

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
Fleming Companies, Inc., <u>et al.</u> , ¹)	Case No. 03-10945 (MFW)
)	(Jointly Administered)
Debtors.)	

Objection Deadline: January 14, 2004 at 4:00 p.m. prevailing Eastern Time
Hearing Date: January 21, 2004 at 9:30 a.m. prevailing Eastern Time

**NOTICE OF HEARING ON APPROVAL OF DISCLOSURE STATEMENT
IN SUPPORT OF DEBTORS AND OFFICIAL COMMITTEE OF
UNSECURED CREDITORS' JOINT PLAN OF REORGANIZATION
OF FLEMING COMPANIES, INC. AND ITS FILING SUBSIDIARIES
UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

TO: The Office of the United States Trustee; Counsel for the Official Committee of Unsecured Creditors; Counsel for the Senior Secured Lenders; and Parties Requesting Notice Pursuant to Bankruptcy Rule 2002

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (the "Debtors") filed the Disclosure Statement in Support of Debtors and Official Committee of Unsecured Creditors' Joint Plan of Reorganization of Fleming Companies, Inc. and its Filing Subsidiaries Under Chapter 11 of the United States Bankruptcy Code (the "Disclosure Statement") with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801 (the "Bankruptcy Court").

PLEASE TAKE FURTHER NOTICE that the parties set forth above and all other parties who have requested notice pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure are receiving a copy of the Disclosure Statement herewith. Other parties interested in receiving a copy of the Disclosure Statement should contact the undersigned counsel.

PLEASE TAKE FURTHER NOTICE that a hearing to consider approval of the Disclosure Statement will be held at **9:30 a.m., prevailing Eastern time, on January 21, 2004** (the "Hearing") before the Honorable Mary F. Walrath in the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that objections and other responses to the approval of the Disclosure Statement must be made in writing (**with any proposed modifications of the proposed Disclosure Statement being marked for changes, i.e.,**

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.

blacklined, against the proposed Disclosure Statement), and filed with the United States Bankruptcy Court for the District of Delaware, Marine Midland Plaza, 824 Market Street, Sixth Floor, Wilmington, Delaware 19801 no later than 4:00 p.m., prevailing Eastern time, on January 14, 2004.

PLEASE TAKE FURTHER NOTICE that objections and other responses to the approval of the Disclosure Statement, if any, must also be served so that they are **RECEIVED** not later than **January 14, 2004 at 4:00 p.m., prevailing Eastern time**, by: (a) Counsel to the Debtors: (i) Kirkland & Ellis LLP, 777 South Figueroa Street, Los Angeles, California 90017, Attn: Richard L. Wynne, Esquire; and (ii) Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C., 919 North Market Street, Sixteenth Floor, Post Office Box 8705, Wilmington, Delaware 19899-8705 (Courier 19801), Attn: Laura Davis Jones, Esquire; (b) Office of the United States Trustee for the District of Delaware, 844 King Street, Second Floor, Wilmington, Delaware 19801, Attn: Joseph J. McMahon, Esquire; (c) Counsel to the Official Committee of Unsecured Creditors: (i) Milbank, Tweed, Hadley & McCloy, One Chase Manhattan Plaza, New York, New York 10005; Attn: Dennis Dunne, Esquire; and (ii) Pepper Hamilton LLP, 100 Renaissance Center, Suite 3600, Detroit, Michigan 48243-1157; Attn: I. William Cohen, Esquire.

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THIS DISCLOSURE STATEMENT IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE DEBTORS AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS' 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., <u>et al.</u> , ¹)
) Case No. 03-10945 (MFW)
Debtors.) Honorable Mary F. Walrath
) (Jointly Administered)
)

DISCLOSURE STATEMENT IN SUPPORT OF DEBTORS AND OFFICIAL COMMITTEE
OF UNSECURED CREDITORS' 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
- Exercise of Rights Offering: [____], 2004

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

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.

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Co-Counsel for the Debtors and Debtors-in-Possession
Dated: _____

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE DEBTORS AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS' 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, LIABILITY, STIPULATION OR 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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EXHIBITS

Exhibit 1 Plan

Exhibit 2 Solicitation Order

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., 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 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 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 hereof and the Liquidation Values set forth in the Best Interest Test analysis in the Disclosure Statement Supplement.*

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.2 hereof.

3. Creation of Core-Mark Newco

The Plan will provide for the reorganization of the Debtors centered around their Fleming Convenience businesses through the formation of a new entity, Core-Mark Newco, as outlined in more detail in Section VI.B.2 herein.

4. Rights Offering

In order to fund the Debtors' obligations under the Plan, the Debtors, among other things, will offer Holders of General Unsecured Claims the opportunity to purchase, for cash, additional equity in the Reorganized Debtors' businesses through Core-Mark Newco. This opportunity shall be in the form of a Rights Offering whereby each Holder of a General Unsecured Claim that is listed on the Rights Participation Schedule (attached to the Plan as Exhibit B) shall be entitled to exercise their 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.

5. Summary of Plan Treatment

<u>Unclassified Claims</u>	<u>Plan Treatment</u>
Administrative Claims: ²	<p>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.</p> <p>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 the First Administrative Bar Date Order. Except as provided in the Plan, 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 328 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.</p> <p>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;</p>

² Includes any claim for costs and expenses of administration pursuant to 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 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.

