fleming went to work on combining and promoting its new national convenience store distribution business. For example, from the outset, Fleming instructed Core-Mark to change the name under which it did business to include a reference to Fleming. Shortly thereafter, Core-Mark and Fleming settled on the name "Fleming Convenience." Fleming also gave operational control of its seven existing eastern convenience store distribution centers to Fleming Convenience.

Core-Mark's transformation into Fleming Convenience was accomplished both within the company and in the outside convenience distribution world at large. Internally, Core-Mark changed virtually all aspects of its identity from Core-Mark to Fleming Convenience. The company name on everything from envelopes and letterhead to human resources forms and employee benefits plans was changed from Core-Mark to Fleming Convenience. Core-Mark's intercompany forms that were changed to Fleming Convenience forms included life insurance forms, health insurance forms, job application forms, 401K plan forms, designation of beneficiary forms, employee attendance record forms and summary of benefits forms.

The change from Core-Mark to Fleming Convenience was just as pronounced to the outside convenience distribution world. After the acquisition, Core-Mark began answering its phones as Fleming-Convenience, Fleming-Core-Mark, and/or Core-Mark-Fleming. The company name on the materials given to the outside convenience distribution world was changed to Fleming Convenience as well. For example, the name on company e-mails, letterhead, envelopes, invoices, purchase orders, driver receipt forms, manual check stock, customer reorder tags, credit-due-us forms and credit applications was changed from Core-Mark to Fleming Convenience. In addition, shortly after the acquisition, the business cards of the sales and marketing personnel added the Fleming Convenience logo, and the business cards of the other Fleming Convenience personnel changed thereafter as well.

By July 2002, less than a month after its acquisition by Fleming, Core-Mark was marketing itself to the outside world as Fleming's national convenience store distribution business. To accomplish this task, Core-Mark changed the name on its Smart Stock, Smart Set, Cooler Door, Promo Power and other marketing programs to Fleming Convenience. These Fleming Convenience marketing materials were sent to its major vendors, as well as its customers and potential customers. Core-Mark also changed the name on its monthly newsletter which it sent to vendors and customers alike to Fleming Convenience.

In addition, at the key convenience store industry event of the year, the 2002 National Association of Convenience Stores (NACS) conference in Orlando, Florida, Fleming went to great lengths to inform the industry of the advent of Fleming Convenience, its new nationwide convenience store distribution platform. Fleming Convenience sent invitations announcing the change from Core-Mark to Fleming Convenience to all of the members of NACS, which included vendors, distributors and customers alike. Fleming Convenience also solicited its major vendors (now its creditors) to sponsor its much larger than usual booth at the 2002 NACS Conference. Fleming Conveniences' solicitations, as well as its NACS booth, heralded the change from Core-Mark to Fleming Convenience. Fleming Convenience also hosted a golf tournament and a separate gala at the NACS conference. Over 500 of its customers and vendors participated in these events where the Fleming Convenience name was prominently featured.

Fleming also held meetings with the industry's largest trade credit group, the National Food Manufacturers Credit Group (NFMCG), in which they discussed the acquisition of Core-Mark and its transformation to Fleming Convenience. On October 25, 2002, representatives of Fleming met with the NFMCG's Trade Relations Committee in Scottsdale, Arizona. In that meeting, they discussed, among other things, Fleming's integration of Core-Mark. On January 24, 2003, Fleming met again with the Trade Relations Committee of the NFMCG. In that meeting, they discussed the success of Fleming's acquisition of Core-Mark and presented the

Trade Relations Committee with consolidated financial information that included Fleming Conveniences' financial information as well.

That the outside world knew full well of Fleming Convenience's interconnection with Fleming was evident when the market became aware of Fleming's financial troubles. Indeed, as early as November 2002, one or more of Fleming Conveniences' large vendors tightened their credit terms with Fleming Convenience as a result of an unfavorable article published about Fleming in the Wall Street Journal. Thereafter, in March 2003, as the market became more aware of Fleming's troubles, many of Fleming Conveniences' vendors restricted their credit terms based on the reputed troubles of Fleming.

e. *Substantive Consolidation Will Provide A Benefit To The Estates And Result In A Higher Recovery For Creditors*

Under the circumstances of this case, substantive consolidation is warranted because there is substantial identity between Fleming and the Filing Subsidiaries, because the benefits outweigh the harm of consolidation, because untangling intercompany accounts would be lengthy and needlessly costly, and because creditors, who may or may not be prejudiced, and who knew or should have known they were dealing with a single entity, are estopped from asserting any kind of defense against substantive consolidation, which will facilitate the expedient consummation of the Plan. In particular, the very same creditors who, prior to the bankruptcy treated Fleming Convenience as part of Fleming, cannot now be heard to complain that they did not believe that they were dealing with Fleming.

A denial of substantive consolidation will result in lengthy delay as intercompany liabilities and duplicate Claims are adjudicated, thereby threatening the timely consummation of the Plan and jeopardizing the patience and credit of customers and vendors willing to work with the reorganized Debtors, or Core-Mark Newco. These lengthy adjudications will necessitate large administrative costs, which will consume the assets of the Debtors' estates that would otherwise be used for distribution to creditors. Substantive consolidation will benefit the vast majority of creditors, who will not only benefit from streamlined legal proceedings and the administrative cost savings that engenders, but will realize a greater distribution than if the Debtors were forced to pursue separate liquidations or plans. Lastly, substantive consolidation will benefit the creditors of these cases because it will facilitate a speedy and cost-effective reorganization that will hasten the emergence of a viable Fleming Convenience business in which these creditors will have an interest.

f. *Objections to Substantive Consolidation*

The Debtors have received a few objections to the Disclosure Statement which allege that the Disclosure Statement contains inadequate information about the effect of substantive consolidation on the creditors or, or potentially, the effect of not substantively consolidating the Debtors' estates. The Debtors believe those Objections are not well founded. The Disclosure Statement, as outlined above, outlines in great detail the grounds for substantive consolidation and the negative impact attempting to construct a plan which does not consolidate the estates would have on creditors. Section 1125(a) of the Bankruptcy Code specifically states that the adequate information required for a disclosure statement to be approved "need not include such information about any other possible or proposed plan."

Central States, Southeast and Southwest Areas Pension Plan Fund ("CSPF"), complained that "substantive consolidation will undoubtedly result in creditors of certain of the Debtors receiving a higher percentage distribution than they might otherwise have received without consolidation, while certain other creditors' distributions might be negatively impacted." Essentially, this is a Plan Objection which is more appropriately addressed by the Court at confirmation. Further, CSPF is essentially demanding the analysis of another "possible plan," namely the no-substantive-consolidation-at-all Plan. The "need not include" language of section 1125(a) indicates that a Disclosure Statement is not required to contain information about another "possible plan." Hence, under the very statutory section to which they cite, CSPF is not empowered to demand such information. The Debtors do not believe they have to provide CSPF with a smorgasbord of sundry plans because "the disclosure statement is intended to assist the creditors in evaluating the plan on its face rather than to promote a comparison among various proposed

plans." *In re Brandon Mill Farms, Ltd.*, 37 B.R. 190, 192 (Bankr. Ga. 1984) (citing *In re Civitella*, 14 B.R. 151, 8 B.C.D. 12 (Bankr. E.D. Pa. 1981) (holding that the debtor's disclosure statement need not indicate the existence of an alternate plan)).

2. Continued Corporate Existence and Vesting of Assets in the Reorganized Debtors

Each ~~Debtor shall, as a~~ Reorganized Debtor~~,~~ shall continue to exist after the Effective Date as a separate legal entity, each with all the powers of a corporation or partnership, as applicable, under the laws of its respective jurisdiction of organization and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under such applicable state law. Except as otherwise provided in the Plan, on and after the Effective Date all property of the Estate and any property acquired by ~~the Debtors or~~ the Reorganized Debtors under the Plan shall vest in the applicable Reorganized Debtor, free and clear of all Claims, liens, charges or other encumbrances. On and after the Effective Date, the Reorganized Debtors may operate their respective businesses and may use, acquire or dispose of property without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order.

3. Cancellation of Old Notes, Old Stock and Other Equity Interests

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, certificates and other documents evidencing (a) the Old Notes, (b) the Old Stock and (c) any stock options, warrants or other rights to purchase Old Stock shall be canceled, and the obligations of the Debtors thereunder or in any way related thereto shall be discharged. On the Effective Date, except to the extent otherwise provided in the Plan, any indenture relating to any of the foregoing, including, without limitation, the Indentures, shall be deemed to be canceled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and the obligations of the Debtors thereunder, except for the obligation to indemnify the Old Notes Trustees, shall be discharged; *provided that* the indentures that govern the rights of the Holder of a Claim and that are administered by the Old Notes Trustees, an agent or servicer shall continue in effect solely for the purposes of (y) allowing the Old Notes Trustees, agent or servicer to make the distributions to be made on account of such Claims under the Plan and to perform such other necessary administrative functions with respect thereto and (z) permitting the Old Notes Trustees, agent or servicer to maintain any rights or liens it may have for fees, costs and expenses under such indenture or other agreement. Any fees or expenses due to any of the Old Notes Trustees, agent or servicer shall be paid directly by the Debtors and shall not be deducted from any distributions to the Holders of Claims and Equity Interests.

4. Issuance of New Securities; Execution of Related Documents

On or as soon as practicable after the Effective Date, Core-Mark Newco shall issue all securities, notes, instruments, certificates and other documents of Core-Mark Newco required to be issued pursuant to the Plan, including~~, without limitation,~~ the New Common ~~and Preferred Stock, if applicable, each of~~ which shall be distributed as provided in the Plan. Core-Mark Newco shall execute and deliver such other agreements, documents and instruments, ~~including the Registration Rights Agreement, if applicable~~**as are necessary to effectuate the Plan**.

5. Restructuring Transactions

On or before the Effective Date, **Fleming intends to (i) dissolve all other of its direct or indirectly wholly owned Debtor subsidiaries other than (a) Core-Mark International, Inc.; (b) Core-Mark Mid Continent, Inc.; (c) General Acceptance Corporation; (d) Core-Mark Interrelated Companies, Inc.; (e) CM Products, Inc.; (f) ASI Office Automation, Inc.; (g) E.A. Morris Distributors Limited; (h) Head Distributing Company; (i) Marquise Ventures Company, Inc.; and (j) Minter-Weisman Co. and (ii) transfer the convenience store assets that are part of its Leitchfield, Kentucky Division to either Core-Mark International, Inc. or one of the Reorganized Debtors. The specific recipient of these assets will be determined prior to the Confirmation Date.**

On or before the Effective Date, Core-Mark Newco, a ~~new~~ Delaware corporation, shall be formed by certain of the Debtors' creditors or a nominee on their behalf. Core-Mark Newco shall **then** form two

wholly-owned subsidiaries, Core-Mark Holdings I and Core-Mark Holdings II, both Delaware corporations, and make a capital contribution of its stock to these entities. Core-Mark Holdings I and Core-Mark Holdings II shall form another subsidiary, Core-Mark Holdings III, owned equally by Core-Mark Holdings I and Core-Mark Holdings II, and shall make a capital contribution of the stock of Core-Mark Newco to Core-Mark Holdings III. ~~Core-Mark Newco, Core-Mark Holdings I, Core-Mark Holdings II, Core-Mark Holdings III and Fleming shall engage in certain transactions on~~ On the Effective Date, ~~that~~Fleming will ~~result~~transfer the stock of the Reorganized Debtors to Core-Mark Holdings III and Fleming will receive, in~~, among other things, all of the~~ exchange for such stock, stock of Core-Mark Newco ~~being, distributed~~Core-Mark Holding III will retain a portion of Core-Mark Newco's stock to satisfy disputed claims and hold such stock for the benefit of the holders of Class 6 General Unsecured Claims. Fleming will distribute the Core-Mark Newco stock received from Core-Mark Holdings III to its creditors in accordance with ~~Article III of~~ the Plan of Reorganization. Core-Mark Holdings III will transfer stock of Core-Mark Newco to holders of Class 6 General Unsecured Claims as such claims are resolved. Once these transactions have occurred, the creditors of Fleming, participants in the Management Incentive Plan and persons acquiring Core-Mark Newco equity as a result of the exercise of warrants will be the owners of Core-Mark Newco, which will act as the holding company for the convenience store business. Core-Mark Newco will then own 100% of each of Core-Mark Holdings I and Core-Mark Holdings II, and those two entities will each own 50% of stock of Core-Mark Holdings III. Core-Mark Holdings III will own the Reorganized Debtors.

~~In addition, on~~On or after the Effective Date, the Reorganized Debtors may continue to enter into such transactions and may continue to take such actions as may be necessary or appropriate to effect a further corporate restructuring of their respective businesses, including actions necessary to simplify, reorganize and rationalize the overall reorganized corporate structure of the Reorganized Debtors. While the Debtors are presently evaluating potential restructuring transactions, the contemplated transactions may include (i) dissolving various additional unnecessary subsidiary companies, including certain of the Reorganized Debtors, (ii) filing appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable state law and (iii) any other action reasonably necessary or appropriate in connection with the contemplated transactions. In each case in which the surviving, resulting or acquiring corporation in any of these transactions is a successor to a Reorganized Debtor, such surviving, resulting or acquiring corporation will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan, to pay or otherwise satisfy the Allowed Claims against such Reorganized Debtor.

6. Corporate Governance, Directors and Officers, and Corporate Action

a. Amended Certificate of Incorporation and By-laws

After the Effective Date, the Reorganized Debtors, as applicable, may, if necessary, reincorporate in their respective states of incorporation and file their Restated Certificates of Incorporation with the Secretary of State in the state in which they are incorporated. After the Effective Date, the Reorganized Debtors may, if necessary, amend and restate their Restated Certificates of Incorporation and other constituent documents as permitted by applicable law.

b. Directors and Officers of the Reorganized Debtors

Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, as of the Effective Date, the principal officers of the Debtors immediately prior to the Effective Date will be the officers of the Reorganized Debtors. The principal officers of Core-Mark Newco are presently anticipated to be the following: J. Michael Walsh, President and Chief Executive Officer; Henry Hautau, Vice President, Employee and Corporate Services and Assistant Secretary; Stacy Loretz-Congdon, Treasurer and Assistant Secretary; Gregory P. Antholzner, Controller and Assistant Secretary; Basil P. Prokop, President, Canada Division; Tom Barry, Vice President, National Accounts; Gerald Bolduc, Vice President, Information Technology and Chief Information Officer; David W. Dresser, Vice President, Merchandising; Thomas Small, Vice President, Operations; Chris Walsh, Vice President, Marketing; Tom Perkins, Vice President, U.S. Divisions; Scott McPherson, Vice President, U.S. Divisions; and Cyril Wan, Assistant Secretary.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose, on or prior to the Confirmation Date, the identity and affiliations of any Person proposed to serve on the initial board of directors of Core-Mark Newco and each Reorganized Debtor. The initial board of directors of Core-Mark Newco ~~shall~~is presently contemplated to consist of ~~seven~~five members, the Chief Executive Officer of Core-Mark Newco,~~[ ]~~ two representatives selected by the Committee and ~~[ ] representatives selected~~two independent members to be mutually agreed upon by the ~~Equity Investor, if applicable~~Debtors and the Committee. To the extent any such Person is an "insider" under the Bankruptcy Code, the nature of any compensation for such Person will also be disclosed. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of such Reorganized Debtor's certificate of incorporation, and other constituent documents.

c. Corporate Action

After the Effective Date, the adoption and filing, if necessary, of any of the Reorganized Debtors' Restated Certificates of Incorporation, the approval of their Restated By-laws, the appointment of directors and officers for Core-Mark Newco, the adoption of the Management Incentive Plan, and all other actions contemplated hereby with respect to each of the Reorganized Debtors shall be authorized and approved in all respects (subject to the provisions hereof). All matters provided for in the Plan involving the corporate structure of any Debtor or any Reorganized Debtor, and any corporate action required by any Debtor or any Reorganized Debtor in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders or directors of such Debtor or Reorganized Debtor. On the Effective Date, the appropriate officers of each Reorganized Debtor and members of the board of directors of each Reorganized Debtor are authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan in the name of and on behalf of such Reorganized Debtor.

7. ~~The Rights Offering Alternative~~ Reclamation Claims

~~In order~~

Pursuant to ~~fund the Debtors' obligations under the Plan, the Debtors, among other things, may, in the alternative to the Tranche B Loan, offer Holders of Class 6 Claim the opportunity to purchase,~~Final DIP Order and in exchange for ~~cash, additional equity in the Reorganized Debtors' businesses. This opportunity shall be~~extension of post petition trade credit, the Debtors provided Approved Trade Creditors holding Reclamation Claims with a junior lien in the ~~form~~lesser of ~~(a Rights Offering whereby each Holder of a Class 6 Claim that is listed on the Rights Participation Schedule (filed with the Plan as Exhibit B) shall be entitled to exercise its right to purchase shares of Preferred Stock in Core-Mark Newco ("Equity Subscription Rights"), up to~~ the amount of ~~each Holder's Rights Participation Claim Amount listed on the Rights Participation Schedule.~~actual trade credit ~~The terms and conditions of the Rights Offering and a description of the Preferred Stock are outlined in the Equity Commitment Letter filed with the Plan as Exhibit F and Exhibit 5~~provided pursuant to the ~~Disclosure Statement.~~

~~G.~~ ~~Postagreement with the Debtors as outlined in the Debtors' Trade Credit Program (as defined in the Final DIP Order) and (b) the amount of the Allowed Reclamation Claim, as outlined in the Trade Credit Program determined without consideration of whether the value of the inventory of the Debtors exceeded the amount of the Pre-Petition Lenders' Secured Claim as of the Petition Date. The Debtors also agreed that to the extent that any valid Reclamation Claim held by an Approved Trade Creditor and as set forth on such Approved Trade Creditor's Trade Credit Program Letter Agreement (as defined in the Final DIP Order) is not covered fully by such Approved Trade Creditor's Trade Creditors' Lien, then the balance of such valid Reclamation Claims shall constitute an Administrative Expense Claim, junior in right to the Post Petition Lender Superpriority Claim, the Pre-Petition Lender Superpriority Claims and the Carve-Out and up to an additional $6 million of professional fees and expenses approved by the Court. Holders of Claims granted this protection under the Final DIP Order are Holders of Class 3(B) Claims under the Plan.~~

Other creditors alleging Reclamation Claims that did not participate in the Debtors' Trade Credit Program have not, to date, been granted any lien or priority status by the Court and are simply creditors asserting Reclamation Claims allegedly entitled to protection under section 546(c) of the Bankruptcy Code. Holders of such Reclamation Claims are Holders of Class 5 Claims under the Plan.

Currently, the Holders of Class 3(B) claims have a junior security interest in the assets of the Debtors. Under the Plan, however, certain assets of the Debtors are being transferred to the Post Confirmation Trust while certain other assets are being retained by the Reorganized Debtors or transferred to Core-Mark Newco. As a result, the Plan replaces the lien currently held by the Class 3(B) Claim Holders with a lien on the Post Confirmation Trust's Distributable Assets. In addition, Core-Mark Newco is providing a secured guarantee of the Post Confirmation Trust's obligation to the Class 3(B) creditors under the terms outlined in the Class 3(B) Preferred Interests Sheet attached hereto as Exhibit 10 in order to assure that Allowed Class 3(B) Claims are paid in full.

The Debtors estimate that, as of the Effective Date, the aggregate amount of the Class 3(B) Claims is in the range of $43 to 55 million, prior to setoffs which may be available to the Debtors. The Debtors believe that certain of the Class 3(B) Claimants owe the Debtors funds related to pre-petition transactions. Such debts due from the Class 3(B) Claimants may be subject to setoff against liabilities owed by the Debtors to such claimants. The Debtors believe they will be able to effect setoff of such amounts due to the Debtors in full or in part against the Class 3(B) Claims. The Class 3(B) Claimants have challenged this position of the Debtors. The treatment provided for the Holders of Class 3(B) Claims under the Plan will afford such Holders payment in full of their Allowed Claims from either the Post Confirmation Trust, or in the event that the Post Confirmation Trust does not have sufficient assets, from Core-Mark Newco as a result of the secured guaranty provided to such Holders.

At the present time, it is unclear what the Court will ultimately determine with respect to the priorities, if any, of the Claims held by the Class 5 Claimants. On November 25, 2003, the Debtors filed their Combined Amended Reclamation Report and Motion to Determine that Reclamation Claims are Valueless (Docket No. 4596). Among other things, the Debtors sought the entry of an order that provides that Class 5 Claims are General Unsecured Claims that are not entitled to any priority under section 546(c) of the Bankruptcy Code. On December 12, 2003, the Bankruptcy Court, however, declined to hear the motion and directed the Debtors to file separate adversary proceedings against each reclamation claimant.

On or about January 31, 2004, the Debtors filed approximately 576 reclamation complaints (the "Reclamation Complaints"). The Debtors also filed a motion to consolidate the Reclamation Complaints to determine common legal issues arising from the reclamation claims, namely whether the reclamation claims are entitled to any priority under section 546(c) of the Bankruptcy Code. The consolidation motion is fully briefed and a hearing has been requested. The answer date for the Reclamation Complaints has been extended by agreement to April 15, 2004 for all defendants.

The projections attached to the Disclosure Statement as Exhibit 3C assume that Class 5 Claims will be found to have a priority, entitled to payment after payment of Claims, a reserve for Prioritized Property Tax Claims reserve for a prudent minimum operating cash level for the Post Confirmation Trust and payment of Class 3B Claims. The Plan also provides that, to the extent the Court determines that the Holders of Reclamation Claims that are not Class 3(B) Claims are entitled to priority treatment, on the Effective Date, or as soon as practicable thereafter, the Post Confirmation Trust, shall issue Preferred Interests in favor of such Holders in the estimated aggregate amounts of their Allowed Claims and grant them a second priority lien on the Post Confirmation Trust Distributable Assets entitling each Holder of a Class 5 Claim to its Ratable Proportion of the Post Confirmation Trust Distributable Assets after all Class 3(B) Claims are paid in full. As additional security for the Class 5 Preferred Interests, Core-Mark Newco shall provide a junior secured guarantee under the terms outlined in the Class 5 Preferred Interests Term Sheet attached to this Disclosure Statement as Exhibit 11.

The Debtors estimate that, as of the Effective Date, the aggregate amount of Class 5 Claims is in the range of $0 to $80 million, depending on *the Bankruptcy Court's ruling* with respect to the priority of these claims and prior to giving affect to all of the Debtors' prepetition deductions. The Debtors believe that certain of the Class 5 Claimants owe the Debtors funds related to pre-petition transactions. Such debts due from the Class 5 Claimants may be subject to setoff against liabilities owed by the Debtors to such claimants. The Debtors believe they will be able to effect setoff of such amounts due to the Debtors in full or in part against the Class 5 Claims. The Class 5 Claimants have challenged this position of the Debtors. The treatment provided to the Holders of Class 5 Claims under the Plan, including the additional security issued by Core-Mark Newco, will assure that Class 5 Claims shall be paid in full to the extent the Debtors are required to do so.

On February 9, 2004 Hershey Food Corporation ("Hershey") filed its Objection to the Debtors' Disclosure Statement. Thereafter, 27 other objections to the Disclosure Statement were filed that "joined" the Hershey's Objection or a similar Objection filed by the ad hoc Reclamation Committee and related parties. Collectively, the 28 Objections shall be referred to herein as the "Reclamation Objections" and the objectors shall be referred to as the "Reclamation Objectors.") Some Reclamation Objectors hold Trade Creditor Reclamation Lien Claims and some do not.

