

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)
) (Jointly Administered)
Debtors.)
) **Related Docket No. 2474**
) **Hearing Date: August 19, 2003 at 11:30 a.m.**
) **prevailing Eastern Time**

LIMITED OBJECTION TO MOTION OF PRINTPACK, INC. (i) TO DETERMINE ITS RIGHT OF RECOUPMENT, OR IN THE ALTERNATIVE (ii) TO LIFT THE AUTOMATIC STAY PURSUANT TO 11 U.S.C. § 362(D) TO PERMIT THE SETOFF OF MUTUAL, PREPETITION OBLIGATIONS

Deutsche Bank Trust Company Americas, in its capacity as Administrative Agent, and JPMorgan Chase Bank, in its capacity as Collateral Agent and Syndication Agent (together, the “Agents”), on behalf of themselves and on behalf of those certain prepetition and postpetition secured lenders (collectively, the “Lenders”), by and through their undersigned counsel, hereby file this limited objection to the motion of Printpack, Inc. (“Printpack”) (i) to Determine Its Right of Recoupment, or in the Alternative (ii) to Lift the Automatic Stay Pursuant to 11 U.S.C. §362(d) to Permit the Setoff of Mutual, Prepetition Obligations (the “Motion”). In support hereof, the Agents respectfully represent as follows:

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.; Favara 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.

1. The relief requested by Printpack in the Motion is, to a certain extent, rendered moot by virtue of the provisions of the Final DIP Order and, as such, the Court should not grant such relief at this time.² The Final DIP Order provides that the Post-Petition Financing Liens and, to the extent of any Diminution Claim (which the Agents believe is currently equal to the full amount of the Pre-Petition Indebtedness) the Pre-Petition Replacement Liens are senior in right to any rights of setoff. Other than the Carve-Out and excluding any Trust Property, such liens are only subject to “any valid, enforceable, perfected and unavoidable liens or security interests (other than the Pre-Petition Financing Liens)” as of the Petition Date (“Senior Liens”). See Final DIP Order ¶¶ 8(ii) and 13(iii).

2. Since neither pre-petition setoff rights (unless exercised pre-petition) nor post-petition setoff rights are Senior Liens, such rights are junior to the Post-Petition Financing Liens and the Pre-Petition Lender Replacement Liens. Accordingly, the Agents respectfully submit that it is premature for the Court to determine any right of setoff that Printpack may hold at this time. Instead, such issue should only be dealt with once the Lenders have been paid in full.

3. As such, the Agents respectfully request that this Court deny the Motion as to the request for modification of the automatic stay to allow setoff.

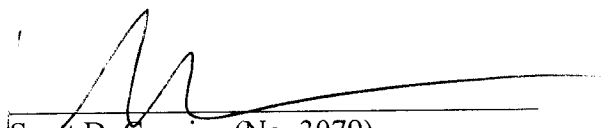
² The “Final DIP Order” means that certain Final Order Authorizing (i) Post-Petition Financing Pursuant to 11 U.S.C. § 364 and Bankruptcy Rule 4001(c); (ii) Use of Cash Collateral Pursuant to 11 U.S.C. § 363 and Bankruptcy Rules 4001(b) and (d); (iii) Grant of Adequate Protection Pursuant to 11 U.S.C. §§ 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) issued by this Court on May 6, 2003. For purposes of this paragraph, capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Final DIP Order.

Conclusion

WHEREFORE, the Agents respectfully request that this Court (a) deny the Motion as to the request for modification of the automatic stay to allow setoff and (b) grant such other and further relief as this Court deems just and proper.

Dated: August 12, 2003

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