The Reclamation Objections are primarily objections to the Debtors' Plan and specifically the treatment afforded to the Reclamation Creditors under the Plan. Therefore, they are not proper objections to the Disclosure Statement. The Reclamation Objectors will have the opportunity to vote on the Plan. The Debtors believe that the treatment afforded to Holders of Reclamation Claims under the Plan is consistent with the requirements of section 1129(a) of the Bankruptcy Code and the Plan is confirmable under section 1129(b) of the Code. Nevertheless, the Plan has been amended to include the Class 3(B) and Class 5 Preferred Interests and guarantees from Core-Mark Newco. These Preferred Interests and guarantees address the Reclamation Objectors concerns about violating the Final DIP Order and Trade Credit Program as they essentially provide the Reclamation Claimants with the benefit of the liens given to the Reclamation Lien Creditors thereunder. In addition, the Preferred Interests and guarantees assure the feasibility of the Plan. To the extent the Post Confirmation Trust does not have sufficient funds to pay the Class 3(B) or Class 5 Claims (if necessary) in full, Core-Mark Newco will ultimately assume that responsibility. Thus, the financial strength of Core-Mark Newco will also assure payment and thus, feasibility of the Plan.

Hershey also alleges that the treatment of Trade Creditor Reclamation Lien Claims in the Plan violates the Debtors' Trade Credit Program and that the Plan discriminates against the Reclamation Lien Claims by treating only non-reclamation Trade Lien Claims as Administrative Claims. The Debtors disagree. The treatment of the Reclamation Lien Claims is completely consistent with the Final DIP Order and the Trade Credit Program. The non-reclamation Trade Lien Creditors provided the debtors with post-petition credit. As a result, under the Final DIP Order and section 503 of the Bankruptcy Code, their Trade Lien Claims are entitled to administrative status to the extent they are not paid in the ordinary course of the Debtors business, which they, in fact, have been. With respect to the Reclamation Lien Claims, their treatment is completely consistent with the Final DIP Order and, by granting a lien in both the Post

Confirmation Trust Assets and in providing the Core-Mark Newco secured guarantee, the protections provided in the Final DIP Order are maintained, and in fact, enhanced.

8. The Post Confirmation Trust

a. ~~1.~~ *Formation/Purpose*

On the Effective Date or as soon as practicable thereafter, ~~Core-Mark Newco~~**the Debtors and the Committee** will form a Post Confirmation Trust to administer certain ~~of its~~ post confirmation responsibilities under the Plan, including, but not limited to, those responsibilities associated with the pursuit and collection of the Litigation Claims and Causes of Action **and the reconciliation and payment of Claims**.

b. ~~2.~~ *Powers*

The powers, authority, responsibilities and duties of the Post Confirmation Trust and the allocation of such powers, authority, responsibilities and duties between Core-Mark Newco and the Post Confirmation ~~Litigation~~ Trust, shall be set forth and governed by the Post Confirmation Trust Agreement to be mutually agreed upon by the Debtors and the Committee. **A copy of the draft Post Confirmation Trust Agreement is attached hereto as Exhibit 9.** The Debtors and the Committee shall also mutually agree upon appointment of the Post Confirmation ~~Trustee~~**Representative** who shall have the power to administer the Post Confirmation Trust and will be ~~supervised~~**advised** by the Post Confirmation Trust Advisory Board as specified in the Post Confirmation Trust Agreement. The Post Confirmation Trust Advisory Board shall consist of **four members plus** the Post Confirmation ~~Trustee and [___] additional~~**Representative, two** members **designated by Core-Mark Newco, ~~[___] members selected by the Committee, [___] members selected by the Debtors and~~** one member ~~selected~~**designated** by the ~~Equity Investor~~**Committee other than trade members and the PBGC**, ~~if applicable~~**who shall be an Old Note Holder that holds in excess of [3.5%] or greater of the total outstanding equity securities of Core-Mark Newco received as a result of the distribution of such equity to Holders of Class 6 Claims under the Plan and one member to be designated by the trade members of the Committee and the PBGC, who shall be a Holder of a Class 6 Claim, other than with respect to the Old Notes, against which there is not pending (or against which the Debtors on the Post-Confirmation Trust do not reasonably contemplate bringing) a Cause of Action and is not a Holder of a Class 3(B) or Class 5 Claim**.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose, on or prior to the Confirmation Date, the identity and any affiliations of any Person proposed to serve on the initial Post Confirmation Trust Advisory Board as well as the identity and affiliations of the Post Confirmation Representative. To the extent any such Person is an "insider" under the Bankruptcy Code, the nature of any compensation for such Person will also be disclosed.

c. ***Assets of the Post Confirmation Trust***

On the Effective Date or as soon as practicable thereafter, the Debtors, the Reorganized Debtors and Core-Mark Newco, as applicable, shall transfer, assign and deliver to the Post Confirmation Trust, the Post Confirmation Trust Assets (the "PCT Assets"), as outlined in the Post Confirmation Trust Agreement. The PCT Assets shall consist of all of the following assets of the Debtors:

(1) trade accounts receivable including credits for post-petition deductions, other than the pre-petition and post petition trade accounts receivable and post-petition deductions of the continuing Fleming Convenience business;

(2) royalty payments owing to the Debtors related to the sale of the Fleming wholesale operations;

(3) Litigation Claims which consist primarily of vendor-related receivables, primarily for uncollected promotional allowances (e.g.,

rebates, discounts, price reductions), unreimbursed funds related to military receivables and funds wired in advance for inventory for which invoices were not processed and inventory not shipped, but not including vendor deductions incurred in the ordinary course of business of the Fleming Convenience business which shall remain with Core-Mark Newco;

(4) Avoidance Actions, especially preference actions as outlined in section 547 of the Bankruptcy Code;

(5) restricted cash, including the PACA account and the FSA reserves;

(6) available cash in an amount necessary to fund certain payments required to be made by the Post Confirmation Trust under the Plan and Post Confirmation Trust Agreement and Post Confirmation Trust Administrator;

(7) any and all other Claims and Causes of Action of the Debtors, including, but not limited to, those outlined in section VI of the Plan, Exhibit A to the Plan, and section VII herein, other than Causes of Action related to the fire loss at the Denver warehouse occurring in December, 2002 which shall be transferred to Core-Mark Newco, and other than claims and Causes of Action waived, exculpated or released in accordance with the provisions of the Plan; and

(8) all of the remaining assets of the Debtors, other than the assets of the Reorganized Debtors and the assets of the continuing Fleming Convenience businesses which will have been transferred to Core-Mark Newco and the Reorganized Debtors.

The PCT Assets do not include: (1) any of the assets of the continuing Fleming Convenience businesses which are to be transferred to Core-Mark Newco and the Reorganized Debtors; (2) the stock of Core-Mark Newco and the stock of the Reorganized Debtors; and (3) the Professional Fee Escrow Account.

The PCT Assets shall be held by the Post Confirmation Trust for the beneficiaries of the Post Confirmation Trust subject to the terms and conditions of the Plan and the Post Confirmation Trust Agreement.

d. ~~3.~~ *Funding*

~~Upon~~On the Effective Date, or as soon as practicable thereafter, the Debtors, the Reorganized Debtors and Core-Mark Newco will transfer to the Post Confirmation Trust ~~will be funded with~~ certain cash on hand and/or certain proceeds from the Exit Financing Facility and the Tranche B Loan ~~or Rights Offering~~necessary for the Post Confirmation Trust to make the payments required on Allowed Claims pursuant to the Plan and the Post Confirmation Trust *Agreement*. In addition, the Post Confirmation Trust shall have available the proceeds from the prosecution of Causes of Action. ~~To~~Core-Mark Newco and the ~~extent necessary~~Reorganized Debtors shall retain the remainder of the cash and/or proceeds from the Exit Financing Facility and the Tranche B Loan to operate their businesses. The capital structure of Core-Mark Newco, ~~Core-Mark Newco will enter into a post confirmation funding agreement with the Post Confirmation Trust to assure that the Post Confirmation Trust has appropriate funds to carry out its duties~~Reorganized Debtors and ~~responsibilities as set forth in~~ the Post Confirmation Trust *Agreement*on the Effective Date is outlined on Exhibit 3 hereto.

G. ~~H.~~ Creation of Professional Fee Escrow Account

On or before the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow Account.

H. ~~I.~~ Executory Contracts

1. Assumption/Rejection of Executory Contracts and Unexpired Leases

As of the Effective Date, except as otherwise provided in the Plan, all executory contracts or unexpired leases of the Debtors will be deemed rejected in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code except those executory contracts and unexpired leases that (i) have been previously rejected or assumed by Order of the Bankruptcy Court, (ii) are subject to a pending motion to reject or assume~~, (iii) are executory contracts and unexpired leases related to the Wholesale Distribution Business for which the Option Period to assume or reject such executory contract or unexpired lease has not yet expired or (iv)~~ , or (iii) are specifically listed on the Assumption Schedule to be filed ~~with~~15 days prior to the ~~Plan~~Voting ~~Supplement~~Deadline. The Debtors reserve the right for 30 days after the Confirmation Date to modify the Assumption Schedule to add executory contracts or leases or remove executory contracts or leases from such Assumption Schedule. The Debtors shall provide appropriate notice to any party added or removed from the Assumption Schedule after the Confirmation Date and any such party removed from the Assumption Schedule shall have thirty days from the receipt of such notice to file a proof of claim with the Bankruptcy Court.

On the Petition Date, the Debtors were parties to certain collective bargaining agreements (""CBA's""). The Debtors are assuming the four (4) CBA's with labor organizations at facilities where the Debtors operations are on-going, which CBA's are identified on the Assumption Schedule. All other CBA's in existence on April 1, 2003 between labor organizations and the Debtors either have been assumed and assigned to facility purchasers or have lapsed or otherwise terminated in connection with facility or business closings or sales.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases

Except as provided in Section VIII.A. of the Plan, all proofs of Claims with respect to Claims, if any, arising from the rejection of executory contracts or unexpired leases that are rejected as a result of the Plan must be filed with the Bankruptcy Court within thirty (30) days after the Effective Date. Any Claims arising from the rejection of an executory contract or unexpired lease not filed within such time or any applicable Contract Claims Bar Date, will be forever barred from asserting against any Debtor or Reorganized Debtor, their respective Estates, their property and the Post Confirmation Trust unless otherwise ordered by the Bankruptcy Court or provided in the Plan.

3. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash as soon as practicable after the Effective Date or on such other terms as the parties to such executory contracts or unexpired leases may otherwise agree. In the event of a dispute regarding: (i) the amount of any cure payments, (ii) the ability of the applicable Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption.

4. Indemnification of Directors, Officers and Employees

The obligations of each Debtor to indemnify any Person serving at any time on or prior to the Effective Date as one of its directors, officers or employees by reason of such Person's service in such capacity, or as a director, officer or employee of any other corporation or legal entity, to the extent provided in such Debtor's constituent documents, by a written agreement with such Debtor or under Delaware or other applicable corporate law, and specifically excluding any obligation to indemnify the Excluded ~~D&O~~ Releasees listed on Exhibit GB attached to the Plan, shall be deemed and treated as executory contracts that are assumed by such Reorganized Debtor pursuant to the Plan and section 365 of the Bankruptcy Code as of the Effective Date. Accordingly, such indemnification obligations shall be treated as obligations of the Reorganized Debtors and shall survive unimpaired

and unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.

5. Compensation and Benefit Programs

Except as otherwise expressly provided ~~in the Plan~~herein, all employment and severance agreements and policies, and all compensation and benefit plans, policies, and programs of the Debtors applicable to their employees, former employees, retirees and non-employee directors and the employees, former employees and retirees of their subsidiaries, including, without limitation, all savings plans, retirement plans, health care plans, disability plans, severance benefit agreements and plans, incentive plans, deferred compensation plans and life, accidental death and dismemberment insurance plans (the "Company Benefit Plans") shall be terminated or shall be treated as executory contracts under the Plan and on the Effective Date any such remaining Company Benefit Plans that have not been terminated will be deemed rejected pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code, except for those with respect to the Reorganized Debtors' employees specifically designated on the Benefits Schedule to be filed ~~with~~15 days prior to the ~~Plan~~Voting ~~Supplement~~Deadline. The PBGC, however, disagrees with the Debtors position that the Existing Pension Plans can be rejected. The PBGC believes the Debtors position is contrary to applicable legal precedent and, as a matter of law, the Existing Pension Plans cannot be rejected. In addition, except as set forth in the Benefits Schedule, the Debtors shall have withdrawn or shall withdraw from all "multiemployer plans" (as such term in defined in section 3(37) of ERISA) prior to the Effective Date and all claims of such multiemployer plans shall be treated as General Unsecured Claims. Notwithstanding the termination of or rejection of the Company Benefit Plans hereunder, vested retiree medical benefits, if any, under applicable Company Benefit Plans shall become obligations of the Reorganized Debtors and/or Core-Mark Newco unless terminated pursuant to section 1114 of the Bankruptcy Code prior to the Effective Date. The Debtors believe that the Reorganized Debtors and/or Core-Mark Newco may decide to terminate retiree medical benefits after the Effective Date and expect that Reorganized Debtors and/or Core-Mark Newco will incur substantial litigation costs if they attempt to eliminate any retiree medical benefits that are considered vested.

6. Insured Claims

The Fleming Companies, Inc. maintained a comprehensive insurance program that included insurance for: (i) workers' compensation, (ii) directors & officers liability, and (iii) other casualty events as outlined herein (collectively, the "Insurance Program"). The Debtors have maintained the Insurance Program throughout the entire course of their bankruptcy cases. The Plan will resolve all Claims covered by the Insurance Program (the "Insured Claims") and all Claims made by insurance carriers (the "Insurers") arising from the Insurance Program as outlined below.

a. *Directors and Officers Related Insurance Coverage*

To encourage the hiring and retention of qualified individuals as directors and officers, the Insurance Program includes directors' and officers' liability and company reimbursement policies pursuant to which coverage is provided not only for claims made against directors but also for reimbursement obligations the Debtors may have to directors and officers and for securities claims made against the Debtors (the "D&O Policies" and, collectively, the "D&O Insurance Program"). The Debtors have continued to maintain the D&O Insurance Program throughout the entire course of these bankruptcy cases. The Debtors believe that maintaining the D&O Insurance Program during these bankruptcy cases and after the Effective Date is consistent with good business judgment. Accordingly, the Debtors will assume all of the D&O Policies, and the Debtors will continue to pay premiums, deductibles, and any other payments that they are obligated to make to the applicable Insurers in the normal course of their business operations. In addition, Core-Mark Newco and the Reorganized Debtors will likely obtain new D&O Insurance coverage as the existing D&O Policies will be triggered into runoff as a result of the change of control provisions within the Policies.

b. *Worker's Compensation*

Under the laws of most states in which the Debtors operate, the Debtors are required to provide workers' compensation insurance for their employees, and the Debtors believe that maintaining such insurance is consistent with good business judgment. Shortly after the Petition Date, the Debtors received authorization from the Bankruptcy Court to incur any and all costs that are necessary to maintain the Debtors' workers' compensation insurance policies (the "Workers' Compensation Program"). The Debtors have maintained the Workers' Compensation Program throughout the entire course of their chapter 11 cases and have also maintained certain letters of credit to secure the Debtors' liabilities to the Insurers under the Workers' Compensation Program and Casualty Insurance Program, as herein defined (the "Insurance Security").

Under the Plan, the Debtors will assume all of the existing contracts for workers' compensation insurance, and with respect to all Workers' Compensation Policies except those issued by Ace American Insurance Company ("Ace") and National Union Fire Insurance Company ("National Union"), the Debtors will continue to pay premiums, deductibles, and any other payments that the Debtors are obligated to make to Insurers (the "Workers' Compensation Payments"). With respect to the Workers' Compensation Policies issued by Ace and National Union, the Debtors will continue to permit Ace and National Union to use the Insurance Security to make the Workers' Compensation Payments. Any Claims that are covered by the Workers' Compensation Program shall continue to be administered and paid by the Insurers, in accordance with the Workers' Compensation Program.

To the extent that any of the Debtors' obligations under the Workers' Compensation Program are secured by the Security, the Insurers for the respective policies shall be entitled to draw upon the appropriate letter(s) of credit to satisfy amounts due from the Debtors on account of: (i) amounts expended by the Insurers in defense of allowed Claims, (ii) administrative costs incurred by the Insurers to administer such Claims, and (iii) payments made in satisfaction of allowed Claims.

c. *Casualty Insurance Program*

Under the Insurance Program, the Debtors maintain various casualty insurance policies that include, but are not limited to, automobile liability, general liability, property damage and other, similar types of insurance coverage (the "Casualty Insurance Program"). Numerous Insured Claims have been filed against the Debtors' estates. In addition, Insurers that issued these policies may have Claims against the Debtors' estates (collectively, the "Insurers Claims").

To secure payment of their obligations under the Casualty Insurance Program, the Debtors provided the Insurers with the Insurance Security. Under the Plan, the Insurers may draw upon the Insurance Security to the extent that the Insurers properly expend monies in the administration or defense of Claims against the Debtors. The Debtors may seek recovery of any excess draws on such Insurance Security, which is not needed to reimburse an obligation owed to the Insurer.

Distributions to holders of Insured Claims under the Plan fall into three, distinct categories that will be resolved as follows:

(1) *Under-Deductible Insured Claims.* One type of Claim under the Casualty Insurance Program is a Claim where the sum of the amount of the Insured Claim plus the Debtors' expenses on account of such Claim equals or is less than the applicable per-occurrence deductible amount (the "Deductible Amount") payable by the applicable Debtor(s) under the relevant insurance policies (the "Under-Deductible Insured Claims").

An Under-Deductible Insured Claim shall be treated in the same manner as any other Unsecured Claim under the Plan and shall be

either a Class 6 General Unsecured Claim or Class 7 Convenience Claim, as appropriate, under the Plan. The Under-Deductible Insured Claim shall be fully-satisfied by the applicable distribution under the Plan, regardless of the amount actually distributed to the Holder of the relevant Under-Deductible Insured Claim under the Plan. The respective Insurer shall have no obligation under the Casualty Insurance Program, or the Plan, to pay any part of an Under-Deductible Insured Claim. The Insurers may not use the Insurance Security to pay any party of an Under-Deductible Insured Claim, but the Insurers may use any applicable Insurance Security to reimburse themselves for reasonable costs incurred to administer the Under-Deductible Insured Claims.

(2) *Covered Allowed Insured Claims.* The second type of Claim covered by the Casualty Insurance Program is a Claim where the sum of the amount of the Insured Claim plus the Debtors' expenses on account of such Claim exceeds the Deductible Amount (the "Covered Allowed Insured Claims") but does not exceed the aggregate or per-occurrence maximum amount of insurance coverage (the "Aggregate Limit") for that particular policy (or policies, as the case may be).

The Covered Allowed Insured Claims shall be satisfied as follows: (i) the Insured Claim, up to the Deductible Amount, shall be treated as a Class 6 General Unsecured Claim or Class 7 Convenience Claim, as appropriate, under the Plan, and that portion of the Insured Claim shall be paid in the manner provided by the Plan and be fully-satisfied, regardless of the amount actually distributed to the Holder of the relevant Insured Claim; and (ii) the Insurer shall satisfy that portion of an Insured Claim that exceeds the Deductible Amount (the "Over-Deductible Amount"). On the Effective Date, the Debtors shall be discharged of any liability for the Covered Allowed Insured Claims.

(3) *The Exceeded Allowed Insured Claims.* The third type of Claim covered by the Casualty Insurance Program is a Claim where the sum of the Insured Claim plus the Debtor's expenses on account of such Claim exceeds the Aggregate Limit (the "Exceeded Allowed Insured Claims").

The Exceeded Allowed Insured Claims shall be satisfied as follows: (i) the Insured Claim, up to the Deductible Amount, shall be treated as a Class 6 General Unsecured Claim or Class 7 Convenience Claim, as appropriate, under the Plan, and that portion of the Insured Claim shall be paid in the manner provided by the Plan and be fully-satisfied, regardless of the amount actually distributed to the Holder of the relevant Insured Claim; (ii) the Insurer shall satisfy the Over-Deductible Amount up to the Aggregate Limit; and (iii) that portion of the Insured Claim that exceeds the Aggregate Limit shall be treated as a Class 6 General Unsecured Claim or Class 7 Convenience Claim, as appropriate, under the Plan, and the Insured Claim shall be paid in the manner provided by the Plan and shall be fully satisfied, regardless of the amount actually distributed to the Holder of the Insured Claim under the Plan. On the Effective Date, the Debtors shall be

discharged of any liability for the Exceeded Allowed Insured Claims.

d. *The Old Republic Insurance Contracts*

(1) *The First Old Republic Stipulation, the First Order, and the Second Stipulation* The Debtors and Old Republic Insurance Company ("Old Republic") entered into an agreement, dated July 1, 2002 (as amended, the "Old Republic Program Agreement"), pursuant to which Old Republic issued insurance policies (the "Original Policies") that provided insurance coverage to the Debtors from July 1, 2002 through July 1, 2003. To secure payment of their obligations under the Old Republic Program Agreement, the Debtors provided Old Republic with certain collateral including, but not limited to, a letter of credit from the Debtors' Pre-Petition Secured Lenders in the amount of $20,000,000 (the "First Letter of Credit"). In the course of discussions between Old Republic and the Debtors concerning Old Republic's issuance under the Old Republic Program Agreement of additional insurance policies for the six month period commencing July 1, 2003 (the "Additional Policies"), Old Republic informed the Debtors that it was not willing to issue the Additional Policies without: (i) the Debtors' assumption of the Old Republic Program Agreement and the Original Policies, (ii) the issuance of an additional letter of credit, and (iii) clarification of certain issues with respect to the Additional Policies.

Prior to the expiration of the Original Policies, the Debtors and Old Republic entered into The Stipulation (I) Authorizing and Approving the Debtors' Conditional Assumption of Certain Executory Contracts, and (II) Approving Stipulation Regarding Old Republic Insurance Company (the "First Old Republic Stipulation"), and the Bankruptcy Court entered The Order Approving the Stipulation Regarding the Debtors' Conditional Assumption of Certain Executory Contracts Regarding Old Republic Insurance Company (the "First Order"). Pursuant to the First Old Republic Stipulation and the First Order, the Debtors assumed the Old Republic Program Agreement, and Old Republic Issued the Additional Policies, effective July 1, 2003 through January 1, 2004. The First Stipulation provided that Old Republic was entitled to an unliquidated Administrative Claim against the Debtors for the Debtors' failure to make any premium payments or any other payments due under the Original Policies or the Additional Policies for deductibles relating to claims covered by the Original Policies or the Additional Policies or the Debtor's failure to make payments due to the third-party administrator that is administering Insured Claims. To secure payment of the Debtors' obligations under the Old Republic Program Agreement, on or about June 22, 2003, the Debtors provided Old Republic with a letter of credit from the Debtors' DIP Lenders in the amount of $18,287,500 (the "Second Letter of Credit"), which secured the Debtors' obligations under the Old Republic Program Agreement.

The Debtors and Old Republic conducted discussions concerning whether Old Republic would continue to provide the Debtors with workers' compensation, automobile liability and general liability

insurance for the period from January 1, 2004 through January 1, 2005 (the "New Policies" and, together with the Original Policies and the Additional Policies, the "Old Republic Policies"). Old Republic was unwilling to issue the New Policies without: (i) the issuance of an additional letter of credit in the amount of $6,235,000 (the "Third Letter of Credit" and, collectively with the First Letter of Credit and the Second Letter of Credit, the "Old Republic Letters of Credit") and (ii) the Debtors obtaining clarification of the same issues with respect to the New Policies that the First Stipulation addressed in connection with the Original Policies and the Additional Policies. On December 30, 2003, Core-Mark International, Inc. (one of the Debtors) provided the Third Letter of Credit to Old Republic. Before Old Republic would issue the New Policies, Old Republic required the Debtors to enter into the Second Stipulation Between the Debtors and Old Republic Insurance Company (the "Second Old Republic Stipulation"). The Second Stipulation implements a framework for the manner in which Old Republic claims, if any, related to the New Policies must be treated in the Debtors' Plan.

(2) *Treatment of Old Republic's Claims Pursuant to the Second Stipulation and the Plan.* Notwithstanding anything to the contrary outlined in Sections A, B, or C above, any Insured Claims by Old Republic shall be handled in the manner prescribed by the Second Stipulation. Pursuant to the Second Stipulation, Old Republic shall be entitled to an Administrative Claim against the Debtors, subject to any applicable defenses or counterclaims of the Debtors, for any failure by the Debtors to: (i) make premium payments pursuant to the Old Republic Program Agreement, or pay any other amount due with respect to Old Republic's issuance of the Old Republic Policies; (ii) the Debtors' failure to make payments within the deductible layer of they policies for deductibles relating to or on account of occurrences giving rise to Claims covered by the Policies, or (iii) make payments due to any third-party administrator that is administering covered claims under the Old Republic Policies. Except as the parties otherwise agree, such Administrative Claim shall: (i) survive confirmation of the Plan, (ii) shall not be liquidated or adjudicated by the Court, and (iii) shall not be payable upon the Effective Date of the Plan. The Debtors will not seek to recover from Old Republic before January 1, 2008 for any excess draw on the Old Republic Letters of Credits, if drawn by Old Republic, unless otherwise agreed to by the parties.

e. *Defense Costs*

Some of the policies in the Debtors' Insurance Program require the Debtors to reimburse the respective Insurers for certain costs incurred by the respective Insurer in the defense and/or liquidation of the Insured Claims (the "Allowed Defense Costs"). Notwithstanding the provisions above with respect to the payment of Allowed Under-Deductible Insured Claims, the Insurers shall have the right to seek reimbursement from the Debtors of Allowed Defense Costs with respect to Under-Deductible Insured Claims, and such reimbursement shall be obtained by deducting the Allowed Defense Costs from the Insurance Security held by the respective Insurers as security for the payment of such costs. However, if the sum of the Insured Claim and the Allowed Defense Costs exceeds the applicable deductible amount under the respective policy, the Insurer shall not be entitled to reimbursement for costs that exceed the applicable deductible amount. To the extent that an Insurer is entitled to reimbursement of Allowed Defense Costs, but the Insurer

does not have Security for the obligation, the Insurer shall be entitled to a Class 6 General Unsecured Claim for the Allowed Defense Costs.

f. *Loss Portfolio Transfers*

The Debtors are currently in discussions with Ace and National Union with respect to potential Loss Portfolio Transfers ("LPT"), relating to certain Ace and National Union policies. In the event such LPT's are completed, the provisions of the Plan with respect to the Ace and National Union policies addressed by the LPT's shall not apply and, instead, the terms of the LPT's shall apply to such policies and the Claims thereunder.

I. ~~J.~~ Distributions

1. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in the Plan or as may be ordered by the Bankruptcy Court, distributions to be made on the Effective Date on account of Claims that are Allowed as of the Effective Date and are entitled to receive distributions under the Plan shall be made on the Effective Date or as soon thereafter as practicable. Except as evidenced by an electronic entry, as a condition to receive any distribution under the Plan, each Old Note Holder must comply with Ssections IX.I. and IX.K. of the Plan. All distributions shall be made in accordance with any applicable Indenture agreement, loan agreement or analogous instrument or agreement.

2. Distributions by Core-Mark Newco and the Post Confirmation Trust

Except as otherwise provided in the Plan, Core-Mark Newco or the Post Confirmation Trust, as applicable, shall make all distributions required under the Plan. Notwithstanding the provisions of Section V.C. of the Plan regarding the cancellation of the Indentures, the Indentures shall continue in effect to the extent necessary to allow the Old Notes Trustees to provide information to the Exchange Agent to permit distributions of the New Common Stock and to receive New Common Stock on behalf of the Holders of the Old Notes and make distributions pursuant to the Plan on account of the Old Notes as agent for Core-Mark Newco. The Old Notes Trustees (or any agents or servicers) providing services related to distributions to the Holders of Allowed Old Note Claims shall receive, from Core-Mark Newco, reasonable compensation for such services and reimbursement of reasonable expenses incurred in connection with such services ~~and~~ upon the presentation of invoices to Core-Mark Newco. All distributions to be made under the Plan shall be made without any requirement for bond or surety with respect thereto.

3. Interest on Claims

Except as otherwise specifically provided for in the Plan or in the Confirmation Order, or required by applicable bankruptcy law, post-petition interest shall not accrue or be paid on any Claims, other than the Pre-Petition Lender Secured Claims and the DIP Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim.

4. Compliance with Tax Requirements/Allocations

In connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any governmental unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. For tax purposes, distributions received in respect of Allowed Claims will be allocated first to the principal amount of Allowed Claims with any excess allocated, if applicable, to unpaid interest that accrued on such Claims.

5. ~~4.~~ Delivery ~~and~~of Distributions and Undeliverable or Unclaimed Distributions

a. Delivery of Distributions in General

Distributions to Holders of Allowed Claims shall be made at the address of the Holder of such Claim as indicated on the records of Debtors or upon their proofs of Claims, if any, or, if such Holder holds Senior Note Claims, distributions with respect to such Senior Note Claims will be made to the Senior Notes Indenture Trustee which will make distributions to Holders of Old Senior Notes. To the extent the Senior Notes Indenture Trustee makes distributions to DTC, DTC will, in turn, make appropriate book entries to reflect the distributions it makes to Holders. Except as otherwise provided by the Plan or the Bankruptcy Code with respect to undeliverable distributions, distributions to Holders of Old Note Claims shall be made in accordance with the provisions of the applicable Indentures.

b. Undeliverable Distributions

(1) *Holding of Undeliverable Distributions.* If any distribution to a Holder of an Allowed Claim is returned to Core-Mark Newco or the Post Confirmation Trust as undeliverable, no further distributions shall be made to such Holder unless and until Core-Mark Newco or the Post Confirmation Trust is notified in writing of such Holder's then-current address. Undeliverable distributions shall remain in the possession of Core-Mark Newco or Post Confirmation Trust subject to ~~S~~section IX.E.2(b) of the Plan until such time as a distribution becomes deliverable. Undeliverable Cash shall not be entitled to any interest, dividends or other accruals of any kind. As soon as reasonably practicable, Core-Mark Newco or the Post Confirmation Trust shall make all distributions that become deliverable.

(2) *Failure to Claim Undeliverable Distributions.* In an effort to ensure that all Holders of Allowed Claims receive their allocated distributions, ~~as of 120~~no sooner than 240 days after the Effective Date, the Debtors will compile a listing of unclaimed distribution Holders. This list will be maintained and updated for as long as the Chapter 11 Cases stay open. Any Holder of an Allowed Claim (irrespective of when a Claim became an Allowed Claim) that does not assert a Claim pursuant to the Plan for an undeliverable distribution (regardless of when not deliverable) within ~~one~~six ~~year~~months after the ~~Effective Date~~distribution has been attempted to be made to the Holder of the Allowed Claim, shall have its Claim for such undeliverable distribution discharged and shall be forever barred from asserting any such Claim against any Reorganized Debtor or its respective property. In such cases: (i) any Cash held for distribution on account of such Claims shall be the property of Core-Mark Newco or the Post Confirmation Trust, as applicable, free of any restrictions thereon; and (ii) any New Common Stock held for distribution on account of such Claims shall be canceled and of no further force or effect. Nothing contained in the Plan shall require Core-Mark Newco or the Post Confirmation Trust to attempt to locate any Holder of an Allowed Claim or Allowed Equity Interest.

(3) *Abandoned Property Law.* The provisions of the Plan regarding undeliverable distributions will apply with equal force to distributions made pursuant to the Old Note Indentures notwithstanding any

provision in such indenture to the contrary and notwithstanding any otherwise applicable escheat, abandoned or unclaimed property law.

6. ~~5.~~ Distribution Record Date

As of the close of business on the Distribution Record Date, the transfer register for the Old Notes, as maintained by the Debtors, the Old Notes Trustees or their agents, shall be closed, and there shall be no further changes in the record Holders of any Old Notes. Moreover, the Reorganized Debtors shall have no obligation to recognize the transfer of any Old Notes occurring after the Distribution Record Date and shall be entitled for all purposes in the Plan to recognize and deal only with those Holders of record as of the close of business on the Distribution Record Date.

7. ~~6.~~ Timing and Calculation of Amounts to be Distributed

Except as otherwise provided in the Plan, on the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Claim against the Debtors shall receive the distributions that the Plan provides for Allowed Claims in the applicable Class, provided however, Core-Mark Newco and the Post Confirmation Trust, as applicable, shall maintain reserve accounts in trust for the payment or distribution on account of potential or Disputed Claims and shall make the appropriate adjustments in distributions to adequately take into consideration and fund such reserve accounts. Core-Mark Newco and the Post Confirmation Trust, as applicable, shall be authorized to make interim distributions and any subsequent distributions necessary to distribute any Cash, New Common Stock or other consideration held in any reserve account to the appropriate Claim Holder as Claims are resolved **and allowed** and reserves are reduced in accordance with the Plan. If and to the extent that there are Disputed Claims, beginning on the date that is 45 calendar days after the end of the month following the Effective Date and no more than 45 calendar days after the end of each month thereafter, distributions shall also be made, pursuant *to the Plan*, to Holders of **formerly** Disputed Claims in any Class whose Claims were Allowed during the preceding month**. As outlined in the Plan, the deadline by which the Debtors or the Post-Confirmation Representative shall have to file Objections to any Disputed Claims shall be one year after the Effective Date, or such later date as the Court may order. The Debtors and the Post Confirmation Representative shall file objections, reconcile and Allow Claims and make distributions on Claims as soon as reasonably practicable**.

8. ~~7.~~ Minimum Distribution

The New Common Stock will be issued as whole shares. If a registered record Holder of an Allowed Claim is entitled to the distribution of a fractional share of New Common Stock, unless otherwise determined and approved by the Bankruptcy Court, the fractional distribution to which such Holder would be entitled shall be aggregated with all other such similar distributions by Core-Mark Newco (or its agent), and as soon as practicable after ~~the Effective Date,~~**final reconciliation, Allowance or resolution of all Class 6 Claims** sold by Core-Mark Newco (or its agent) in a commercially reasonable manner. Upon the completion of such sale, the net proceeds thereof shall be distributed (without interest), pro rata in the case of New Common Stock, to the Holders of Allowed Claims, based upon the fractional share of New Common Stock each such Holder would have been entitled to receive or deemed to hold had Core-Mark Newco issued fractional shares of New Common Stock. Such distributions shall be in lieu of any other distribution.

9. ~~8.~~ Setoffs

The Reorganized Debtors may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant *to the Plan* on account of such Claim (before any distribution is made on account of such Claim), the Claims, rights and Causes of Action of any nature that the Debtors or the Reorganized Debtors may hold against the Holder of such Allowed Claim; *provided that* neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such Claims, rights and Causes of Action that the Debtors or the Reorganized Debtors may possess against such Holder, except as specifically provided in the Plan.

10. ~~9.~~ Old Notes

Each record Holder of an Allowed Claim relating to the Old Notes not held through DTC shall either (a) tender its Old Notes relating to such Allowed Claim in accordance with written instructions to be provided to such Holders by the applicable Reorganized Debtor as promptly as practicable following the Effective Date, or (b) if the Holder's Old Note has been destroyed, lost, stolen or mutilated, comply with Ssection IX.K. of the Plan. Such instructions shall specify that delivery of such Old Notes will be effected, and risk of loss and title thereto will pass, only upon the proper delivery of such Old Notes with a letter of transmittal in accordance with such instructions. All surrendered Old Notes shall be marked as canceled. If any Holder of Old Notes not held through DTC submits bearer bonds without coupons or coupons only, the Debtors shall adjust the consideration exchanged therefore appropriately.

11. ~~10.~~ Failure to Surrender Canceled Instruments

Any Holder of Allowed Claims relating to the Old Notes not held through DTC that fails to surrender or is deemed to have failed to surrender its Old Notes required to be tendered hereunder or that has failed to comply with Ssection IX.~~K~~L. of the Plan within one year after the Effective Date shall have its Claim for a distribution pursuant *to the Plan* on account of such Allowed Claim discharged and shall be forever barred from asserting any such Claim against any Reorganized Debtor or their respective properties. In such cases, any New Stock held for distribution on account of such Claim shall be disposed of pursuant to the provisions set forth in Ssection IX.E. of the Plan.

12. ~~11.~~ Lost, Stolen, Mutilated or Destroyed Debt Securities

In addition to any requirements under the Indentures or any related agreement, any Holder of a Claim evidenced by an Old Note not held through DTC that has been lost, stolen, mutilated or destroyed shall, in lieu of surrendering such Old Note, deliver to the applicable Reorganized Debtor: (a) an affidavit of loss reasonably satisfactory to such Reorganized Debtor setting forth the unavailability of the Old Note not held through DTC; and (b) such additional security or indemnity as may be reasonably required by such Reorganized Debtor to hold such Reorganized Debtor harmless from any damages, liabilities or costs incurred in treating such individual as a Holder of an Allowed Claim. Upon compliance with this procedure by a Holder of a Claim evidenced by an Old Note, such Holder shall, for all purposes under the Plan, be deemed to have surrendered such non-DTC note.

13. ~~12.~~ Share Reserve

In addition to the provisions of Ssection X.A.3. of the Plan, Core-Mark Newco shall be required to establish and maintain an appropriate reserve of New Common Stock to ensure distribution of New Common Stock to the Holder of any Disputed Claim upon its allowance.

14. ~~13.~~ Settlement of Claims and Controversies

Pursuant to Fed. R. Bankr. P. 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of claims or controversies relating to the contractual, legal and subordination rights that a Holder of a Claim may have with respect to any Allowed Claim, or distribution to be made on account of any such Allowed Claim.

The PBGC asserts that, as a matter of law, nothing in the Plan or in the Confirmation Order may constitute a compromise and settlement of any Claims or controversies arising prior to or after the Petition Date with respect to any of the Existing Pension Plans not terminated prior to the Effective Date. The Debtors dispute these assertions as the Debtors believe the Existing Pension Plans will either be terminated prior to the Effective Date or rejected as of the Effective Date.

J. ~~K.~~ Resolution of Disputed Claims

1. Prosecution of Objections to Claims

After the Effective Date, except in regard to objections to Professional fees and other fees~~, Core-Mark Newco and~~ the Post-Confirmation ~~Trustee, as applicable,~~Representative shall have the exclusive authority to file objections, settle, compromise, withdraw or litigate to judgment objections to Claims on behalf of the Debtors and Reorganized Debtors. From and after the Effective Date~~, Core-Mark Newco and~~ the Post-Confirmation ~~Trustee, as applicable,~~Representative may settle or compromise any Disputed Claim on behalf of the Reorganized Debtors without approval of the Bankruptcy Court. ~~The party responsible between Core-Mark Newco and the Post-Confirmation Trust for the various Claims shall be outlined in the Post Confirmation Trust Agreement.~~

2. Estimation of Claims

Core-Mark Newco and the Post Confirmation ~~Trustee~~Representative, as applicable, may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors, Core-Mark Newco or the Post Confirmation Trust, as applicable, has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, Core-Mark Newco and the Post Confirmation ~~Trustee~~Representative, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned Claims and objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

3. Payments and Distributions on Disputed Claims

Notwithstanding any provision in the Plan to the contrary, except as otherwise agreed by Core-Mark Newco or the Post Confirmation Trust, as applicable, Core-Mark Newco and the Post Confirmation Trust, as applicable, in their sole discretion, shall not make any partial payments or partial distributions with respect to a Disputed Claim until the resolution of such disputes by settlement or Final Order. On the date or, if such date is not a Business Day, on the next successive Business Day that is 45 calendar days after the month in which a Disputed Claim becomes an Allowed Claim, the Holder of such Allowed Claim will receive all payments and distributions to which such Holder is then entitled under the Plan. Notwithstanding the foregoing, any Person or Entity who holds both an Allowed Claim(s) and a Disputed Claim(s) will not receive the appropriate payment or distribution on the Allowed Claim(s), except as otherwise agreed by Core-Mark Newco or the Post Confirmation Trust, as applicable, until the Disputed Claim(s) is or are resolved by settlement or Final Order. In the event there are Disputed Claims requiring adjudication and resolution, Core-Mark Newco and the Post Confirmation Trust, as applicable, shall establish appropriate reserves for potential payment of such Claims.

4. Allowance of Claims

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim shall be deemed Allowed unless and until such Claim is deemed Allowed under the Bankruptcy Code and no objection to such Claim has been filed by the Objection Deadline or the Bankruptcy Court enters a Final Order in the Chapter 11 Cases allowing such Claim. Except as expressly provided in the Plan or any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), the Reorganized Debtors and the Post Confirmation Trust, as applicable, after confirmation will have and retain any and all rights, remedies, causes of action and defenses the Debtors had with respect to any Claim as of the date the Debtors filed their petitions for relief under the Bankruptcy Code. All Claims

of any Person or Entity that may owe money to the Debtors shall be disallowed unless and until such Person or Entity pays the amount it owes the Debtors in full.

5. Controversy Concerning Impairment

If a controversy arises as to whether any Claims, or any Class of Claims, is Impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy before the Confirmation Date.

K. ~~L.~~ Retention Of Jurisdiction

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Cases after the Effective Date as legally permissible, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims or Equity Interests;

2. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

3. resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtor is party or with respect to which any Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to the amendment after the Effective Date pursuant to Article VII in the Plan to add or strike any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be assumed;

4. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtors;

6. enter such orders as may be necessary or appropriate to implement or consummate the provisions in the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan or this Disclosure Statement;

7. resolve any cases, controversies, suits or disputes that may arise in connection with the occurrence of the Effective Date, interpretation or enforcement of the Plan or any Person's or Entity's obligations incurred in connection with the Plan;

8. issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with occurrence of the Effective Date or enforcement of the Plan, except as otherwise provided in the Plan;

9. resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article XII of the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunction and other provisions;

10. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

11. determine any other matters that may arise in connection with or relate to the Plan, this Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement; and

12. enter an order and/or final decree concluding the Chapter 11 Cases.

L. ~~M.~~ Release, Injunctive And Related Provisions

1. Subordination

The classification and manner of satisfying all Claims and Equity Interests and the respective distributions and treatments hereunder take into account and/or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant hereto. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons and Entities from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled in this manner.

2. Mutual Releases by Releasees

On and after the Effective Date, for good and valuable consideration, including the services of the Releasees to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, each of the Releasees shall be deemed to have unconditionally released one another from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, remedies and liabilities whatsoever, including any Claims that could be asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the Releasees or their subsidiaries would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Person or Entity, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, except for cases of willful misconduct or gross negligence and provided that the Debtors, the Reorganized Debtors and the Post Confirmation Trustee reserve their rights to bring Avoidance Actions, collect Vendor Deductions, or assert setoff, recoupment and other similar defenses or claims against members of the Committee with respect to Debtors' ordinary course business dealings with such Committee members.

3. Releases by Holders of Claims

On and after the Effective Date, *except for cases of willful misconduct or gross negligence,* each Claim Holder that has affirmatively voted to accept the Plan shall be deemed to have unconditionally released the Releasees from any and all Claims, obligations, rights, suits, damages, remedies and liabilities whatsoever, including any Claims that could be asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Claim Holder would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date in any way relating or pertaining to (w) the purchase or sale, or the rescission of a purchase or sale, of any security of a Debtor, (x) a Debtor, Reorganized Debtor or Core-Mark Newco, (y) the Chapter 11 Cases or (z) the negotiation, formulation and preparation of the Plan, or any related agreements, instruments or other documents *~~except for cases of willful misconduct or gross negligence~~.*

4. Indemnification

The Debtors, Reorganized Debtors and Core-Mark Newco shall be jointly and severally obligated to indemnify all D&O Releasees and their respective affiliates, agents and professionals against any Claims, obligations, suits, judgments, damages, demands, debts, rights, Cause of Action or liabilities whether direct or indirect, derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating or pertaining to the Debtors, the Reorganized Debtors, Core-Mark Newco, the Chapter 11 Cases, the Plan or this Disclosure Statement except for cases of willful misconduct or gross negligence. The Debtors will fund the purchase of tail liability coverage under the Debtors' directors and officers insurance policies.

5. Exculpation

The Debtors, the Reorganized Debtors, Core-Mark Newco, the D&O Releasees, the Post-Petition Lenders, the Pre-Petition Lenders, the Agents, the Old Notes Trustees, the Committee, the Post Confirmation Trustee, and the Post Confirmation Advisory Board, and their members, employees and professionals (acting in such capacity) shall neither have nor incur any liability to any Person or Entity for any pre- or post-petition act taken or omitted to be taken in connection with or related to the formulation, negotiation, preparation, dissemination, implementation, administration, Confirmation or occurrence of the Effective Date of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other pre-petition or post-petition act taken or omitted to be taken in connection with, or in contemplation of, restructuring of the Debtors.

6. Discharge of Claims and Termination of Equity Interests

Except as otherwise provided in the Plan: (1) the rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan, shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against any Debtor or any of its respective assets or properties, (2) on the Effective Date, all such Claims against, and Equity Interests in, any Debtor shall be satisfied, discharged and released in full and (3) all Persons and Entities shall be precluded from asserting against any Reorganized Debtor, its successors or its assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

7. Injunction

Except as otherwise expressly provided in the Plan, all Holders of Claims and Equity Interests are permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors unless a previous order modifying the stay provided under section 362 of the Bankruptcy Code was entered by the Court; (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors; (c) creating, perfecting, or enforcing any encumbrance of any kind against the property or interests in property of the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors; and (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property of the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors with respect to any such Claim or Equity Interest, unless such right of setoff, subrogation or recoupment has been previously asserted in a timely filed Proof of Claim or unless asserted as a defense or counterclaim to a Cause of Action brought by the Reorganized Debtors, Core-Mark Newco or the Post Confirmation Trust after the Effective Date. With respect to FSA Reserve Participants, to the extent that any FSA Reserve Participant is entitled to setoff against the FSA Reserve because it has met all the requirements in the Bankruptcy Court order establishing

the FSA Reserve for setoff against such FSA Reserve, such setoff right shall be preserved against the Post Confirmation Trust.

8. Police and Regulatory Powers

Notwithstanding the foregoing, the releases, exculpation and injunction outlined herein shall not preclude a governmental entity from enforcing its police and regulatory powers.

9. ~~8.~~ Impact of Plan on Pending Litigation; Pension Plans

Pursuant to ~~S~~section III.B.12 of the Plan, Other Securities Claims and Interests, including, but not limited to, the securities ~~litigation~~class action entitled *In re Fleming Companies Securities Litigation*, Master File No. 5:03-md-1530TJW (the "Securities Class Action") brought by current or former Fleming shareholders and creditors described in ~~Section~~more detail in section V.C.6 herein, will be permanently enjoined as to the Debtors and any ~~claims thereunder~~Claims with respect thereto discharged. Litigation involving directors and officers of the Debtors, including, but not limited to, that described in ~~S~~section V.C.6 herein may be ~~subject~~affected ~~to~~by the releases contained in ~~S~~section XII of the Plan. Litigation against the Debtors that is not deemed an Other Securities Claim or Interest or is not ~~effected~~affected by the releases contained in ~~S~~section XII of the Plan, and is not otherwise discharged, settled or expunged in accordance with the Plan, will be permanently enjoined pursuant to ~~S~~section XII.~~C~~G, of the Plan, and any Allowed Claims arising from such litigation will generally ~~will~~ be treated as Class 6 Claims under the Plan. Nothing in the Plan or in any order confirming the Plan, however, shall affect, release, enjoin or impact in any way the prosecution of the claims of the class claimants in the Securities Class Action asserted, or to be asserted against the non-Debtor defendants and/or any other non-Debtor unless (i) a Claim Holder has affirmatively voted in favor of the Plan, in which case such Claim Holder shall release the Releasees as outlined in section XII.C. of the Plan and any litigation by such Claim Holder against the Releasees of the type outlined in section XII.C. of the Plan shall be permanently enjoined and any Claims thereunder discharged as outlined herein and in Section XII.G. of the Plan, or (ii) the litigation is among Releasees, in which case it shall be released by the Mutual Releases outlined in section XII.B. of the Plan and shall be permanently enjoined and any claims thereunder discharged as outlined herein and in section XII.G of the Plan. The Plan shall forever bar any claimant, including, but not limited to, the class claimants in the Securities Class Action from pursuing claims against the Debtors which are covered by the directors and officers liability insurance policies maintained by the Debtors (the "D&O Insurance") but shall not bar such Claimants from pursuing the non-Debtor defendants who may be entitled to coverage by the D&O Insurance.

On February 9, 2004, Jackson Capital Management LLC, the lead plaintiff ("Lead Plaintiff") in the Securities Class Action, filed an Objection to the Disclosure Statement. The Lead Plaintiff raised essentially two objections. First, the Lead Plaintiff alleges that the provisions in the Plan and Disclosure Statement relating to Releases are ambiguous in that they are unclear as to whether such Releases shall have any impact on the rights of the Lead Plaintiff and class claimants in the Securities Class Action or the claims asserted in the Securities Class Action *against any non-Debtor*. This Objection has been addressed by the language inserted above suggested by the Lead Plaintiff which specifically states that "Nothing in the Plan or in any Order confirming the Plan, shall affect, release, enjoin or impact in any way the prosecution of the claims of the class claimants asserted, or to be asserted, against the non-Debtor defendants in the Securities Class Action and/or any other non-Debtor" unless the class claimants also happen to have Claims against the Debtors in addition to the Claims they have arising out of the Securities Class Action which are Class 10 Claims, which are extinguished under the Plan and the Holders of which are not entitled to vote and are deemed to have rejected the Plan.

The Lead Plaintiff's second Objection is really a Plan Objection. The Lead Plaintiff alleges that "the class claimants are entitled not only to look to the proceeds of D & O Insurance for payment of their claims asserted or to be asserted in the Securities Class Action, but they also may pursue their claims against the Debtor *solely* to the extent of such available D & O Insurance." The Lead Plaintiff goes on to state that the "Plan should not impact the class claimants' rights against the Debtor, either though injunctive relief or discharge, to pursue their claims solely against such insurance proceeds." Again, this is a Plan

Objection. The Lead Plaintiff is seeking treatment under the Plan that is not presently contemplated and not agreed to by the Debtors. The Plan enjoins the Lead Plaintiff and the class claimants from pursuing claims against the Debtors and discharges any and all claims that the class claimants may have against the Debtors. The Debtors cannot agree to permit the Lead Plaintiffs and class claimants to proceed against the Debtors to the extent of D & O Insurance. Such treatment would provide the class claimants with treatment more favorable than that accorded creditors whose claims are of a higher priority than the class claimants who are not likely to be receiving full recovery on these Claims, such as, e.g., claimants with Class 6 and 7 Claims.

The PBGC asserts that, as a matter of law, nothing in the Plan or in the Confirmation Order may release, exculpate, discharge or enjoin any Claims, obligations, suits, judgments, damages, demands, debts, rights, Cause of Action or liabilities against any entity other than the Debtors with respect to the Fleming Pension Plan and the Existing Pension Plans. The Debtors dispute these assertions.

10. ~~9.~~ Consideration for Releases, Indemnification and Exculpation

As ~~defined above~~discussed herein, the Releases provided for herein ~~to the Releasees~~ are made in exchange for the significant contributions made by the Releasees to the Debtors and the reorganization efforts. Certain Releasees, like the Debtors' officers, directors, employees and Professionals, have made contributions both in the form of the time and effort they have dedicated to the reorganization process. Others, like the members of the Creditors' Committee and their Professionals, in addition to their time and effort, have contributed significantly by striving to obtain consensus among their constituents for the joint Plan to benefit all unsecured creditors. Without these contributions, the Debtors' reorganization certainly would be compromised.

M. ~~N.~~ Conditions Precedent to Plan Consummation

It shall be a condition to Confirmation of the Plan that all provisions, terms and conditions of the Plan are approved in the Confirmation Order.

N. ~~O.~~ Conditions Precedent to Occurrence of the Effective Date

It shall be a condition to occurrence of the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Section XI.C. thereof:

1. The Confirmation Order confirming the Plan, as the Plan may have been modified, shall have been entered and become a Final Order in form and substance satisfactory to the Debtors and the Committee and shall provide that, among other things:

a. the Debtors and Reorganized Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, indentures and other agreements or documents created in connection with the Plan;

b. the provisions of the Confirmation Order are nonseverable and mutually dependent;

c. Core-Mark Newco is authorized to issue the New Common Stock, ~~Preferred Stock, if applicable,~~ and Management Options; and

d. the New Common Stock ~~and the Preferred Stock and the Equity Subscription Rights, if applicable,~~ issued under the Plan ~~are~~is exempt from registration under the Securities Act pursuant to section 1145 of the Bankruptcy Code, except to the extent that Holders of the New Common Stock ~~or Preferred Stock~~ are "underwriters," as that term is defined in section 1145 of the Bankruptcy Code ~~or the offer and sale of the Preferred Stock to the Equity Investor shall be qualified under the section 4(2) private placement exemption contained in the Securities Act~~.

2. The following agreements, in form and substance satisfactory to the Reorganized Debtors and the Committee, shall have been tendered for delivery and all conditions precedent thereto shall have been satisfied:

a. Exit Financing ~~Agreement~~Facility;

b. Tranche B Loan Agreement~~, if applicable;~~

~~c. The Equity Commitment Letter, if applicable;~~

~~d. Registration Rights Agreements, if any~~; and

c. ~~e.~~ Management Incentive Plan.

3. The Certificate of Incorporation of Core-Mark Newco shall have been filed with the Secretary of State of the State of Delaware.

4. All actions, documents and agreements necessary to implement the Plan shall have been effected or executed.

5. The new board of directors of Core-Mark Newco shall have been appointed.

6. The Reorganized Debtors shall have established and funded the Professional Fee Escrow Account.

7. The appropriate Final Orders recognizing and implementing the Plan in Canada shall have been obtained from the Canadian CCAA Court.

8. The Post Confirmation Trust shall be established and all actions, documents and agreements necessary to implement the Post Confirmation Trust shall have been effected or executed.

9. The ~~granting of the Equity Subscription Rights, if applicable, and the~~ issuance of the New Common Stock ~~and Preferred Stock issuable upon the exercise of the Equity Subscription Rights~~ under the Plan shall be exempt from the prospectus and registration requirements and the first trade thereof shall be exempt from the prospectus requirements of the securities laws of each of the provinces of Canada (including, to the extent necessary, pursuant to an order or orders issued by the applicable Canadian securities regulators granting relief from any such prospectus and registration requirements that would otherwise be applicable).

O. ~~P.~~ Waiver of Conditions

Except as otherwise required by the terms of the Plan, the Debtors, with the consent of the Committee, may waive any of the conditions to Confirmation of the Plan and/or to occurrence of the Effective Date of the Plan set forth in Article XI of the Plan at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to confirm and/or consummate the Plan.

P. ~~Q.~~ Effect of Non-occurrence of Conditions to Occurrence of the Effective Date

If the occurrence of the Effective Date of the Plan does not occur by _____, 2004, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by or against~~,~~ the Debtors; (2) prejudice in any manner the rights of the Debtors; or (3) constitute an admission, acknowledgment, offer or undertaking by the Debtors in any respect.

Q. ~~R.~~ Severability Of Plan Provisions

The provisions of the Plan shall not be severable unless such severance is agreed to by the Debtors and the Committee, if applicable, or, if after the Effective Date, by Core-Mark Newco and the Post Confirmation **Trust** Advisory ~~Committee~~**Board** on behalf of the Post Confirmation ~~Estates~~**Trust**, and such severance would constitute a permissible modification of the Plan pursuant to section 1127 of the Bankruptcy Code.

R. ~~S.~~ Miscellaneous Provisions

1. Effectuating Documents, Further Transactions and Corporation Action

Each of the Debtors and Reorganized Debtors is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions hereof and the notes and securities issued pursuant to the Plan.

Prior to, on or after the Effective Date (as appropriate), all matters provided for hereunder that would otherwise require approval of the shareholders or directors of the Debtors or Reorganized Debtors shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate) pursuant to the applicable general corporation law of the states where each of the Debtors is organized without any requirement of further action by the shareholders or directors of any Debtor or Reorganized Debtor.

2. Dissolution of Committee

The Creditors' Committee shall be dissolved on the Effective Date, and members shall be released and discharged from all rights and duties arising from, or related to, **the Chapter 11 Cases provided that the Debtors shall pay the reasonable fees and expenses of the Committee's Professionals incurred in connection with winding up** the Chapter 11 Cases.

3. Payment of Statutory Fees

All fees payable pursuant to section 1930(a) of Title 28 of the United States Code, as determined by the Bankruptcy Court at the hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Case is converted, dismissed or closed, whichever occurs first.

4. Modification of Plan

Subject to the limitations contained in the Plan, (1) the Debtors, with the consent of the Committee, reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order and (2) after the entry of the Confirmation Order, the Debtors or the Reorganized Debtors, as the case may be, with the consent of the Committee or the Post Confirmation Trust Advisory Board, may upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

5. Revocation of Plan

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or occurrence of the Effective Date does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of executory contracts or leases affected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against, or any Equity Interests in,

such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person or (iii) constitute an admission of any sort by the Debtors or any other Person.

6. Environmental Liabilities

Nothing in the Plan discharges, releases or precludes any environmental liability that is not a Claim. Furthermore, nothing in the Plan discharges, releases or precludes any environmental claim of the United States that arises on or after the Confirmation Date or releases any Reorganized Debtor from liability under environmental law as the owner or operator of property that such Reorganized Debtors owns or operates after the Confirmation Date. In addition, nothing in the Plan releases or precludes any environmental liability to the United States as to any Person or Entity other than the Debtors or Reorganized Debtors. **Nothing in the Plan enjoins the United States from asserting or enforcing outside the Bankruptcy Court any liability described in this paragraph. Other than as specifically stated in this paragraph, the Debtors and Reorganized Debtors reserve their right to assert any and all defenses to the assertion or enforcement by the United States or any other person of any liability described in this paragraph.**

7. Successors and Assigns

The rights, benefits and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Person or Entity.

8. Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by the Debtors with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors with respect to the Holders of Claims or Equity Interests prior to the Effective Date.

9. Section 1146 Exemption

Pursuant to section 1146(c) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

10. Further Assurances

The Debtors, Reorganized Debtors, Core-Mark Newco and all Holders of Claims receiving distributions hereunder and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

11. Service of Documents

Any pleading, notice or other document required by the Plan to be served on or delivered to any Reorganized Debtor or the Committee shall be sent by first class U.S. mail, postage prepaid to:

Fleming Companies, Inc.
1945 Lakepoint Drive
Lewisville, Texas 75057

Attn: Rebecca A. Roof

Kirkland & Ellis LLP
200 E. Randolph Drive
Chicago, Illinois 60601
Attn: Geoffrey A. Richards
Janet S. Baer

Milbank Tweed Hadley & McCloy LLP
One Chase Manhattan Plaza
New York, New York 10005
Attn: Dennis Dunne

and

and

Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C.
919 North Market Street
Sixteenth Floor
P.O. Box 8705
Wilmington, Delaware 19899-8705
Attn: Laura Davis Jones

Pepper Hamilton LLP
100 Renaissance Center
Suite 3600
Detroit, Michigan 48243-1157
Attn: I. William Cohen
Robert S. Hertzberg

12. Filing of Additional Documents

On or before the Effective Date, the Debtors with the consent of the Creditors' Committee may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

13. Transactions on Business Days

If the date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

14. Post-Effective Date Fees and Expenses

From and after the Effective Date, Core-Mark Newco shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable professional fees and expenses incurred by Core-Mark Newco and the Committee, if applicable, related to the Consummation and implementation of the Plan.

15. Conflicts

To the extent any provision of this Disclosure Statement or any document executed in connection therewith or any documents executed in connection with the Confirmation Order (or any exhibits, schedules, appendices, supplements or amendments to any of the foregoing) conflicts with, or is in any way inconsistent with, the terms of the Plan, the terms and provisions of the Plan shall govern and control.

16. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and still extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

17. Entire Agreement

The Plan ~~and the Plan Supplement~~ (as amended) supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations on such subjects, all of which have become merged and integrated into the Plan.

18. Closing of the Chapter 11 Cases

The Post-Consummation Estate shall promptly, upon the full administration of the Chapter 11 Cases, file with the Bankruptcy Court all documents required by Fed. R. Bankr. P. 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

VII. DEBTORS' RETAINED CAUSES OF ACTION

A. Maintenance of Causes of Action

Except as otherwise provided in the Plan, Core-Mark Newco, the Reorganized Debtors and the Post Confirmation Trust, as applicable, shall retain all rights on behalf of the Debtors, Core-Mark Newco and the Reorganized Debtors to commence and pursue, as appropriate, *in any court or other tribunal including, without limitation, in an adversary proceeding* **filed** *in one or more of the Debtors' Chapter 11 Cases*, any and all Causes of Action, whether such Causes of Action accrued before or after the Petition Date, including, but not limited to, the actions specified in Section VI.B. ~~of~~**in** the Plan, as well as those Causes of Action listed on Exhibit ~~D~~**A** to the Plan, ~~*in any court or other tribunal including, without limitation, in an adversary proceeding* filed *in one or more of the Debtors' Chapter 11 Cases*~~**herewith**.

Except as otherwise provided in the Plan, in accordance with section 1123(b)(3) of the Bankruptcy Code, any Claims, rights, and Causes of Action that the respective Debtors, Core-Mark Newco and the Reorganized Debtors may hold against any Person shall vest in Core-Mark Newco or the Post Confirmation Trust, as applicable. Core-Mark Newco **or the Post Confirmation Trust, as applicable,** shall retain and may exclusively enforce any and all such Claims, rights or Causes of Action, and commence, pursue and settle the Causes of Action in accordance with the Plan, provided the Post Confirmation Trust may commence, pursue and settle certain Causes of Action, including, but not necessarily limited to, the Litigation Claims as outlined more fully in the Post Confirmation Trust Agreement. Core-Mark Newco and/~~or~~ the Post Confirmation Trust, ~~if~~**as** applicable, shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such claims, rights, and Causes of Action without the consent or approval of any third party and without any further order of court.

B. Preservation of Causes of Action

The Debtors are currently investigating whether to pursue potential Causes of Action against any Creditors, **Entities,** or other Persons, **but not as against the Releasees**. The investigation has not been completed to date, and under the Plan, Core-Mark Newco and/~~or~~ the Post Confirmation Trust, as applicable, retain the right on behalf of the Debtors and Reorganized Debtors to commence and pursue any and all Causes of Action. Potential Causes of Action currently being investigated by the Debtors, which may, but need not, be pursued by the Debtors before the Effective Date or by Core-Mark Newco ~~and~~/or the Post Confirmation Trust, as applicable, after the Effective Date include, without limitation, the ~~causes of action identified on Exhibit D to the Plan, and the~~ following Causes of Action ~~set forth below~~:

- All actual or potential avoidance actions pursuant to any applicable section of the Bankruptcy Code, including, without limitation, sections 544, 545, 547, 548, 549, 550, 551, 553(b) and/or 724(a) of the Bankruptcy Code, arising from any transaction involving or concerning the Debtors, **and among others, without limitation, those entities listed on Exhibit A-3 and A-7 to the Plan**;

- ~~Any lawsuits~~**All actual or potential actions, whether legal, equitable or statutory in nature,** for, or in any way involving, the collection of accounts receivable or **general ledger items that are due and owing to Fleming or its subsidiaries, including without limitation trade receivables, rent and other lease and sublease charges, franchise and/or license fees, payments due under equipment leases and licenses, other miscellaneous charges, and principal and interest on promissory notes by** any ~~matter related~~**Person or Entity (collectively, the "Accounts Receivable"), including, but not limited to, the Accounts Receivable owed by those customers listed on Exhibit A-1 and A-2** to the Plan;

- **All actual actions or potential actions, whether legal, equitable or statutory in nature, against customers, including, but not limited to, those customers listed in Exhibit A-1 and A-2, for Accounts Receivable, improper setoff, overpayment, claims under the facility standby agreement, or any other claim arising out of the customer relationship;**

- All actual actions or potential actions, whether legal, equitable or statutory in nature, against vendors, including, but not limited to, those vendors listed on Exhibit A-4 hereto, for overpayment, improper setoff, warranty, indemnity, retention of double payments, retention of mis-directed wires, deductions owing or improper deductions taken, claims for damages arising out of a military distribution relationship, claims for overpayment of drop-ship-delivery amounts, or any other claim arising out of the vendor relationship;

- All actual actions or potential actions against vendors for violation of the Trade Credit Program or the Trade Credit Program Letter Agreement as set forth in the Final Order Authorizing (I) Post- Petition Financing Pursuant To 11 U.S.C. § 364 And Bankruptcy Rule 4001(c); (II) Use Of Cash Collateral Pursuant To 11 U.S.C. § 363 And Bankruptcy Rules 4001(b) And (d); (III) Grant Of Adequate Protection Pursuant To 11 U.S.C. §§ 361 And 363; And (IV) Approving Secured Inventory Trade Credit Program And Granting Of Subordinate Liens, Pursuant To 11 U.S.C. §§105 And 364(c)(3) And Rule 4001(c) entered on May 7, 2003 and the Order Granting Motion for Order Authorizing the Payment of Critical Trade Vendors in Exchange for Continuing Relationship Pursuant to Customary Trade Terms, entered on May 6, 2003. The Debtors are still investigating which vendors they have actions against. A list of the vendors participating in the Critical Trade Lien Program is attached hereto as Exhibit A-7;

- All actual or potential actions, whether legal, equitable or statutory in nature, against Persons or Entities including vendors *with respect to prepetition violations of applicable federal or state securities laws;*

- All actual or potential *breach of* contract actions against any customers, vendors *or Entities who improperly exited the Debtors' system or who violated the automatic stay after the Petition Date*, including, but not limited to, those customers or vendors listed on Exhibit A-1, A-2, and A-3;

- ~~Any~~All actual or potential actions, whether legal, equitable or statutory in nature, against landlords, lessees, sublessees, or assignees arising from various leases, subleases and assignment agreements relating thereto, including, without limitation, actions for unpaid rent, overcharges relating to taxes, common area maintenance and other similar charges, including, but not limited to, those claims identified on Exhibit A-10. In addition, two landlords, Massilon Food Company and LLC Tulsa Food Company, LLC, drew down on standby letters of credit under their respective leases shortly after the Debtors filed for bankruptcy. The Debtors are investigating whether these draw-downs were proper and reserve all rights to bring actions against these landlords;

- All actual or potential actions, whether legal, equitable or statutory in nature, against the Debtors' current or former insurance carriers to recover unpaid reimbursements and claims, overpayment of premiums and fees, claims for breach of contract, indemnity obligations or coverage or similar Causes of Action, including, but not limited to, those insurers listed on Exhibit A-12;

- All actual or potential Causes of Actions, whether legal, equitable or statutory in nature, against purchasers of assets from the Debtors relating to breach of the purchase agreement or unpaid compensation thereunder, including, but not limited to, those purchasers listed on Exhibit A-9;

- Any and all rights to payment against any taxing authority listed on Exhibit A-11 for any tax refunds, credits, overpayments or offsets that may be due and owing to the Debtors for taxes that the Debtors may have paid to any such taxing authority;

- All actions or potential actions, whether legal, equitable or statutory in nature, relating to deposits or other amounts owed by any creditor, lessor utility, supplier, vendor, landlord, sub-lessee, assignee or other Person or Entity;

- All actions or potential actions, whether legal, equitable or statutory in nature, relating to environmental and product liability matters;

- All actions or potential actions, whether legal, equitable or statutory in nature, arising out of, or relating to, the Debtors' intellectual property rights;

- Any litigation or lawsuit initiated by any of the Debtors that is currently pending, whether in the Bankruptcy Court, before the American Arbitration Association, or any other court or tribunal or initiated against the Debtors after the Petition Date for which the Debtors may have counterclaims or other rights, including, but not limited to, those actions listed on Exhibit A-4 hereto;

- Potential actions against any of the prepetition directors, officers, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives of each Debtor and their respective subsidiaries, including, but not limited to those employees on Exhibit A-5 hereto, *except the D&O Releasees*, for breaches of fiduciary duty, negligent mismanagement ~~and~~, wasting of corporate assets, and diversion of corporate opportunity ~~and/or arising under any of the Debtors' directors and officers insurance policies against any of the Debtors' prepetition directors and officers *except the D&O Releasees*~~;

- ~~Any and all~~All actual or potential actions, whether legal, equitable or statutory in nature, against all Persons except the D&O Releasees arising out of, or in connection with, any of the Debtors' prepetition management, operation and/or reporting of financial or other information ~~except as may be prohibited by the Plan~~;

- All actions or potential actions, whether legal, equitable or statutory in nature, against any of the Debtors' current or former professionals, except the Releasees, for breach of fiduciary duty, breach of contract, negligence or professional misconduct or malpractice, or other tortuous conduct, including, but not limited to, those former professionals listed on Exhibit A-8 hereto;

- All rights against any shareholders or others for subordination of their Claims pursuant to section 510(b) of the Bankruptcy Code or against any Person that has agreed to subordination of their claim pursuant to section 510(a) of the Bankruptcy Code;

- All actions or potential actions against the prepetition members of the Debtors' board of directors and/or officers except the D&O Releasees, including, without limitation, the right to equitably subordinate claims held by such directors and officers pursuant to section 510(c) of the Bankruptcy Code;

- ~~Actions~~All actual or potential actions, whether legal, equitable or statutory in nature, to recover amounts improperly awarded to employees except the D&O Releasees under the terms of any prepetition employment or change-in-control agreement or bonus arrangement;

- All ~~actions against third parties *with respect to prepetition violations of applicable federal or state securities laws;*~~

- ~~Any and all~~ actual or potential ~~*breach of*~~ contract ~~claims against any customers *or Entities who improperly exited the Debtors' system or who violated the automatic stay after the Petition Date*~~;and tort actions that may exist or may subsequently arise; and

- ~~Any and all potential Causes of Action against any customer or vendor who has improperly asserted or taken action through setoff or recoupment; and~~

- ~~Any and all~~**All actual or potential** actions~~,~~ whether legal, equitable or statutory in nature, arising out of, or in connection with~~,~~ the Debtors' business or operations.

The above categories of preservation of causes of action shall not be limited in any way by reference to Exhibit A nor are the categories intended to be mutually exclusive.

In addition, there may be numerous other Causes of Action which currently exist or may subsequently arise that are not set forth ~~in the Plan~~**herein**, because the facts upon which such Causes of Action are based are not fully or currently known by the Debtors and, as a result, cannot be ~~raised during the pending of the Chapter 11 Cases~~**specifically referred to herein** (collectively, the "Unknown Causes of Action"). The failure to list any such Unknown Cause**s** of Action ~~in the Plan~~**herein**, or on Exhibit ~~D~~ **A** to the Plan **(except as to Releasees)**, is not intended to limit the rights of Core-Mark Newco **or the Post Confirmation Trust** to pursue any Unknown Cause of Action to the extent the facts underlying such Unknown Cause of Action become fully known to the Debtors.

C. Preservation of All Causes of Action Not Expressly Settled or Released

Unless a Claim or Cause of Action against a Creditor or other Person is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order, the Debtors expressly reserve such Claim or Cause of Action for later adjudication by Core-Mark Newco or the Post Confirmation Trust, as applicable~~,~~ (including, without limitation, Unknown Causes of Action)**,** and, therefore, no preclusion doctrine, including, without~~,~~ limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable, or otherwise) or laches shall apply to such Claims or Causes of Action upon or after the Confirmation or Effective Date of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such Claims or Causes of Action have been released in the Plan or other Final Order. In addition, the Debtors, Core-Mark Newco, the Reorganized Debtors, the Post Confirmation Trust~~, as applicable,~~ and the successor entities under the Plan expressly reserve the right to pursue or adopt any Claim alleged in any lawsuit in which the Debtors are defendants or an interested party, against any Person or Entity, including, without limitation, the plaintiffs or co-defendants such lawsuits.

Any Person to whom the Debtors have incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), or who has received services from Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased equipment or property from the Debtors should assume that such obligation, transfer, or transaction may be reviewed by the Debtors **or the Post Confirmation Trust** subsequent to the Effective Date and may, if appropriate, be the subject of an action after the Effective Date, whether or not (i) such Entity has filed a proof of e**C**laim against the Debtors in these Bankruptcy Cases; (ii) such Creditor's proof of e**C**laim has been objected to; (iii) such Creditor's Claim was included in the Debtors' Schedules; or (iv) such Creditor's scheduled e**C**laim has been objected to by the Debtors or has been identified by the Debtors as disputed, contingent, or unliquidated.

VIII. FEASIBILITY OF THE PLAN AND THE BEST INTERESTS TEST

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of section 1129 of the Bankruptcy Court have been satisfied. If so, the Bankruptcy Court shall enter the Confirmation Order. Debtors believe that the Plan satisfies or will satisfy the applicable requirements, as follows:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors and the Creditors' Committee, as Plan proponents, will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after the confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.
- With respect to each Class of Impaired Claims or Equity Interests, either each Holder of a Claim or Equity Interest of such Class has accepted the Plan or will receive or retain under the Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code.
- Each Class of Claims or Equity Interests that is entitled to vote on the Plan will either have accepted the Plan or will not be impaired under the Plan, or the Plan may be confirmed without the approval of each voting Class pursuant to section 1129(b) of the Bankruptcy Code.
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of such Claim, the Plan provides that Allowed Administrative, Allowed Priority Tax Claims and Allowed Other Priority Claims will be paid in full on the Effective Date, or as soon thereafter as practicable.
- At least one Class of Impaired Claims or Equity Interests will have accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class.
- Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.
- All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.

Debtors believe that (a) the Plan satisfies or will satisfy all of the statutory requirements of Chapter 11 of the Bankruptcy Code, (b) it has complied, or will have complied, with all of the requirements of Chapter 11 and (c) the Plan has been proposed in good faith.

A. Feasibility of the Plan

To confirm the Plan, the Bankruptcy Court must find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors. This requirement is imposed by section 1129(a)(11) of the Bankruptcy Code and is referred to as the "feasibility" requirement. The Debtors believe that they will be able to timely perform all obligations described in the Plan and, therefore, that the Plan is feasible.

To demonstrate the feasibility of the Plan, the Debtors have prepared financial projections for Fiscal Years 2004 through ~~2007~~2008 for Core-Mark Newco and 2004 through 2006 for the Post-Confirmation Trust, as set forth in Exhibit 3A - 3C attached hereto. **EXHIBITS 3A - 3C AND THE NOTES THERETO ARE AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT AND SHOULD BE READ IN CONJUNCTION WITH THIS DISCLOSURE STATEMENT.**

In addition, the Plan has been amended to include the Class 3(B) and Class 5 Preferred Interests and guarantees from Core-Mark Newco, the terms of which are outlined in Exhibits 10 and 11 to this Disclosure Statement. These Preferred Interests and guarantees address the Reclamation Objectors concerns about the Debtors' violating the Final DIP Order and Trade Credit Program. The Preferred Interests essentially provide the Reclamation Claimants with the benefit of the liens given to the Reclamation Lien Creditors thereunder. In addition, the Preferred Interests and guarantees assure the feasibility of the Plan. To the extent the Post Confirmation Trust does not have sufficient funds to pay the Class 3(B) or Class 5 Claims (if necessary) in full, Core-Mark Newco will ultimately assume that responsibility. Thus, the financial strength of Core-Mark Newco will also assure payment in full of the Claims of the Reclamation Creditors and thus, the feasibility of the Plan.

The projections indicate that Core-Mark Newco and the Post-Confirmation Trust~~, if applicable,~~ should have sufficient cash flow to pay and service their debt obligations and to fund their operations. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(~~11~~11) of the Bankruptcy Code. As noted in the projections, however, the Debtors caution that no representations can be made as to the accuracy of the projections or as to the Reorganized Debtors' ability to achieve the projected results. Many of the assumptions upon which the projections are based are subject to uncertainties outside the control of the Debtors. Some assumptions inevitably will not materialize, and events and circumstances occurring after the date on which the projections were prepared may be different from those assumed or may be unanticipated, and may adversely affect the Debtors' financial results. Therefore, the actual results can be expected to vary from the projected results and the variations may be material and adverse.

THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, THE PRACTICES RECOGNIZED TO BE IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, OR THE RULES AND REGULATIONS OF THE SEC REGARDING PROJECTIONS. FURTHERMORE, THE PROJECTIONS HAVE NOT BEEN AUDITED BY ~~THE DEBTORS'~~ANY INDEPENDENT ACCOUNTANTS. ALTHOUGH PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED UPON A VARIETY OF ASSUMPTIONS, SOME OF WHICH IN THE PAST HAVE NOT BEEN ACHIEVED AND WHICH MAY NOT BE REALIZED IN THE FUTURE, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE DEBTORS, OR ANY OTHER PERSON, THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS.

B. Best Interests Test

1. Generally

Even if a plan is accepted by each class of holders of claims and interests, the Bankruptcy Code requires the bankruptcy court to determine that the plan is in the "best interests" of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court find either that (i) all members of an impaired class of claims or interests have accepted the plan or (ii) the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under Chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to members of each impaired class of holders of claims and interests if the debtor were liquidated under Chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the debtor's assets if its Chapter 11 case were converted to a Chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a Chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral, and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the Chapter 7 case and the Chapter 11 case. A liquidation under Chapter 7 does not affect the priority of several holders of claims to be paid first. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in its bankruptcy case (such as compensation of attorneys, financial advisors, and restructuring consultants) that are allowed in the Chapter 7 case, litigation costs, and claims arising from the operations of the debtor during the pendency of the bankruptcy case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity interests. The liquidation also would prompt the rejection of a large number of executory contracts and unexpired leases and thereby create a significantly higher number of unsecured claims. As a general matter, a liquidation under Chapter 7 will not affect the rights of letter of credit beneficiaries, including certain sureties who posted bonds that the Debtors purchased for various business, litigation and other reasons.

Once the court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under a debtor's plan, then such plan is not in the best interests of creditors and equity security holders.

2. Debtors' Best Interests Test

The Debtors' liquidation analysis (the "Best Interests Analysis") is attached hereto as Exhibit 4. The Debtors believe that any Best Interests Analysis is speculative. For example, the Best Interests Analysis necessarily contains an estimate of the amount of Claims which will ultimately become Allowed Claims. In preparing the Best Interests Analysis, the Debtors have projected the amount of Allowed Claims based upon a review of their scheduled and filed proofs of claim. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Best Interests Analysis. Although the analysis was prepared after the deadline for filing Claims against the Debtors' estates, those Claims have not been fully evaluated by the Debtors. In preparing the Best Interests Analysis, the Debtors have projected a range for the amount of Allowed Claims with the low end of the range the lowest reasonable amount of Claims and the high end of the range the highest reasonable amount of the Claims, thus allowing assessment of the most likely range of Chapter 7 liquidation dividends to the holders of the Allowed Claims. The estimate of the amount of Allowed Claims set forth in the Best Interests Analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims and Interests under the Plan. In addition, as noted above, the valuation analysis of the Reorganized Debtors also contains numerous estimates and assumptions. For example, the value of the New Common Stock cannot be determined with precision due to the absence of a public market for the New Common Stock.

Notwithstanding the difficulties in quantifying recoveries to creditors with precision, the Debtors believe that, taking into account the Best Interests Analysis and the valuation analysis (outlined in section VIII.C. herein) of the Reorganized Debtors, the Plan meets the "best interests" test of section 1129(a)(7) of the Bankruptcy Code. The Debtors believe that the members of each Impaired Class will receive at least as much under the Plan as they would in a liquidation in a hypothetical chapter 7 case. Claim Holders will receive a better recovery through the distributions contemplated by the Plan because the continued operation of the Debtors as going concerns rather than a forced liquidation will allow the realization of more value for the Debtors' assets. Although the Analysis was prepared after the deadline for filing Claims against the estates of the Debtors, those Claims have not been fully evaluated by the Debtors or adjudicated by the Bankruptcy Court and, accordingly, the amount of the final Allowed

Claims against the Estates may differ from the Claim amounts used in this Analysis. Finally, the Analysis is based on the Debtors' projected balance sheet as of ~~April 30,~~ July 31, 2004 (except as indicated), and the actual amount of assets available to the Estates as of the date of liquidation may differ from the amount of assets used in this Analysis. Conversion of these Chapter 11 Cases to Chapter 7 would likely result in additional costs to the Estates. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset dispositions expenses, all unpaid expenses incurred by the Debtors in the Chapter 11 Cases (such as compensation of attorneys, financial advisors and restructuring consultants) that are allowed in the Chapter 7 case, litigation costs, and Claims arising from the operations of the Debtors during the pendency of the bankruptcy cases. Lastly, in the event of liquidation, the aggregate amount of General Unsecured Claims will no doubt increase significantly (as reflected in the high range estimate), and such Claims will be subordinated to priority claims that will be created. For example, employees will file Claims for wages, pensions and other benefits, some of which will be entitled to priority. Landlords will no doubt file large Claims for both unsecured and priority amounts. The resulting increase in both general unsecured and priority Claims will decrease percentage recoveries to Holders of General Unsecured Claims of the Debtors. All of these factors lead to the conclusion that recoveries under the Plan would be at least as much, and in many cases significantly greater, than the recoveries available in a Chapter 7 liquidation.

C. Estimated Valuation of the Reorganized Debtors

The reorganized value for Core-Mark Newco was determined based upon two valuation methodologies, both of which are described more fully below. To determine the equity value for Core-Mark Newco, ~~an estimate~~estimates for long-term debt and certain legacy liabilities at the Effective Date ~~was~~were subtracted from the reorganized value.

The two primary methodologies used to determine the reorganized enterprise value of Core-Mark Newco were: (i) an analysis of transaction value as a multiple of various operating statistics for selected public merger and acquisition transactions involving companies that are similar to Core-Mark Newco, which calculated multiples were then applied to the operating metrics of Core-Mark Newco, and (ii) a calculation of the present value of the free cash flows under the Projections, including assumptions for a terminal value. Both methodologies rely upon the Projections for Core-Mark Newco, which were prepared by management with the assistance of AP Services LLC. A third methodology was considered, based on an analysis of public market value as a multiple of various operating statistics for selected public companies that are similar to Core-Mark Newco; however, the methodology was not used because it was concluded there were no appropriate publicly-traded comparable companies on which to base a meaningful analysis. Based upon the two methods described above, the estimated reorganized enterprise value for Core-Mark Newco at the Effective Date is approximately ~~$275~~265 million to ~~$325~~315 million, with ~~$300~~290 million used as the midpoint estimate. The Committee has not yet agreed to this valuation.

Precedent Transaction Analysis. The precedent transaction analysis (~~"~~"Precedent Transaction Analysis~~"~~") estimates value by examining selected public merger and acquisition transactions. An analysis of a company~~'~~'s transaction value as a multiple of various operating statistics provides valuation multiples for companies in similar lines of businesses to Core-Mark Newco. Multiples for selected precedent transactions were calculated based on the purchase price (including any debt assumed) paid. These multiples were then applied to Core-Mark Newco's key operating statistics to determine the reorganized value of Core-Mark Newco to a potential buyer.

~~*Each of the multiples based on precedent transactions was evaluated and judgments were made as to their relative significance in determining the reorganized value of Core-Mark Newco.* No reorganization or acquisition value used in any analysis is identical to a target reorganization or transaction and as a result, valuation~~Valuation conclusions cannot be based solely upon quantitative results. The reasons for, and circumstances surrounding, each acquisition transaction are specific to such acquisition and there are inherent differences between the businesses, operations and prospects of each. ~~Therefore, qualitative~~Qualitative judgments must be made concerning the differences ~~between~~among the characteristics of these reorganizations and transactions and other factors and issues, which could affect the target~~'~~'s value. Therefore, each *of the multiples based on precedent transactions was evaluated and judgments were made as to their relative significance in determining the reorganized value of Core-Mark Newco.*

Multiples of various financial results to the acquisition values of these companies were calculated and analyzed. ~~Most emphasis~~**Emphasis** was placed on multiples based upon revenue and operational earnings before interest, taxes, depreciation and amortization ("EBITDA"). On the basis of enterprise value as a multiple of ~~2004~~ projected revenues, the precedent transactions indicated a range of 0.07x to 0.09x. On the basis of enterprise value as a multiple of ~~2004~~ projected EBITDA, the precedent transactions indicated a range of 5.0x to 6.0x. As discussed above, the determination of these multiple ranges took into account a variety of factors, both quantitative and qualitative. In addition, due to the fact that the results of a Precedent Transaction Analysis often reflect a control premium, or are impacted by a competitive dynamic due to multiple bidders, the valuation multiples indicate aspects of value not necessarily present in a reorganization.

~~By applying the~~**The** ranges of multiples **were applied** to the Projections~~,~~ **focusing on projected revenue for 2004 and projected EBITDA for full-year 2004,** the ~~range of values is as follows: $180 million (5.0x~~**second-half** 2004 ~~Projected EBITDA) to $220 million (6.0x 2004 Projected EBITDA)~~**run-rate** and ~~$290 million (0.07x 2004 Projected Revenue) to $375 million (0.09x 2004 Projected Revenue).~~**2005.** The valuation results using the revenue and EBITDA multiples were then increased by ~~$55~~**40** million, an estimate for the additional value from the projected near-term **operating** cash flow ~~benefit~~ from resuming certain **vendor** trade terms, which is not captured ~~when applying multiples to~~**in** the ~~Projections~~**Precedent Transaction Analysis**. ~~Adjusting the above range of values for this amount, the enterprise value ranges for Core Mark Newco are as follows: $235 million to $275 million (based upon 2004 Projected EBITDA) and $345 million to $430 million (based upon 2004 Projected Revenue).~~

Discounted Cash Flow Analysis. The discounted cash flow analysis (~~"~~**"**DCF~~"~~**"**) valuation methodology relates the value of an asset or business to the present value of expected future cash flows to be generated by that asset or business. The DCF methodology is a ~~"~~**"**forward looking~~"~~**"** approach that discounts the expected future cash flows by a theoretical or observed discount rate determined by calculating an estimated cost of debt and equity for Core-Mark Newco based upon similar companies. The DCF analysis has two components: the present value of the projected un-levered free cash flows based upon the Projections and the present value of the terminal value (representing Core-Mark Newco's value beyond the time horizon of the Projections).

~~As~~**The analyses of the results of** the estimated cash flows, estimated discount rate and expected capital structure~~, are~~**all** used to derive a potential value for Core-Mark Newco, ~~an analysis of the results of such an estimate is~~**are** not purely mathematical, but instead ~~involves complex~~**involve** considerations and judgments concerning potential variances in the projected financial and operating characteristics of Core-Mark Newco, as well as other factors that could affect the future prospects and cost of capital considerations for Core-Mark Newco.

In calculating the un-levered free cash flows for Core-Mark Newco, the Projections (from ~~May~~**August** 1, 2004 to December 31, ~~2007~~**2008**), prepared by management, served as the primary input. Beginning with annual earnings before interest and taxes (EBIT), the analysis taxed EBIT at an assumed rate of 40% to calculate an un-levered net income figure. The analysis then added back the non-cash operating expense of depreciation and amortization. In addition, other factors affecting free cash flow were taken into account, such as ~~the change~~**changes** in working capital~~,~~ **and** capital expenditures ~~and liability expenditures~~, ~~all~~**neither** of which ~~do not~~ affect the income statement and therefore require separate adjustment in the calculation of free cash flow. **For purposes of determining reorganized value, projected payments of legacy casualty liabilities were excluded from un-levered free cash flows. The present value of these payments is later deducted from enterprise value to determine equity value.**

The ~~unlevered~~**un-levered** cash flows and the estimate for terminal value were discounted to a present value using an estimate for Core-Mark Newco's post-restructuring weighted average cost of capital ("WACC"). The WACC was calculated based on a number of assumptions regarding, among other things, Core-Mark Newco's projected capital structure and costs of debt and equity. The estimated ratio of debt to equity for Core-Mark Newco's capital structure reflects the estimated indebtedness as of the Effective Date and during the Projection period. Core-Mark Newco's estimated cost of debt was based upon ~~the estimated cost of an~~**proposals received for** exit ~~facility~~**financing received from external financial institutions**. Core-Mark Newco's estimated cost of equity was derived using the capital asset pricing model, which assumes that the required equity return is a function of the risk-free cost of capital and the correlation of a publicly traded stock's performance to the return of the overall market. Also included in the calculation of the cost of equity was an implementation risk premium of 10.0% to

15.0% to reflect the risks associated with the fundamental and unproven changes to the ongoing operations for Core-Mark Newco, which are currently being implemented by management.

The DCF analysis used a WACC range of 15.0% to 20.0%, which included the calculation of a cost of equity of 20.0% to 30.0% (including the implementation risk premium of 10.0% to 15.0%) ~~with~~, an average after-tax cost of debt of 5.6%, and a target debt to capital ratio of ~~25.0~~approximately 30% to ~~30.0~~40%. The after-tax cost of debt is itself weighted based on the projected tranches of debt outstanding. The exit multiple used in the terminal value calculation was based upon the EBITDA multiple used in the precedent transaction analysis, which was 5.0x to 6.0x ~~2007~~2008 projected EBITDA. ~~Considering the above assumptions, the range of enterprise value is as follows: $280 million (Discount Rate of 20.0%, Exit EBITDA Multiple of 5.0x) to $370 million (Discount Rate of 15.0%, Exit EBITDA Multiple of 6.0x).~~

Calculation of Core-Mark Newco Equity Value. To determine the equity value of Core-Mark Newco, the estimated long-term indebtedness ~~of approximately $80m was~~and the present value of projected payments of legacy casualty liabilities were both subtracted from the reorganized enterprise value ~~of $275m to $325m, resulting in Core-Mark Newco equity value of approximately $195m to $245m~~. The long-term indebtedness of Core-Mark Newco at the Effective Date of approximately $100 million is projected to include ~~$35m~~40 million of drawn senior secured debt ~~in the form of letters of credit ("LCs") outstanding,~~and ~~$45m~~60 million of drawings under a junior secured Tranche B Loan~~, inclusive~~. The present value of ~~a 2.5% issuance fee (payable either in cash or stock). Initially, in excess~~the legacy casualty liability of ~~$120m of LCs are expected to be placed under a senior secured facility. However, it is expected that~~approximately $35~~m~~ million reflects the payments as forecast in the Projections for Core-Mark Newco, discounted back at the midpoint of the WACC range of 17.5%. Subtracting these ~~LCs will eventually be drawn and are therefore considered~~amounts from reorganized value of $265 million to $315 million, with $290 million used as ~~debt; the remaining contingent LCs are expected to be released~~midpoint, ~~expire undrawn or remain outstanding long~~resulted in Core-~~term~~Mark Newco equity value of approximately $130 million to $180 million, with $155 million used as the midpoint.

The calculation of Core-Mark Newco Equity Value does not consider future dilution that could occur upon the exercise of options and warrants distributed to management and Tranche B Lenders. All such options are expected to have an exercise or strike price based upon the reorganized value of Core-Mark Newco.

ESTIMATES OF VALUE DO NOT PURPORT TO BE APPRAISALS NOR DO THEY NECESSARILY REFLECT THE VALUE WHICH MAY BE REALIZED IF ASSETS ARE SOLD. THE ESTIMATES OF VALUE REPRESENT HYPOTHETICAL REORGANIZED ENTERPRISE VALUES ASSUMING THE IMPLEMENTATION OF THE CORE-MARK NEWCO BUSINESS PLAN AS WELL AS OTHER SIGNIFICANT ASSUMPTIONS. SUCH ESTIMATES WERE DEVELOPED SOLELY FOR PURPOSES OF FORMULATING AND NEGOTIATING A PLAN OF REORGANIZATION AND ANALYZING THE PROJECTED RECOVERIES THEREUNDER.

THE ESTIMATED ENTERPRISE VALUE IS HIGHLY DEPENDENT UPON ACHIEVING THE FUTURE FINANCIAL RESULTS SET FORTH IN THE PROJECTIONS AS WELL AS THE REALIZATION OF CERTAIN OTHER ASSUMPTIONS WHICH ARE NOT GUARANTEED.

THE VALUATIONS SET FORTH HEREIN REPRESENT ESTIMATED REORGANIZATION VALUES AND DO NOT NECESSARILY REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATE MARKETS. THE EQUITY VALUE ASCRIBED IN THE ANALYSIS DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET VALUE. SUCH SALABLE VALUE, IF ANY, MAY BE MATERIALLY DIFFERENT FROM THE REORGANIZATION EQUITY VALUE RANGES ASSOCIATED WITH THE VALUATION ANALYSIS.

D. Confirmation Without Acceptance by All Impaired Classes: The 'Cramdown' Alternative

Section 1129(b) of the Bankruptcy Code provides that a plan may be confirmed even if it has not been accepted by all impaired classes as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm the plan at the request of the debtors notwithstanding the plan's rejection (or deemed rejection) by impaired classes as long as the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted it. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

A plan is fair and equitable as to a class of secured claims that rejects such plan if the plan provides (1) (a) that the holders of claims included in the rejecting class retain the lien securing those claims, whether the property subject to those liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims, and (b) that each holder of a claim of such class receives on account of that claim deferred cash payments totaling at least the allowed amount of that claim of a value, as of the effective date of the plan, of at least the value of the holder's interest in the estate's interest in such property; (2) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of the liens, with the liens to attach to the proceeds of the sale, and the treatment of the liens on proceeds under clause (1) or (2) of this paragraph; or (3) for the realization by such holders of the indubitable equivalent of such claims.

A plan is fair and equitable as to a class of unsecured claims which rejects a plan if the plan provides (1) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (2) that the holder of any claim or interest that is junior to the claims of such rejecting class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (1) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (2) that the holder of any interest that is junior to the interest of such rejecting class will not receive or retain under the plan on account of such junior interest any property at all.

The votes of holders of Claims and Equity Interests under Classes 8, 9 and 10 are not being solicited because such holders are not entitled to receive or retain under the Plan any interest in property on account of their Claims and Equity Interests. Such Classes therefore are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, the Debtors are seeking confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to such Classes and may seek confirmation pursuant to the Plan as to other Classes if such Classes vote to reject the Plan. Notwithstanding the deemed rejection by such Classes, the Debtors believe that Classes 8, 9 and 10 are being treated fairly and equitably under the Bankruptcy Code. The Debtors therefore believe the Plan may be confirmed despite its deemed rejection by these Classes.

IX. IMPORTANT CONSIDERATIONS AND RISK FACTORS

A. The Debtors Have No Duty To Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtors have no duty to update this Disclosure Statement **unless otherwise ordered to do so by the Court**.

B. No Representations Outside The Disclosure Statement Are Authorized

No representations concerning or related to the Debtors, the Chapter 11 Cases or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance, or rejection, of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to Debtors' counsel, Creditors' Committee counsel, and the Office of the United States Trustee.

C. Information Presented Is Based On The Debtors' Books And Records, And No Audit Was Performed

While the Debtors have endeavored to present information fairly in this Disclosure Statement, because of Debtors' financial difficulties, as well as the complexity of Debtors' financial matters, the Debtors' books and records upon which this Disclosure Statement is based might be incomplete or inaccurate. The financial information contained herein, unless otherwise expressly indicated, is unaudited.

D. All Information Was Provided by Debtors And Was Relied Upon By Professionals

Each of Kirkland & Ellis LLP and Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. ~~were~~was approved by the Bankruptcy Court to represent the Debtors effective as of the Petition Date as general insolvency co-counsel. All counsel and other professionals for the Debtors have relied upon information provided by the Debtors in connection with preparation of this Disclosure Statement. Although counsel for the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, counsel have not verified independently the information contained herein.

E. Projections And Other Forward Looking Statements Are Not Assured, And Actual Results Will Vary

Certain of the information contained in this Disclosure Statement is, by nature, forward looking, and contains estimates and assumptions which might ultimately prove to be incorrect, and contains projections which may be materially different from actual future experiences. There are uncertainties associated with any projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various classes that might be allowed.

1. Claims Could Be More Than Projected

The allowed amount of Claims in each Class could be significantly more than projected, which in turn, could cause the value of distributions to be reduced substantially. If Administrative Claims and/or Other Priority Claims exceed projections, it may impair the value of the New Common Stock being distributed to the Holders of Class 6 Claims.

2. Projections

While the Debtors believe that their projections are reasonable, there can be no assurance that they will be realized, resulting in recoveries that could be significantly less than projected.

F. This Disclosure Statement Was Not Approved By The Securities And Exchange Commission

Although a copy of this Disclosure Statement was served on the SEC and the SEC was given an opportunity to object to the adequacy of this Disclosure Statement before the Bankruptcy Court approved it, this Disclosure Statement was not registered under the Securities Act or applicable state securities laws. Neither the SEC nor any state regulatory authority or Canadian Securities Administrator has passed upon the accuracy or adequacy of this Disclosure Statement, the exhibits ~~to the Plan~~ or the statements contained herein, and any representation to the contrary is unlawful.

G. No Legal Or Tax Advice Is Provided To You By This Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each creditor or Holder of Equity Interest should consult his, her or its own legal counsel and accountant as to legal, tax and other matters concerning his, her, or its Claim or equity interest.

This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

H. No Admissions Made

Nothing contained herein shall constitute an admission of any fact or liability by any party (including, without limitation, the Debtors) or to be deemed evidence of the tax or other legal effects of the Plan on the Debtors or on Holders of Claims or Equity Interests.

I. No Waiver Of Right To Object Or Right To Recover Transfers And Estate Assets

A creditor's vote for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors (or any party in interest, as the case may be) to object to that creditor's Claim, or recover any preferential, fraudulent or other voidable transfer or estate assets, regardless of whether any Claims of the Debtors or their respective estates are specifically or generally identified herein.

1. Business Factors and Competitive Conditions

a. *General Economic Conditions*

In their financial projections, the Debtors have assumed that the general economic conditions of the United States economy will improve over the next several years. An improvement of economic conditions is subject to many factors outside the Debtors' control, including interest rates, inflation, unemployment rates, consumer spending, war, terrorism and other such factors. Any one of these or other economic factors could have a significant impact on the operating performance of Core-Mark Newco. There is no guarantee that economic conditions will improve in the near term.

b. *Business Factors*

The Debtors believe that they will succeed in implementing and executing their operational restructuring for the benefit of all constituencies. However, there are risks that the goals of the Debtors' going-forward business plan and operational restructuring strategy will not be achieved. In such event, the Debtors may be forced to sell all or parts of their business, develop and implement further restructuring plans not contemplated herein or become subject to further insolvency proceedings. Because the Claims of substantially all creditors will be converted into equity in Core-Mark Newco under the Plan, in the event of further restructurings or

insolvency proceedings of Core-Mark Newco, the equity interests of such persons could be substantially diluted or even cancelled.

c. *Competitive Conditions*

In addition to uncertain economic and business conditions, Core-Mark Newco will likely face competitive pressures and other third party actions, including pressures from pricing and other promotional activities of competitors as well as new competition. Core-Mark Newco's anticipated operating performance will be impacted by these and other unpredictable activities by competitors.

d. *Other Factors*

Other factors that Holders of Claims should consider are potential regulatory and legal developments that may impact Core-Mark Newco's business. Although these and other such factors are beyond the Debtors' control and cannot be determined in advance, they could have a significant impact on Core-Mark Newco's operating performance.

2. Access to Financing and Trade Terms

The Debtors' operations are dependent on the availability and cost of working capital financing and trade terms provided by vendors and may be adversely affected by any shortage or increased cost of such financing and trade vendor support. The Debtors' postpetition operations have been financed from operating cash flow and borrowings pursuant to the DIP Credit Facility. The Debtors believe that substantially all of their needs for funds necessary to consummate the Plan and for post-Effective Date working capital financing will be met by projected operating cash flow, the Exit Financing Facility ~~and~~ trade terms supplied by vendors, collection of Causes of Action and the Tranche B Loan ~~or the Rights Offering~~. However, if the Reorganized Debtors or Core-Mark Newco require working capital and trade financing greater than that provided by such sources, they may be required either to (a) obtain other sources of financing or (b) curtail their operations.

No assurance can be given, however, that any additional financing will be available, if at all, on terms that are favorable or acceptable to the Reorganized Debtors or Core-Mark Newco. The Debtors believe that it is important to their going-forward business plan that their performance meet projected results in order to ensure continued support from vendors and factors. There are risks to the Reorganized Debtors in the event such support erodes after emergence from Chapter 11 that could be alleviated by remaining in Chapter 11. Chapter 11 affords a debtor such as Fleming the opportunity to close facilities and liquidate assets relatively expeditiously, tools that will not be available to the Reorganized Debtors upon emergence. However, the Debtors believe that the benefits of emergence from Chapter 11 at this time outweigh the potential costs of remaining in Chapter 11, and that emergence at this time is in the long-term operational best interests of the Debtors and their creditors.

3. Market for New Securities

There can be no assurance that an active market for ~~any of~~ the ~~securities~~**New Common Stock** to be distributed pursuant to the Plan~~, including the New Common Stock or Preferred Stock as applicable,~~ will develop, and no assurance can be given as to the prices at which such securities might be traded. Moreover, there can be no assurances that Core-Mark Newco will be ~~successful in its attempt~~**able** to ~~have~~**list** the New Common Stock ~~listed~~**on a national securities exchange, a foreign securities exchange or a national quotation system such as the NASDAQ National Market.**

On the Effective Date, it is highly unlikely that Core-Mark Newco will have the audited financial statements that are necessary in order to register the New Common Stock with the Securities and Exchange Commission and there can be no assurance as to when such audited financial statements for the requisite periods will be completed. Until such financial statements have been prepared and audited, Core-Mark Newco will not be filing annual or other periodic reports with the SEC and Core-Mark Newco will not be able to list its stock on a national securities exchange, a foreign securities exchange or a national quotation system such as the ~~Nasdaq~~**NASDAQ** National Market **nor will Core-Mark Newco be able to offer any new debt**

or equity securities for sale to the public. There will therefore be a limited trading market for the New Common Stock until such audit financial statements are available and Core-Mark Newco is able to register the New Common Stock.

The ultimate value of Reorganized Debtors will not be determined until such time as an active market for the New Common Stock develops and the securities begin to trade. The valuation of Core-Mark Newco could be substantially lower than that estimated by the Debtors in the Disclosure Statement and could be adversely impacted over time if Core-Mark Newco's business plan does not meet expectations or if factors beyond Core-Mark Newco's control materialize, including war, terrorist attacks, recession or further weakening of the economy.

4. Impact of Interest Rates

Changes in interest rates and foreign exchange rates may affect the fair market value of the Debtors' assets. Specifically, decreases in interest rates will positively impact the value of the Debtors' assets and the strengthening of the dollar will negatively impact the value of their net foreign assets, although the value of such foreign assets is very small in relation to the value of the Debtors' operations as a whole.

J. Bankruptcy Law Risks and Considerations

1. Confirmation of the Plan is Not Assured

Although the Debtors believe that the Plan will satisfy all requirements necessary for Confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. There can also be no assurance that modifications to the Plan will not be required for Confirmation or that such modifications would not necessitate resolicitation of votes.

2. The Plan May Be Confirmed Without the Approval of All Creditors Through So-Called "Cramdown"

If one or more Impaired Classes of Claims does not accept the Plan, the Bankruptcy Court may nonetheless confirm the Plan at the Debtors' request, if all other conditions for Confirmation have been met and at least one Impaired Class of Claims has accepted the Plan (without including the vote of any insider in that Class) and, as to each Impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan does not discriminate unfairly and is fair and equitable.

The votes of holders of Claims and Equity Interests under Classes 8, 9 and 10 are not being solicited because such holders are not entitled to receive or retain under the Plan any interest in property on account of their Claims and Equity Interests. Such Classes therefore are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, the Debtors are seeking confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to such Classes and may seek confirmation pursuant to the Plan as to other Classes if such Classes vote to reject the Plan. Notwithstanding the deemed rejection by such Classes, the Debtors believe that Classes 8, 9 and 10 are being treated fairly and equitably under the Bankruptcy Code. The Debtors therefore believe the Plan may be confirmed despite its deemed rejection by these Classes.

3. The Effective Date Might Be Delayed or Never Occur

There can be no assurance as to the timing of the Effective Date or that it will occur. If the conditions precedent to the Effective Date set forth in the Plan have not occurred or been waived, the Confirmation Order shall be vacated in accordance with the Plan and such Confirmation Order. In that event, no Distributions would be made, and the Holders of Claims and Equity Interests would be restored to their previous position as of the moment before Confirmation, and the Debtors' obligations for Claims and the Equity Interests would remain unchanged.

4. The Projected Value of Estate Assets Might Not Be Realized

In the Best Interests Analysis, the Debtors project the value of the Estates' Assets which would be available for payment of expenses and distributions to Holders of Allowed Claims, as set forth in the Plan. The Debtors have made certain assumptions, as described in the notes to the Best Interests Analysis contained in Exhibit 4 to the Disclosure Statement, and which should be read carefully.

5. Allowed Claims in the Various Classes May Exceed Projections

The Debtors have also projected the allowed amount of Claims in each Class in the Best Interests Analysis. Certain Classes, and the Classes below them in priority, could be significantly affected by the allowance of Claims in an amount that is greater than projected.

K. Tax Considerations

There are significant tax consequences to Holders of Claims and Equity Interests. These are discussed below in the Sections entitled "Certain U.S. Federal Income Tax Consequences of the Plan" and "Certain Canadian Federal Income Tax Consequences of the Plan." You should consult your own tax advisor about your particular circumstances.

X. EFFECT OF CONFIRMATION

A. Binding Effect of Confirmation

Confirmation will legally bind the Debtors, all creditors, Equity Interest Holders and other parties in interest to the provisions of the Plan, whether or not the Claim or Equity Interest Holder is impaired under the Plan, and whether or not such creditor or Equity Interest Holder has accepted the Plan.

B. Vesting Of Assets Free And Clear Of Liens, Claims And Interests

Except as otherwise provided in the Plan or in the Confirmation Order, upon the Effective Date, title to all assets and property of the Debtors, and all property of the Estates, including, pursuant to section 1123(b)(3)(b) of the Bankruptcy Code, each and every Claim, demand or Cause of Action which the Debtors have or have power to assert immediately prior to Confirmation, will vest in Core-Mark Newco or the Post Confirmation Trust as provided in the Plan, free and clear of all Liens, Claims and Interests. Thereafter, Core-Mark Newco or the Post Confirmation Trust will hold these assets without further jurisdiction, restriction or supervision of the Bankruptcy Court, except as may be provided in this Disclosure Statement.

C. Good Faith

Confirmation of the Plan shall constitute a finding that the Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code.

D. Discharge of Claims

The rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan, shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against any Debtor or any of its respective assets or properties. On the Effective Date, all such Claims against, and Equity Interests in, any Debtor shall be satisfied, discharged and released in full and all Persons and Entities shall be precluded from asserting against any Reorganized Debtor, its successors or its assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation **Date.**

The PBGC asserts that, as a matter of law, nothing in the Plan or in the Confirmation Order may discharge, release or relieve any of the Debtors or any of their respective assets and properties, any of the Reorganized Debtors or any of their respective assets or properties, any of the member of the Debtors' or Reorganized Debtors' controlled group (as defined under 29 U.S.C. § 1301(a)(14)) or any of their respective assets or properties, or any other party, in any capacity, from any current or future liability with respect to any of the Existing Pension Plans that are not terminated prior to the Effective Date. The Debtors dispute these assertions as the Debtors believe the Existing Pension Plans will either be terminated prior to the Effective Date or rejected as of the Effective Date.

E. Judicial Determination of Discharge

All Holders of Claims and Equity Interests are permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors; (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors; (c) creating, perfecting, or enforcing any encumbrance of any kind against the property or interests in property of the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors; and (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property of the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors with respect to any ~~such~~ Claim or Equity Interest. The Confirmation Order shall be a judicial determination of discharge of all Claims against the Debtors pursuant to sections 524 and 1141 of the

Bankruptcy Code, and shall void any judgment obtained or entered against Debtors at any time, to the extent the judgment relates to a discharged Claim.

With respect to the matters within the scope of Article XIII of the Plan, all Persons and Entities shall be and are permanently enjoined from commencing or continuing any action with respect thereto except in the Bankruptcy Court and the Bankruptcy Court shall retain exclusive jurisdiction over such matters.

The PBGC asserts that, as a matter of law, nothing in the Plan or in the Confirmation Order may (i) enjoin any Claims against any of the Debtors or their estates, the Reorganized Debtors, or any of the members of the Debtors' or the Reorganized Debtors' controlled groups (as defined under 29 U.S.C. § 1301(A)(14)), or any other party, in any capacity, with respect to the Existing Pension Plans that are not terminated prior to the Effective Date, or (ii) alter the appropriate jurisdiction as specified under ERISA for bringing any such Claims. The Debtors dispute these assertions as the Debtors believe the Existing Pension Plans will either be terminated prior to the Effective Date or rejected as of the Effective Date.

XI. CERTAIN SECURITIES LAW CONSIDERATIONS

A. Exemptions from Registration under Securities Act

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act and state laws if three principal requirements are satisfied: (i) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (ii) the recipients of the securities must hold Claims against or interests in the debtor; and (iii) the securities must be issued in exchange (or principally in exchange) for the recipient's Claims against or interests in the debtor. The Debtors believe that~~, other than with respect to the purchase of Preferred Stock by the Equity Investor in the event of a Rights Offering,~~ the offer and sale of the New Common Stock~~, and the Equity Subscription Rights and the Preferred Stock issuable upon exercise of the Equity Subscription Rights, if applicable, (collectively, the "Core Mark Newco Securities")~~ under the Plan satisfy**ies** the requirements of section 1145(a)(1) of the Bankruptcy Code and ~~are~~**the New Common Stock is**, therefore, exempt from registration under the Securities Act and state securities laws. ~~In the case of the Preferred Stock to be issued upon the exercise of the Equity Subscription Rights in exchange for payment of the Subscription Purchase Price, if applicable, the Debtors believe that such issuance is exempt under section 1145(a)(1) from registration under Section 5 of the Securities Act because (1) such Preferred Stock is being offered and sold under the Plan, and such Stock constitutes securities of Core Mark Newco, a successor to the Debtors under the Plan, (2) only Claim Holders (except for the Equity Investor, the exemption from registration for which is separately discussed below) will receive the Equity Subscription Rights and will have the right to exercise such Rights to purchase the underlying Preferred Stock, and (3) the Core Mark Newco Securities (other than any Preferred Stock to be purchased by the Equity Investor) are being issued principally in exchange for the Claims of recipients against the Debtors. With respect to the principally in exchange requirement, the Debtors believe that the aggregate fair market value of the Core Mark Newco Securities distributable to any recipient in exchange for the Claims of such recipient exceeds the total Purchase Price which would be payable by such recipient upon exercise of all Equity Subscription Rights received by such recipient.~~

To the extent that the ~~Core Mark Newco Securities are~~**New Common Stock is** issued under the Plan and ~~are~~**is** covered by section 1145(a)(1) of the Bankruptcy Code, ~~they~~**it** may be resold by the holders thereof without registration unless, as more fully described below, the holder is an "underwriter" with respect to such securities. Generally, section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who: (i) purchases a ~~c~~**C**laim against, an interest in, or a Claim for an administrative expense against the debtor, if such purchase is with a view to distributing any security received in exchange for such a Claim or interest; (ii) offers to sell securities offered under a plan for the holders of such securities; (iii) offers to buy such securities from the holders of such securities, if the offer to buy is: (A) with a view to distributing such securities; and (B) under an agreement made in connection with the plan, the consummation of the plan, or with the offer or sale of securities under the plan; or (iv) is an "issuer" with respect to the securities, as the term "issuer" is defined in section 2(a)(11) of the Securities Act.

Under section 2(a)(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer. To the extent that Persons who receive ~~Core Mark Newco Securities~~**New Common Stock** pursuant to the Plan are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code, resales by such Persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such Persons would, however, be permitted to sell such ~~Core Mark Newco Securities~~**New Common Stock** or other securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act. These rules permit the public sale of securities received by such person if current information regarding the issuer is publicly available and if volume limitations and certain other conditions are met. Any person who is an "underwriter" but not an "issuer" with respect to an issue of securities is, however, entitled to engage in exempt "ordinary trading transactions" within the meaning of section 1145(b) of the Bankruptcy Code.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the ~~Core Mark Newco Securities~~**New Common Stock** to be issued pursuant to the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular

person receiving ~~Core-Mark Newco Securities~~New Common Stock under the Plan would be an "underwriter" with respect to such ~~Core-Mark Newco Securities~~New Common Stock.

Given the complex and subjective nature of the question of whether a particular holder may be an underwriter, the Debtors make no representation concerning the right of any Person to trade in the ~~Core-Mark Newco Securities~~New Common Stock. The Debtors recommend that potential recipients of the ~~Core-Mark Newco Securities~~New Common Stock consult their own counsel concerning whether they may freely trade ~~Core Mark Newco Securities~~the New Common Stock without compliance with the Securities Act, the Exchange Act or similar state and federal laws.

~~Under the terms of the Equity Commitment Letter, if applicable, all unexercised Equity Subscription Rights will be deemed to be transferred to the Equity Investor, which will commit, subject to the satisfaction or waiver of certain conditions, to purchase all Preferred Stock underlying such unexercised Equity Subscription Rights. The Equity Investor has the right, at its option, to purchase a minimum of $25 million of Preferred Stock at the Subscription Purchase Price. (See Section VI F.1.f. for a description of this arrangement.) The offer and sale of the Preferred Stock to the Equity Investor, if applicable, will be qualified under the Section 4(2) private placement exemption from registration under the Securities Act, and, under the terms of the Equity Commitment Letter, the Equity Investor will be subject to restrictions on the transfer of such Stock. If a Rights Offering is pursued, Core-Mark Newco will enter into a Registration Rights Agreement containing the terms set forth in the Plan Supplement, pursuant to which it will undertake to use reasonable best efforts to register Preferred Stock issued to the Equity Investor.~~

B. Applicability Of Certain Canadian Securities Laws

The following trades of securities contemplated under the Plan will be subject to the securities laws of the provinces and territories of Canada in which Persons entitled to receive such securities reside:

- the issuance of New Common Stock by Core-Mark Newco;
- the distribution of New Common Stock by the Reorganized Debtors;
- ~~the issuance of Equity Subscription Rights by Core-Mark Newco and the issuance of Preferred Stock by Core-Mark Newco upon the exercise of such rights, if applicable;~~ and
- subsequent transfers made by the recipients of such securities.

Such trades will be made pursuant to exemptions from the applicable dealer registration and prospectus requirements of Canadian securities laws or pursuant to discretionary orders from applicable Canadian provincial securities regulatory authorities. Although there can be no assurance that any required discretionary orders will be obtained, based on relief granted in similar circumstances to other public companies, the Reorganized Debtors believe that such discretionary relief or rulings are obtainable. Obtaining such discretionary orders (to the extent required) is a condition to the occurrence of the Effective Date of the Plan.

Persons resident in Canada who are entitled to receive such securities pursuant to such exemptions or orders are advised that they will not be entitled to the statutory rights that would have been available to them had such securities been distributed pursuant to a prospectus, including rights of rescission and damages.

If at the time of any subsequent transfer in Canada of the ~~Core-Mark Newco Securities~~New Common Stock, the seller holds a sufficient number of any ~~Core-Mark Newco Securities~~New Common Stock to materially affect control of Core-Mark Newco, a prospectus will be required to be delivered to the purchaser(s) unless a prospectus exemption is then available for such transfer. For these purposes, and in the absence of evidence to the contrary, any Person or combination of Persons who hold more than 20% of the voting securities of Core-Mark Newco shall be deemed to materially affect its control.

XII. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following is a summary of certain U.S. federal income tax consequences of the Plan to Debtors and Holders of Claims and Equity Interests. Unless otherwise indicated, this discussion addresses the treatment of Claims and Equity Interests against both the Company and the Filing Subsidiaries. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations thereunder, and administrative and judicial interpretations and practice, all as in effect on the date hereof and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained, and Debtors do not intend to seek a ruling from the Internal Revenue Service (the "IRS") as to any of such tax consequences, and there can be no assurance that the IRS will not challenge one or more of the tax consequences of the Plan described below.

Unless otherwise indicated, this summary does not apply to Holders of Claims and Equity Interests that are non-U.S. Holders (as defined below) or that are otherwise subject to special treatment under U.S. federal income tax law (including, for example, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, regulated investment companies, investors that hold the instruments as part of a straddle or hedging, constructive sale, integrated or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). The following discussion assumes that Holders of Claims and Equity Interests hold their instruments as "capital assets" within the meaning of Code Section 1221. Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to Debtors and Holders of Claims and Equity Interests based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under state, local, or foreign tax law.

For purposes of this discussion, a "U.S. Holder" means a Holder of Claims and Equity Interests that is either: (i) an individual citizen or resident of the United States; (ii) a corporation, partnership, or other entity created or organized in the United States or under the laws of the United States or of any political subdivision of the United States; (iii) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust, the administration of which is subject to the primary supervision of the U.S. courts and that has one or more U.S. Persons who have the authority to control all substantial decisions of the trust. A "Non-U.S. Holder" is a holder of Claims and Equity Interests other than a "U.S. Holder."

If a partnership holds Claims or Equity Interests, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners in partnerships that hold Claims or Equity Interests should consult their tax advisors.

The following summary is not a substitute for careful tax planning and advice based on the particular circumstances of each Holder of Claims and Equity Interests. All Holders are urged to consult their own tax advisors as to the U.S. federal income tax consequences, as well as any applicable state, local, and foreign tax consequences of the Plan.

A. Certain U.S. Federal Income Tax Consequences To U.S. Holders Of Claims And Equity Interests

Debtors intend to take the position that the reorganization undertaken pursuant to the Plan constitutes a taxable sale of Fleming's assets to Core-Mark Holdings III. As a consequence, Holders of Claims will be treated as exchanging such Claims for ~~Core-Mark Newco's common stock, a promissory note issued~~**New Common Stock, a preferred interest in the Post-Confirmation Trust** in favor of certain Holders of Claims and cash, if any, in a taxable exchange.

~~However, there is no assurance that the exchange pursuant to the plan will be treated as a taxable sale by the IRS. Instead, the~~**The** IRS may take the position that the exchange constitutes a tax-free reorganization. If the IRS were to succeed in asserting that the exchange qualifies as a tax-free reorganization, the tax consequences to Holders of Claims **that receive New Common Stock** may differ from the consequences described below.

1. Consequences to Holders of Prepetition Lenders' Secured Claims

Holders of Allowed Prepetition Lenders' Secured Claims will receive, in exchange for and in full and final satisfaction of their Prepetition Lenders' Secured Claims, payment in full in cash on account of the Allowed Pre-Petition Lenders' Secured Claims.

Holders of Allowed Prepetition Lenders' Secured Claims ~~will~~should be treated as exchanging their Prepetition Lenders' Secured Claims for Cash in a taxable exchange under Section 1001 of the Code. In such case, a Holder of Prepetition Lenders' Secured Claims should recognize gain (or loss) equal to the amount by which (i) the amount of Cash received (to the extent such Cash is not allocable to accrued but untaxed interest) exceeds (or, in the case of loss, is less than) (ii) such Holder's tax basis in the existing Prepetition Lenders' Secured Claims. Any gain or loss recognized in a taxable exchange by a Holder of Prepetition Lenders' Secured Claims that constitute capital assets in the hands of the Holder should be capital in nature (subject to the market discount rules discussed below), and should be long term capital gain or loss if the Prepetition Lenders' Secured Claims were held for more than one year. To the extent that Cash received in exchange for Prepetition Lenders' Secured Claims is treated as received in satisfaction of accrued but untaxed interest on such Claims, a Holder should recognize ordinary income. *See "Accrued But Untaxed Interest" below.*

2. Consequences to Holders of Other Secured Claims~~, Approved Trade Creditor Lien~~ **that are not Class 1(B)** Claims, DSD Trust Claims, PACA/PASA Claims and Convenience Claims

Holders of Allowed Other Secured Claims~~, Approved Trade Creditor Reclamation Lien~~ **that are not Class 1(B) Claims, DSD Trust** Claims~~, DSD Trust Claims (provided Holders of DSD Trust Claims prevail in their litigation)~~, PACA/PASA Claims and Convenience Claims will receive a distribution of Cash and/or property, ~~including a promissory note from Core Mark Newco or the Post Confirmation Trust,~~ and a lien on account of such Claims, as specified in the Plan. Accordingly, a Holder of Other Secured Claims~~, Approved Trade Creditor Reclamation Lien~~ **that are not Class 1(B)** Claims, DSD Trust Claims, PACA/PASA Claims, and Convenience Claims should recognize gain or loss equal to the difference between (a) the sum of (i) the amount of Cash, **and** (ii) the fair market value of other property received in exchange for such claims; and ~~(iii) the "issue price" of the promissory note; and~~ (b) the Holder's adjusted basis in such claims. Such gain or loss should be capital in nature if such Other Secured ~~Claims, Approved Trade Creditor Reclamation Lien~~ Claims, DSD Trust Claims, PACA/PASA Claims and Convenience Claims are held as capital assets (subject to the "market discount" rules described below) and should be long-term capital gain or loss if such Claims were held for more than one year. To the extent that a portion of cash received in exchange for such Claims is allocable to accrued but untaxed interest, the Holder should recognize ordinary income. *See "Accrued But Untaxed Interest" below.*

3. Consequences to Holders of Approved Trade Creditor Reclamation Lien Claims

Holders of Allowed Approved Trade Creditor Reclamation Lien Claims will receive a preferred interest in the Post Confirmation Trust, a Lien on account of such Claims and a secured guarantee from Core-Mark Newco, as specified in the Plan, entitling such Holders to their Ratable Proportion of the Post Confirmation Trust Distributable Assets. Accordingly, Holders of Allowed Approved Trade Creditor Reclamation Lien Claims will be treated as exchanging such Claims for promissory notes in a taxable exchange under section 1001 of the Code. Accordingly, a Holder of an Approved Trade Creditor Reclamation Lien Claim should recognize gain or loss equal to the difference between (i) the fair market value of a preferred interest in the Post Confirmation Trust and (ii) the Holder's adjusted basis in the Approved Trade Creditor Reclamation Lien Claims. Such gain or loss should be capital in nature so long as Approved Trade Creditor Reclamation Lien Claims were held as capital assets (subject to the "market discount rates" described below) and should be long-term capital gain or loss if Approved Trade Creditor Reclamation Lien Claims were held for more than one year. To the extent that a portion of the preferred interest in the Post Confirmation Trust received in exchange for the Claim is allocable to accrued but untaxed interest, the Holder should recognize ordinary income. See *Accrued But Untaxed Interest* below. Holders should consult their tax advisors about the possibility of reporting gain on the installment method.

4. ~~3.~~ Consequences to Holders of Allowed Valid Reclamation Claims Other Than Class 3(B) Claims

To the extent the Court determines that the Holders of Reclamation Claims that are not Class 3(B) Claims are entitled to priority treatment, such Holders will receive a ~~promissory note from Core-Mark Newco or~~**preferred interest in** the Post Confirmation Trust, **a lien on account of such Claims and a guarantee from Core-Mark Newco** as ~~applicable~~**outlined in the Plan**, entitling such Holders to their Ratable Proportion of the Post Confirmation Trust Distributable Assets, after payment in full of all Allowed Class 3(B) Claims. If the Court denies the Holders of Reclamation Claims that are not Class 3(B) Claims priority treatment, such Reclamation Claims will be treated as Class 6 Claims with the tax consequences to the Holders as described below.

Holders of Allowed Valid Reclamation Claims that are not Class 3(B) Claims will be treated as exchanging such Claims for ~~promissory notes~~**a preferred interest in the Post Confirmation Trust** in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of Allowed Valid Reclamation Claims that are not Class 3(B) Claims should recognize gain or loss equal to the difference between (i) the ~~"issue price"~~**fair market value** of **a preferred interest in** the ~~promissory note~~**Post Confirmation Trust** and (ii) the Holder's adjusted basis in Allowed Valid Reclamation Claims that are not Class 3(B) Claims. Such gain or loss should be capital in nature so long as Allowed Valid Reclamation Claims that are not Class 3(B) Claims were held as capital assets (subject to the "market discount" rules described below) and should be long-term capital gain or loss if Allowed Valid Reclamation Claims that are not Class 3(B) Claims were held for more than one year. To the extent that a portion of **a preferred interest in** the ~~promissory note~~**Post Confirmation Trust** received in exchange for Allowed Valid Reclamation Claims that are not Class 3(B) Claims is allocable to accrued but untaxed interest, the Holder should recognize ordinary income. *See "Accrued But Untaxed Interest" below.* Holders should consult their tax advisers about the possibility of reporting gain on the installment method.

5. ~~4.~~ Consequences to Holders of General Unsecured Claims (Other Than Convenience Claims)

Holders of Allowed General Unsecured Claims, other than Convenience Claims, will receive, in full and final satisfaction of their Claims, at the Debtors' option, one or a combination of the following: (i) a Ratable Proportion of the ~~common stock of Core-Mark Newco ("~~New Common Stock~~")~~, subject to dilution from the issuance of warrants to the Tranche B Lenders or the shares issued pursuant to the ~~Rights Offering, if applicable, and the~~ Management Incentive Plan; and/or (ii) in the event the Debtors, with the consent of the Creditors Committee, elect to sell some or all of their assets as outlined herein, a Ratable Proportion of Cash remaining from the sale of such assets after all of the Allowed Unclassified Claims and Claims of Holders in Classes 1 through 5 have been satisfied in full. **As described in more detail below, New Common Stock will be held by Core-Mark Holding III in a reserve for the benefit of such Holders.**

As additional consideration, each Holder of an Allowed General Unsecured Claim other than a Convenience Claim shall be entitled to a Ratable Proportion of Excess Proceeds (as defined in the Post Confirmation Trust Agreement), if any, available from the Post Confirmation Trust after payment by the Post Confirmation Trust of all claims and obligations required to be made by the Post Confirmation Trust under the Plan, the Post Confirmation Trust Agreement, or otherwise, as set forth in the Post Confirmation Trust Agreement. ~~Further, in the event the Debtors commence a Rights Offering, each Holder of a General Unsecured Claim other than a Convenience Claim that is listed on the Rights Participation Schedule shall be entitled to receive, in exchange for such Holder's Claim, its Equity Subscription Rights for shares of Preferred Stock as outlined in section VII.B herein and Exhibit 6 to the Disclosure Statement.~~

Holders of Allowed General Unsecured Claims other than Convenience Claims will be treated as exchanging their General Unsecured Claims for New Common Stock, ~~Equity Subscription Rights, if any,~~**Post Confirmation Trust interests** and/or Cash in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of an Allowed General Unsecured Claim other than a Convenience Claim should recognize gain or loss **(at the time such Holder receives New Common Stock)** equal to the difference between (i) the sum of (a) the fair market value of ~~Equity Subscription Rights (if any) and of~~ the New Common Stock (as of the Effective Date) received in exchange for the General Unsecured Claims ~~and~~; (b) an amount of Cash received **and (c) the fair**

market value of any interest in the Post Confirmation Trust (to the extent such New Common Stock, ~~Equity Subscription Rights (if any) and~~ Cash and interests in the Post Confirmation Trust are not allocable to accrued but unpaid interest) and (ii) the Holder's adjusted basis in the General Unsecured Claims. Such gain or loss should be capital in nature so long as the General Unsecured Claims other than Convenience Claims are held as capital assets (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the General Unsecured Claims other than Convenience Claims were held for more than one year. To the extent that a portion of the New Common Stock, ~~Equity Subscription Rights, (if any)~~Post-Confirmation Trust Interests and Cash received in exchange for General Unsecured Claims other than Convenience Claims is allocable to accrued but untaxed interest, the Holder should recognize ordinary income. *See "Accrued But Untaxed Interest" below.* A Holder's tax basis in the New Common Stock and the ~~Equity Subscription Rights~~Post Confirmation Trust interests received in exchange for the General Unsecured Claims should equal the fair market value of the New Common Stock and the ~~Equity Subscription Rights (if any)~~Post Confirmation Trust interests, respectively, as of the Effective Date. A Holder's holding period for the New Common Stock and the ~~Equity Subscription Rights~~Post Confirmation Trust interests should begin on the day following the Effective Date.

Pursuant to the Plan, any New Common Stock retained by Core-Mark Holdings III on account of disputed claims shall be held for the benefit of holders of such disputed claims (each a "Disputed Claims Reserve") pending the claim's resolution.

Under section 468B(g) of the Tax Code, amounts earned by an escrow account, settlement fund or similar fund must be subject to current tax. Although certain Treasury Regulations have been issued under this section, no Treasury Regulations have as yet been promulgated to address the tax treatment of such accounts in a bankruptcy setting. Thus, depending on the facts of a particular situation, such an account could be treated as a separately taxable trust, as a grantor trust treated as owned by the holders of disputed claims or by the Debtor (or, if applicable, any of its successors), or otherwise. On February 1, 1999, the IRS issued proposed Treasury Regulations that, if finalized in their current form, would specify the tax treatment of reserves of the type here involved that are established after the date such Treasury Regulations become final. In general, such Treasury Regulations would tax such a reserve as a "qualified settlement fund" under Treasury Regulation sections 1.468B-1 *et seq.* and thus subject to a separate entity level tax. As to previously established escrows and the like, such Treasury Regulations would provide that the IRS would not challenge any reasonably, consistently applied method of taxation for income earned by the escrow or account, and any reasonably, consistently applied method for reporting such income.

Absent definitive guidance from the IRS or a court of competent jurisdiction to the contrary, Core-Mark Holdings III shall (i) treat each Disputed Claims Reserve as a discrete trust for federal income tax purposes, consisting of separate and independent shares to be established in respect of each disputed claim in the class of claims to which such reserve relates, in accordance with the trust provisions of Code, and (ii) to the extent permitted by applicable law, report consistently for state and local income tax purposes. In addition, pursuant to the Plan, all parties shall report consistently with such treatment.

Accordingly, subject to issuance of definitive guidance, Core-Mark Holdings III will report as subject to a separate entity level tax any amounts earned by the Disputed Claims Reserve, except to the extent such earnings are distributed by Core-Mark Holdings III during the same taxable year. In such event, any amount earned by the Disputed Claims Reserve that is distributed to a holder during the same taxable year will be includible in such holder's gross income.

Distributions from the Disputed Claims Reserve will be made to holders of disputed claims when such claims are subsequently allowed and to holders of previously allowed claims when any disputed claims are subsequently disallowed. Such distributions (other than amounts attributable to earnings) should be taxable to the recipient in accordance with the principles discussed above.

Accordingly, each holder of General Unsecured Claims (other than Convenience Claims) is urged to consult its tax advisor regarding the potential tax treatment of the Disputed Claim Reserve, distributions therefrom, and any tax consequences to such holder relating thereto.

6. ~~5.~~ Consequences to Holders of Equity Interests

Holders of Equity Interests that are cancelled under the Plan will be allowed a "worthless stock deduction" (unless such Holder had previously claimed a worthless stock deduction with respect to the Equity Interest) in the tax year in which such Equity Interest becomes worthless (which could be a tax year prior to the year the Plan becomes effective) in an amount equal to the Holder's adjusted basis in its Equity Interest. If the Holder held an Equity Interest as a capital asset, the loss will be treated as a loss from the sale or exchange of such capital asset.

7. ~~6.~~ Receipt of Interests in Post Confirmation Trust

On the Effective Date, the Post Confirmation Trust shall be settled and is currently anticipated to exist as **either** a grantor trust **or partnership, in each case,** for the benefit of certain creditors. Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt of an adverse determination by the IRS upon audit if not contested by the Post Confirmation Trustee), pursuant to Treasury Regulation Section 1.671-1(a) and/or Treasury Regulation Section 301.7701-4(d) and related regulations, the Post Confirmation Trustee may designate and file returns for the Post Confirmation Trust as a "grantor trust" and/or "liquidating trust" and therefore, for federal income tax purposes, the Post Confirmation Trust's taxable income (or loss) should be allocated pro rata to its beneficiaries.

Subject to the discussion below, holders of claims that receive a beneficial interest (including a preferred interest) in the Post Confirmation Trust will be required to report on their U.S. federal income tax returns their share of the Post Confirmation Trust's items of income, gain, loss, deduction and credit in the year recognized by the Post Confirmation Trust, whether or not the Post Confirmation Trust is taxed as a partnership or a grantor trust. This requirement may result in Holders being subject to tax on their allocable share of the Post Confirmation Trust's taxable income prior to receiving any cash distributions from the Post Confirmation Trust. In general, holders of interest in the Post Confirmation Trust will not be subject to tax on their receipt of distributions from the trust.

~~The tax consequences of~~**It is conceivable that** the ~~right~~**IRS would attempt** to ~~receive and of~~**treat** the ~~receipt (if any) of property from the Post Confirmation Trust are uncertain, and may depend, among other things, on the timing of the distribution and the nature of the property received. It is possible that the receipt of property from the Post Confirmation Trust would be a taxable event to the Holders of Claims at the time the property is received; however, it is also possible that the IRS could seek to treat the right to receive property from~~**preferred interests in** the Post Confirmation Trust as ~~property received on the Effective Date,~~ **debt** (and ~~tax it in~~**not equity) and recharacterize** the ~~same manner~~**Post Confirmation Trust** as ~~cash or other property received~~**a grantor trust with respect to Core-Mark Newco because of the guarantee by Core-Mark Newco of the preferred interests issued by the Post Confirmation Trust. If the IRS asserts and ultimately prevails in its position, the preferred interests issued by the Post Confirmation Trust would be viewed as debt issued directly by Core-Mark Newco to such Holders. In that case, Core-Mark Newco will be required to report** on ~~*the Effective Date. Alternatively, the*~~ Holders **its U.S. federal income tax return its share** of ~~Claims could~~**the Post Confirmation Trust's items of income, gain, loss, deduction and credit in the year recognized by the trust. The Post Confirmation Representative intends to take a position on Post Confirmation Trust's tax return that the Post Confirmation Trust should** be treated as ~~exchanging~~**a grantor trust set up for** the ~~right to receive property from the Post Confirmation Trust for a portion~~**benefit** of ~~their Claims~~**creditors.** ~~Finally, a portion of any amount of property received from the Post Confirmation Trust may be treated in respect of accrued but unpaid interest to the Holders of Claims. In light of these substantial uncertainties,~~

Holders of Claims are urged to consult their tax advisors regarding the tax consequences of the right to receive and of the receipt (if any) of property from the Post Confirmation Trust.

8. ~~7.~~ Treatment of Subsequent Distributions on ~~Preferred Stock and~~ New Common Stock

~~The discussions below assume that the Rights Offering alternative is utilized and that Holders of Class 6 Claims listed on the Rights Participation Schedule will be entitled to exercise their Equity Subscription Rights for shares of Preferred Stock as outlined in the Plan.~~

a. *Distributions—In General*

The amount of distributions ~~(other than any constructive distributions on the Preferred Stock (see discussion below))~~, if any, by Core-Mark Newco in respect of New Common Stock ~~and Preferred Stock, if applicable,~~ will be equal to the amount of cash and the fair market value as of the date of distribution of any property distributed. ~~Subject to the discussion~~**Distributions generally will be treated for federal income tax purposes first as a taxable dividend to the extent of Core-Mark Newco's current and accumulated earnings and profits (as determined for federal income tax purposes) and then as a tax-free return of capital to the extent of the Holder's tax basis** in ~~paragraph (d) immediately below~~**its stock**, ~~regarding redemption~~**with any excess treated as capital gain from the sale or exchange** of ~~Preferred Stock, distributions generally will be treated for federal income tax purposes first as a taxable dividend to the extent of Core Mark Newco's current and accumulated earnings and profits (as determined for federal income tax purposes) and then as a tax free return of capital to the extent of the Holder's tax basis in its stock, with any excess treated as capital gain from the sale or exchange of the stock.~~

~~b. *PIK Distributions*~~

~~Distributions on Preferred Stock, if applicable, are anticipated to be paid in kind with additional shares of Preferred Stock. Any such distribution of additional shares of Preferred Stock generally will be taxed under the general distribution rules described above. Under these rules, the amount of any such distribution generally will equal the fair market value of Preferred Stock so received on the distribution date and be treated for federal income tax purposes first as a taxable dividend to the extent of Core Mark Newco's current and accumulated earnings and profits (as determined for federal income tax purposes) and then as a tax free return of capital to the extent of the Holder's tax basis in its stock, with any excess treated as capital gain from the sale or exchange of the stock. In addition, a Holder's tax basis in Preferred Stock so received will equal the fair market value of such stock on the distribution date, and such Holder's holding period for such stock will commence on the date following the distribution date.~~

~~c. *Constructive Distributions on Preferred Stock*~~

~~If Preferred Stock (including any Preferred Stock paid in kind as described in paragraph (b) above) is treated as having more than a de minimis "redemption premium" (i.e., an excess of the redemption price of Preferred Stock over its "issue price"), Holders may be treated as receiving constructive distributions of additional shares of Preferred Stock totaling the amount of such "redemption premium" over the period of time during which Preferred Stock is outstanding, based on a constant yield to maturity method that reflects compounding. These constructive distributions would be in addition to the distributions described in paragraph (B) above and would generally be taxed in the same manner.~~

b. ~~d.~~ *Subsequent Sale, Redemption, or other disposition of New Common Stock ~~or Preferred Stock~~*

The federal income tax treatment to a Holder of New Common ~~Stock and/or Preferred~~ Stock upon sale, redemption, or other disposition of such stock will depend on the particular facts relating to such Holder at the time of such sale, redemption, or other disposition. Generally, any gain recognized by a Holder may be treated as ordinary income to the extent of (i) any bad debt deductions (or additions to a bad debt reserve) claimed with respect to such Holder's Claim and any ordinary loss deductions incurred upon satisfaction of its Claim, less any income (other than interest income) recognized by the Holder upon satisfaction of its Claim, and (ii) any amounts received by a cash-basis Holder which would have been included in its gross income if the Holder's Claim had been satisfied in full but which was not included by reason of the cash method of accounting.

The rules applicable to the treatment of the receipt of constructive distributions, and the sale, redemption, or other disposition of New Common Stock ~~and/or Preferred Stock~~ are complex and in some cases uncertain. Thus, Holders of New Common Stock ~~and/or Preferred Stock~~ are urged to consult their own tax advisors regarding the application of the rules to their particular situations.

~~B. *Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders of* Claims~~

~~Except as provided below or in the following paragraph, Non-U.S. Holders of Claims exchanging such Claims for New Common Stock, and Cash (if any) and Equity Subscription Rights (if any) should not be subject to the U.S. federal income or withholding tax on gain realized on the exchange of their Claims for New Common Stock, and Cash (if any), and Equity Subscription Rights (if any) *unless (a) that Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more during the taxable year and certain other requirements are met, (b) the gain is effectively connected with the conduct of a U.S. trade or business of the Non-U.S. Holder, or (c) the Non-U.S. Holder is subject to tax pursuant to the provisions of U.S. federal income tax law applicable to certain U.S. expatriates. Gain that is effectively connected with the conduct of a trade or business in the United States by a Non-U.S. Holder will be subject to the U.S. federal income tax imposed on net income on the same basis that applies to U.S. Persons generally (as described above) and, for corporate holders and under certain circumstances, also the branch profits tax, but will generally not be subject to withholding. Non-U.S. Holders should consult any applicable income tax treaties that may provide for different rules.*~~

~~*In addition, Non-U.S. Holders should not be subject to U.S. federal income or withholding tax on any amounts of New Common Stock, or Cash (if any) or* Equity Subscription Rights (if any) *that are treated as received in satisfaction of accrued but untaxed interest with respect to their Claims, provided that (a) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of the Debtors' stock entitled to vote, (b) the Non-U.S. Holder is not (i) a bank receiving interest pursuant to a loan agreement entered into in the ordinary course of its trade or business or (ii) a controlled foreign corporation that is related to the Debtors through the stock ownership, (c) the interest payments are not effectively connected with the conduct of a U.S. trade or business of the Non-U.S. Holder, and (d) the beneficial owner of the Claim certifies (generally on an IRS Form W-8BEN or a permissible substitute or successor form) to the Person otherwise required to withhold U.S. federal income tax from such interest, under penalties of perjury, that it is not a United States Person and provides its name and address and such other information as the form may require.*~~

9. ~~1.~~ Accrued Interest, Market Discount and Capital Losses

a. *Accrued But Untaxed Interest.*

To the extent that any amount received by a Holder of Claims under the Plan is attributable to accrued but untaxed interest, such amount should be taxable to the Holder as interest income, if such accrued interest has not been previously included in the Holder's gross income for U.S. federal income tax purposes. Conversely, a Holder of Claims may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) for such purposes to the extent that any accrued interest was previously included in the Holder's gross income but was not paid in full by the Debtors.

The extent to which any consideration received by a Holder of Claims under the Plan will be attributable to accrued but untaxed interest is unclear. Under the Plan, the **Debtors will treat the** aggregate consideration to be distributed to Holders of Allowed Claims in each Class ~~will be treated~~ as first satisfying the stated principal amount of the Claims with any excess allocated to accrued, but unpaid, interest, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a bankruptcy plan is binding for federal income tax purposes. However, the IRS could take the position that the consideration received by a Holder should be allocated in some way other than as provided in the Plan. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

b. *Market Discount.*

Holders of Claims who realize gain as a result of receipt of consideration under the Plan may be affected by the "market discount" provisions of Code Sections 1276 through 1278. Under these rules, some or all of the gain realized by Holders of Claims may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on such Claims.

In general, a debt obligation with a fixed maturity of more than one year that is acquired by a holder on the secondary market (or, in certain circumstances, upon original issuance) is considered to be ~~a~~-acquired with "market discount" as to that holder if the debt obligation's stated redemption price at maturity (or revised issue price, in the case of a debt obligation issued with original issue discount) exceeds the tax basis of the debt obligation in the holder's hands immediately after its acquisition. However, a debt obligation will not be a "market discount bond" if such excess is less than a statutory *de minimis* amount (equal to 0.25 percent of the debt obligation's stated redemption price at maturity or revised issue price, in the case of a debt obligation issued with original issue discount, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a Holder on the taxable disposition of Claims (determined as described above) that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Claims were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued). To the extent that any Claims that had been acquired with market discount are exchanged in a tax-free transaction for other property, any market discount that accrued on such Claims but was not recognized by the Holder is carried over to the property received therefore and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property is treated as ordinary income to the extent of such accrued market discount.

c. *Limitation on Use of Capital Losses.*

Holders of Claims and Equity Interests who recognize capital losses as a result of the exchange under the Plan will be subject to limits on their use of such losses. For noncorporate Holders, capital losses may be used to offset any capital gains (without regard to holding periods) plus the lesser of (1) $3,000 ($1,500 for married individuals filing separate returns) or (2) the excess of the capital losses over the capital gains. For corporate Holders, losses from the sale or exchange of capital assets may only be used to offset capital gains. Holders who have more capital losses than can be used in a tax year may be allowed to carry over the excess capital losses for use in succeeding tax years. Noncorporate Holders may carry over unused capital losses and apply them to capital gains and a portion of their ordinary income (see described immediately above) for an unlimited number of years. Corporate Holders may generally only carry over unused capital losses for the five years following the capital loss year, but are allowed to carry back unused capital losses to the three years preceding the capital loss year.

B. *Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders of* **Claims**

Except as provided below or in the following paragraph, Non-U.S. Holders of Claims exchanging such Claims for New Common Stock, Cash (if any), and Post Confirmation Trust interests should not be subject to U.S. federal income or withholding tax on gain realized on the exchange of their Claims for New Common Stock, and Cash (if any), and Post Confirmation Trust interests *unless (a) that Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more during the taxable year and certain other requirements are met, (b) the gain is effectively connected with the conduct of a U.S. trade or business of the Non-U.S. Holder, or (c) the Non-U.S. Holder is subject to tax pursuant to the provisions of U.S. federal income tax law applicable to certain U.S. expatriates. Gain that is effectively connected with the conduct of a trade or business in the United States by a Non-U.S. Holder will be subject to the U.S. federal income tax imposed on net income on the same basis that applies to U.S. Persons generally (as described above) and, for corporate holders and under certain circumstances, also the branch profits tax, but will generally not be subject to withholding. Non-U.S. Holders should consult any applicable income tax treaties that may provide for different rules.*

In addition, Non-U.S. Holders should not be subject to U.S. federal income or withholding tax on any amounts of New Common Stock or Cash (if any) or **Post Confirmation Trust interests** *that are treated as received*

in satisfaction of accrued but untaxed interest with respect to their Claims, provided that (a) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of the Debtors' stock entitled to vote, (b) the Non-U.S. Holder is not (i) a bank receiving interest pursuant to a loan agreement entered into in the ordinary course of its trade or business or (ii) a controlled foreign corporation that is related to the Debtors through the stock ownership, (c) the interest payments are not effectively connected with the conduct of a U.S. trade or business of the Non-U.S. Holder, and (d) the beneficial owner of the Claim certifies (generally on an IRS Form W-8BEN or a permissible substitute or successor form) to the Person otherwise required to withhold U.S. federal income tax from such interest, under penalties of perjury, that it is not a United States Person and provides its name and address and such other information as the form may require.

Non-U.S. Holders of Claims that receive a beneficial interest in the Post Confirmation Trust should not be treated as engaged in a U.S. trade or business as a result of holding interests in the Post Confirmation Trusts. Such Non-U.S. Holders should not be required to file U.S. federal income tax returns with respect to their share of the Post Confirmation Trust's items of income, gain, loss, deduction and credit, but may be subject to withholding with respect to certain items of income allocated to them, whether or not the Post Confirmation Trust is taxed as a partnership or a grantor trust. In general, Non-U.S. Holders of interests in the Post Confirmation Trust will not be subject to tax on their receipt of distributions from the trust.

Non-U.S. Holders of Claims that receive New Common Stock should be subject to withholding with respect to any distributions on the New Common Stock at the 30% rate, unless reduced by an applicable treaty between the United States and the country of residence of a Non-U.S. Holder. Any gain with respect to the disposition of the New Common Stock should not be subject to withholding in the United States.

Non-U.S. Holders of Claims are urged to consult their own tax advisors regarding the application of the rules to their particular situations.

C. Certain U.S. Federal Income Tax Consequences To Reorganized Debtors

1. Transfer of Business Assets

As described above, Debtors intend to take the position that the reorganization undertaken pursuant to the Plan constitutes a taxable sale of **the** Fleming~~'s~~ **Convenience** assets to Core-Mark Holdings III. As a consequence, Core-Mark Holdings III should obtain a tax basis in **the** assets received from Fleming equal to their cost to Core-Mark Holdings III, which generally should equal the fair market value of Core-Mark Newco's stock transferred to Fleming plus the amount of liabilities assumed by Core-Mark Holdings III.

Provided the reorganization undertaken pursuant to the Plan constitutes a taxable transfer, Fleming would recognize gain or loss upon the transfer of assets to Core-Mark Holdings III in an amount equal to the difference between the fair market value of its assets and its tax basis in such assets. Fleming believes that no significant federal, state, or local tax liability, if any, should be incurred upon the transfer.

There is no assurance, however, that the exchange will be treated by the IRS as a taxable sale of assets by Fleming to Core-Mark Holdings III. Instead, the IRS may take the position that the exchange constitutes a tax-free reorganization. If the IRS were to succeed in asserting that the exchange qualifies as a tax-free reorganization, Fleming would not recognize any gain or loss on the exchange. Instead, Core-Mark Holdings III would succeed to certain tax attributes of Fleming, including Fleming's tax basis in the assets transferred to Core-Mark Holdings III, but only after taking into account the reduction in such tax attributes and tax basis on account of the discharge of indebtedness pursuant to the Plan. Thus, Core-Mark Holdings III would generally have no NOL carryforwards (as described below) and would have a significantly diminished tax basis in the assets received from Fleming, with the result that future tax depreciation and amortization with respect to Core-Mark Holdings III's real and personal property would be substantially reduced.

2. Cancellation of Indebtedness and Reduction of Tax Attributes

As a result of the transactions undertaken pursuant to the Plan, the amount of Debtors' aggregate outstanding indebtedness will be substantially reduced **or eliminated**. In general, absent an exception, a debtor will realize and recognize cancellation of indebtedness income ("COD Income") upon satisfaction of its outstanding indebtedness for an amount less than its adjusted issue price. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of the issue price of any new indebtedness of the taxpayer issued, the amount of cash paid and the fair market value of any new consideration (including stock of debtor **and Post Confirmation Trust interests**) given in satisfaction of such indebtedness at the time of the exchange.

A debtor will not, however, be required to include any amount of COD Income in gross income if **the** debtor is under the jurisdiction of a court in a bankruptcy case and the discharge of debt occurs pursuant to that case. Instead, a debtor must (as of the first day of the next taxable year) reduce its tax attributes by the amount of COD Income which it excluded from gross income. In general, tax attributes will be reduced in the following order: (a) net operating losses ("NOLs"), (b) tax credits and capital loss carryovers, and (c) tax basis in assets.

Because, under the Plan, Holders of certain Claims ~~will~~**may** receive New Common Stock and ~~may receive Equity Subscription Rights~~**Post Confirmation Trust interests**, the amount of COD Income, and accordingly the amount of tax attributes required to be reduced, will depend on the fair market value of New Common Stock and of ~~Equity Subscription Rights~~**Post Confirmation Trust interests**. This value cannot be known with certainty until after the Effective Date. Thus, although it is expected that a reduction of tax attributes will be required, the exact amount of such reduction cannot be predicted.

The IRS recently released temporary regulations (the "New Regulations") governing the reduction of tax attributes when a member of a consolidated group realizes cancellation of debt income that is excluded from gross income ("Excluded COD Income"). The New Regulations apply to discharges of indebtedness that occur after August 29, 2003. In general, the New Regulations require a member of a consolidated group that realizes Excluded COD Income to reduce the tax attributes that are attributable to that member (and its direct and indirect subsidiaries under various look-through rules when the tax basis of stock of such subsidiaries is reduced as a result of the member realizing Excluded COD Income). To the extent that Excluded COD Income is not applied to reduce the tax attributes attributable to the member actually realizing Excluded COD Income, after applying the look-through rules described in the paragraph below, the remaining consolidated tax attributes attributable to the consolidated group (but not basis in assets) are required to be reduced by such amount. The Debtors anticipate that the amount of Excluded COD Income will likely eliminate or substantially reduce the NOL carryforwards of Debtors' consolidated group and may eliminate or substantially reduce the tax basis in assets (including depreciable assets) of Debtors' consolidated group. Because (i) any COD Income should be realized by Fleming prior to the transfer of assets to Core-Mark Holdings III and (ii) Debtors intend to take the position that the reorganization undertaken pursuant to the Plan constitutes a taxable transfer of Fleming's assets to Core-Mark Holdings III, Core-Mark Holdings III should not ~~realize any COD Income as a result of the reorganization and should not~~ suffer any attribute reduction ~~.~~ **as a result of COD Income.**

3. Limitation of Net Operating Loss Carryovers and Other Tax Attributes

Code Section 382 generally limits a corporation's use of its NOLs (and may limit a corporation's use of certain built-in losses if such built-in losses are recognized within a five-year period following an ownership change) if a corporation undergoes an "ownership change." This discussion describes the limitation determined under Code Section 382 in the case of an "ownership change" as the "Section 382 Limitation". The Section 382 Limitation on the use of pre-change losses (the NOLs and built-in losses recognized within the five year post-ownership change period) in any "post change year" is generally equal to the product of the fair market value of the loss corporation's outstanding stock immediately before the ownership change and the long term tax-exempt rate (which is published monthly by the Treasury Department and was approximately 4.74% for ownership changes occurring in December 2003) in effect for the month in which the ownership change occurs. Code Section 383 applies a similar limitation to capital loss carryforward and tax credits.

In general, an ownership change occurs when the percentage of the corporation's stock owned by certain "5 percent shareholders" increases by more than 50 percentage points over the lowest percentage owned at any time during the applicable "testing period" (generally, the shorter of (a) the three-year period preceding the testing date or (b) the period of time since the most recent ownership change of the corporation). A "5 percent shareholder" for these purposes includes, generally, an individual or entity that directly or indirectly owns 5 percent or more of a corporation's stock during the relevant period, and may include one or more groups of shareholders that in the aggregate own less than 5 percent of the value of the corporation's stock. Under applicable Treasury Regulations, an ownership change with respect to an affiliated group of corporations filing a consolidated return that has consolidated NOLs is generally measured by changes in stock ownership of the parent corporation of the group.

Because (i) substantially all of the Debtors' NOLs will likely be eliminated or substantially reduced and (ii) Debtors intend to take the position that the reorganization undertaken pursuant to the Plan constitutes a taxable sale of Fleming's assets to Core-Mark Holdings III, Core-Mark Holdings III should not succeed to any of the NOLs of Fleming and hence the Section 382 Limitation will not be relevant to the NOLs of Fleming.

The restructuring pursuant to the Plan will cause an ownership change to occur with respect to subsidiaries of Fleming, if any, transferred to Core-Mark Holdings III. As a result, such subsidiaries may be affected by the Section 382 Limitation with respect to their NOLs and built-in losses (if any) following the Effective Date. This limitation is independent of, and in addition to, the reduction of tax attributes described in the preceding Section resulting from the exclusion of COD Income. Similarly, the ability to use any remaining capital loss carryforwards and tax credits by such subsidiaries will also be limited. Special rules may apply in determining the Section 382 Limitation with respect to a corporation that experiences an ownership change as the result of a bankruptcy case. However, the Debtors believe that such subsidiaries have a limited amount of NOLs and built-in losses, which may be eliminated in whole or in part as a result of the attribute reduction described above and thus the Section 382 Limitation will not materially affect the business of Core-Mark Newco going forward.

D. Backup Withholding

Under the backup withholding rules, a Holder of Claims may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan unless that holder (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax.

Debtors will withhold all amounts required by law to be withheld from payments of interest and dividends. Debtors will comply with all applicable reporting requirements of the Code.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

XIII. CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

A. General

A DESCRIPTION OF CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF THE CONSUMMATION OF THE PLAN IS PROVIDED BELOW. THE DESCRIPTION IS BASED ON THE PROVISIONS OF THE INCOME TAX ACT (CANADA) AND THE REGULATIONS THERETO ("THE "ACT"), THE PUBLISHED ADMINISTRATIVE AND INTERPRETIVE POSITIONS OF THE CANADA CUSTOMS AND REVENUE AGENCY, PROPOSED AMENDMENTS TO THE ACT AND CASE LAW PUBLISHED OR REPORTED AS AT THE DATE OF THIS DISCLOSURE STATEMENT. CHANGES IN ANY OF THESE AUTHORITIES OR CHANGES IN THE INTERPRETATIONS OF ANY OF THESE AUTHORITIES, THAT MAY HAVE RETROACTIVE EFFECT, MAY CAUSE THE CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO DIFFER MATERIALLY FROM THE CONSEQUENCES DESCRIBED BELOW. MOREOVER, NO ADVANCE INCOME TAX RULING HAS BEEN REQUESTED FROM CANADA CUSTOMS & REVENUE AGENCY, NO LEGAL OPINION HAS BEEN REQUESTED FROM COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN; AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT.

THIS DESCRIPTION DOES NOT COVER ALL ASPECTS OF CANADIAN FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS.

FOR THESE REASONS, THE DESCRIPTION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE CANADIAN FEDERAL, PROVINCIAL AND NON-CANADIAN CONSEQUENCES OF THE PLAN.

B. Settlement of Debt

The settlement of Core-Mark International's commercial debt obligations (as defined in the Act) for an amount (the "Settlement Amount") that may be less than the full amount owed (the "Outstanding Indebtedness") by Core-Mark International (the difference between the Settlement Amount and the Outstanding Indebtedness being hereinafter referred to as the "Forgiven Amount") will result in the application of the Canadian debt forgiveness rules. Under these rules, the Forgiven Amount will reduce certain tax attributes of Core-Mark International in the order prescribed by the Act, and may result in an amount being included in Core-Mark International's taxable income earned in Canada if the Forgiven Amount exceeds Core-Mark International's tax attributes.

Core-Mark International believes that the Forgiven Amount will exceed its tax attributes and that, accordingly, Core-Mark International will be required to include an amount (the "Excess Amount") in its taxable income earned in Canada as a result of the settlement of its commercial debt obligations. It is expected that Core-Mark International will be entitled to claim reserves so that the Excess Amount will generally be included in its income over five taxation years.

C. Resident Holders

The following is a summary of certain Canadian federal income tax considerations generally applicable to a holder of indebtedness of a Debtor who, at all relevant times, for purposes of the Act and any applicable tax treaty or convention:

1. ~~(a)~~ is or is deemed to be a resident of Canada; and

2. ~~(b)~~ deals at arm's length and is not affiliated with the Debtors (a "Resident Holder").

This summary does not address the considerations applicable to Resident Holders that are "financial institutions" (as defined in the Act) and assumes that no amount on account of interest is received by a Resident Holder of indebtedness.

A Resident Holder of indebtedness who receives a promissory note, New Common Stock, ~~an Equity Subscription Right,~~ cash, ~~or any~~**an interest in the Post Confirmation Trust (the "Trust"), or a** combination of the foregoing (the "Consideration"), in full or partial satisfaction of the outstanding principal amount of such holder's indebtedness will be treated as having disposed of its indebtedness for proceeds of disposition equal to the fair market value of the Consideration so received. If such indebtedness is held by a holder as capital property, the disposition will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition related thereto, exceed (or are less than) the adjusted cost base to the Resident Holder, immediately before the disposition of the indebtedness. If the indebtedness represents trade debts of the holder, the holder will be required to include in its income (or deduct in computing its income) the amount by which the fair market value of the Consideration exceeds (or is less than) the amount of the indebtedness and any reasonable costs of disposition.

D. Non-Resident Holders

The following is a summary of certain Canadian federal income tax considerations generally applicable to a holder of indebtedness of a Debtor who, at all relevant times, for purposes of the Act and any applicable income tax treaty or convention:

1. ~~(a)~~ is not and is not deemed to be a resident of Canada;

2. ~~(b)~~ deals at arm's length and is not affiliated with the Debtors; and

3. ~~(c)~~ does not use or hold and is not deemed to use or hold the indebtedness in carrying on a business in Canada (a "Non-Resident Holder").

This summary does not address the considerations relevant to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere or a Non-Resident Holder to whom the indebtedness of a Debtor is taxable Canadian property (as defined in the Act). This summary assumes that no amount on account of interest is received by a Non-Resident Holder of indebtedness.

A Non-Resident Holder of indebtedness of a Debtor will not realize any Canadian federal income tax consequences as a result of the Plan.

E. ~~Expiry or Disposition of Equity Subscription Rights~~**Interests in Post Confirmation Trust**

1. Resident Holders

The following is a summary of certain Canadian federal income tax considerations generally applicable to a Resident Holder who ~~exercises an Equity Subscription Right, and who~~ holds ~~the Equity Subscription Right and the Preferred Stock~~**an interest in the Trust** as capital property **(a "Resident Beneficiary")**. This summary does not address the considerations applicable to Resident Holders that are "financial institutions" (as defined in the Act).

~~No gain or loss will~~

A Resident Beneficiary will generally be ~~realized by~~**required to include in computing its income for** a ~~Resident Holder upon~~**particular taxation year** the ~~exercise~~**portion** of ~~an Equity Subscription Right. The cost to a Resident Holder~~**the income** of ~~Preferred Stock acquired upon~~ the ~~exercise of an Equity Subscription Right will be~~

~~equal to~~Trust for the ~~aggregate of the Resident Holder~~Trust's ~~adjusted cost base of~~taxation year that ended in the ~~Equity Subscription Right immediately before such exercise and~~particular taxation year of the ~~amount~~Resident Beneficiary that is paid ~~upon~~or payable to the ~~exercise of~~Resident Beneficiary in the ~~Subscription Right~~particular taxation year. ~~Upon~~ Subject to the ~~expiry of an unexercised Equity Subscription Right~~limitations in the Act, ~~the Resident Holder will realize a capital loss equal to the adjusted cost base of the Equity Subscription Right to the Resident Holder~~any U.S. withholding tax paid by the Resident Beneficiary on such amounts paid or payable to the Resident Beneficiary may be credited against the Resident Beneficiary's Canadian income tax payable or, to the extent a foreign tax credit is not available, may be deducted in computing the Resident Beneficiary's income.

On October 30, 2003, the Minister of Finance released revised draft legislation (the "proposed rules") relating to the income tax treatment of investments by Canadian residents in foreign investment entities ("FIEs"). The proposed rules apply, in very general terms, to a participating interest in an FIE. Based on a description of the proposed activities of the Trust and of the property proposed to be held by the Trust received from the Post Confirmation Representative, it is expected that the Trust will be an FIE and that an interest therein will be a participating interest in an FIE. If the Trust is an FIE, a Resident Beneficiary will be required under the proposed rules to take into account in computing its income, on an annual basis, an amount based on a prescribed rate of return on the "designated cost" of its interest in the Trust, unless the Resident Beneficiary makes a valid election to recognize a share of the Trust's underlying income in accordance with the proposed rules. Resident Beneficiaries should consult their own tax advisors as to the tax consequences under the proposed rules of holding interests in the Trust.

On a disposition or deemed disposition of an ~~Equity Subscription Right (other than on the exercise or expiry of such Equity Subscription Right)~~interest in the Trust, a Resident ~~Holder~~Beneficiary will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Resident ~~Holder~~Beneficiary's adjusted cost base of the ~~Equity Subscription Right~~interest in the Trust and any reasonable costs of disposition.

2. Non-Resident Holders

~~A~~Based on a description of the proposed activities of the Trust and of the property proposed to be held by the Trust received from the Post Confirmation Representative, a Non-Resident Holder~~,~~ who is not an insurer carrying on business in Canada and elsewhere ~~or a Non-Resident Holder to whom an Equity Subscription Right is taxable Canadian property (as defined in the Act),~~ will not realize any Canadian federal income tax consequences as a result of the~~acquiring, exercise~~holding or ~~expiry~~disposing of an interest in the ~~Equity Subscription Rights~~Trust.

XIV. ALTERNATIVES TO PLAN

The Debtors believe that if the Plan is not confirmed, or is not confirmable, the alternatives to the Plan include: (a) the conversion to a chapter 7 case and concomitant liquidation of the Debtors' assets on a "forced sale" basis; (b) dismissal of the case(s); or (c) an alternative plan of reorganization.

A. Liquidation Under Chapter 7

If no plan can be confirmed, the Chapter 11 Cases may be converted to Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed to liquidate the assets of the Debtors for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. For the reasons previously discussed above, the Debtors believe that Confirmation of the Plan will provide each Holder of an Unsecured Claim entitled to receive a distribution under the Plan with a recovery that is expected to be substantially more than it would receive in a liquidation under Chapter 7 of the Bankruptcy Code.

B. Dismissal

Dismissal of the Chapter 11 Case(s) would leave the secured creditors in a position to exercise their state law rights under their existing securities interest, including foreclosure of such liens. The Debtors believe that in a dismissal scenario the unsecured creditors would not receive any Distribution.

C. Alternative Plan

The Debtors believe that any alternative plan would not result in as favorable of treatment of Claims as proposed under the Debtors' Plan.

XV. CONCLUSION

The Debtors and Creditors' Committee believe that the Plan maximizes recoveries to all creditors and, thus, is in their best interests. The Plan as structured, among other things, allows creditors to participate in distributions in excess of those that would be available if the Debtors were liquidated under chapter 7 of the Bankruptcy Code and minimizes delays in recoveries to all creditors.

THE DEBTORS AND THE CREDITORS' COMMITTEE URGE CREDITORS TO ACCEPT THE PLAN AND TO EVIDENCE SUCH ACCEPTANCE BY RETURNING THEIR PROPERLY COMPLETED BALLOT(S) SO THAT THEY WILL BE ACTUALLY RECEIVED, AS INSTRUCTED ABOVE, BY THE SOLICITATION AGENT IDENTIFIED HEREIN at ~~4:00 P.M.~~ 5:00 P.M., PREVAILING EASTERN TIME, ON _____ __ 2004.

Rebecca A. Roof, Interim Chief Financial Officer of FLEMING COMPANIES, INC., et. al., Debtors and Debtors in Possession

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EXHIBITS

Exhibit 1 Plan

Exhibit 2 Solicitation Order

Exhibit 3 Financial Information and Projections

3A — Chapter 11 Emergence Balance Sheet
3B — Core Mark Newco Financial Projections
3C — Post Confirmation Trust Financial Projections

Exhibit 4 Best Interests Analysis

Exhibit 5 ~~The Rights Offering Description~~None

Exhibit 6 CUSIP Numbers of Old Notes

Exhibit 7 Exit Facility Term Sheet

Exhibit 8 Tranche B Loan Term Sheet

Exhibit 9 Draft Post Confirmation Trust Agreement

Exhibit 10 Class 3B Preferred Interests Term Sheet

Exhibit 11 Class 5 Preferred Interests Term Sheet