<u>Unclassified Claims</u>	<u>Plan Treatment</u>
	<p>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.</p> <p>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 Effective 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.</p>
Priority Tax Claims	Each Holder of an Allowed Priority Tax Claim that is due and payable on or prior to the Effective Date shall be paid, at the option of the respective Reorganized Debtor, in full satisfaction, settlement, release, and discharge of and in exchange for such Priority Tax Claim either: (i) in Cash in full on the Effective Date or as soon as practicable thereafter or (ii) in 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..
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.

<u>Class</u>	<u>Claim</u>	<u>Plan Treatment of Class</u>
1	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 full satisfaction, settlement, release and discharge of and in exchange for each and every Allowed Other Priority Non-Tax Claim in Cash in full, unless such Holder agrees to other treatment. The class is unimpaired and is deemed to accept.
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.
3		
3(A)	Other Secured Claims	On the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Other Secured 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 interest in such

<u>Class</u>	<u>Claim</u>	<u>Plan Treatment of Class</u>
		property; or (iii) the surrender to the Holder of the property securing such Claim. The class is unimpaired and is deemed to accept.
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 in favor of the Holders of Allowed Approved Trade Creditor Reclamation Lien Claims in the estimated aggregate amount of such Allowed Claims to be reissued as such Claims are Allowed by Final Order or settlement and grant a first priority lien to such Holders on the proceeds of the Litigation Claims, entitling each Holder of an Allowed Approved Trade Creditor Reclamation Lien Claim to its Ratable Proportion of net Cash recoveries from Litigation Claims 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. The class is unimpaired and is deemed to accept.
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 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. The class is unimpaired and is deemed to accept.
4	PACA/PASA Claims: ³	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 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 is insufficient to satisfy all the Allowed PACA/PASA Claims with any remaining proceeds of the PACA trust to be distributed to Core-Mark Newco. The class is unimpaired and is deemed to accept.
5	Reclamation Claims that are not Class 3(B) Claims	To the extent it is determined that the Debtors' Inventory in which the Holders of Allowed Valid Reclamation Claims have asserted an interest, had Residual Inventory Value as of the Petition Date, 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 in favor of the Holders of Allowed Valid Reclamation Claims that are not Class 3(B) Claims in the amount of the Residual Inventory Value and grant a second priority lien on the proceeds of Litigation Claims, entitling each Holder of an Allowed Valid Reclamation Claim that is not a Class 3(B) Claim, to its Ratable Proportion of net Cash recoveries from Litigation Claims, after all Class 3(B) Claims are paid in full. In the event the Residual Inventory Value is less than the Allowed Amount of the Valid Reclamation Claims,

³ 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.

<u>Class</u>	<u>Claim</u>	<u>Plan Treatment of Class</u>
		the remainder of the Valid Reclamation Claims in excess of the Residual Inventory Value shall be treated as Class 6 General Unsecured Claims hereunder. The class is impaired and is entitled to vote.
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 New Common Stock subject to dilution from the shares of New Common Stock issued upon the conversion of Preferred Stock issued pursuant to the Rights Offering 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 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. The class is impaired and is entitled to vote.
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, <i>provided however</i> , the aggregate amount of such Allowed Class 7 Claims shall not exceed \$1,000,000. If the aggregate amount of the Allowed Class 7 Claims exceeds \$1,000,000, 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.
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.

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.

6. 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 (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) are specifically listed on the Assumption Schedule filed with the Plan Supplement. 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 5, 6 and 7 will be entitled to vote either to accept or reject the Plan. Classes 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 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 BE COUNTED, THE SOLICITATION AGENT MUST RECEIVE YOUR BALLOT (OR MASTER BALLOT OF YOUR NOMINEE HOLDER) INDICATING ACCEPTANCE OR REJECTION OF THE PLAN **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 BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE PLAN. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE COUNTED IN THE DISCRETION OF THE DEBTORS AND THE CREDITORS' COMMITTEE.

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, CA 90017
Attn: Richard L. Wynne, Esq.
Shirley S. Cho, Esq.

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

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 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 amount 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

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 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"):

Bankruptcy Management Corporation
1330 E. Franklin Avenue
El Segundo, CA 90245
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.**

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 Ballot or Master Ballot received after such first mail collection shall not be counted. 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 be deemed to constitute an acceptance of the Plan. 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 and the Creditors' Committee filed their 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.

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.

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
777 South Figueroa Street
Los Angeles, California 90017
Attn: Richard L. Wynne, Esq.
Shirley S. Cho, 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:

Kirkland & Ellis LLP
777 South Figueroa Street
Los Angeles, California 90017
Attn: Shirley Cho, Esq.
Tel.: (213) 680-8400
Fax: (213) 680-8500
Email: scho@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 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.

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 by Deutsch Bank and J.P. Morgan (the "Pre-Petition Lenders") to refinance the then existing \$850 million Pre-Petition 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 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. Of the \$609 million outstanding on the Petition Date, \$284 million remains outstanding. 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 \$18 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 Subsidiaries.

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.

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 Debtors sponsor 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 claims total approximately \$400 million. The Debtors dispute the categorization and amount 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 the fifth plan will be frozen as of December 31, 2003. The Debtors are attempting to terminate all five pension plans, either through direct petition to the PBGC or otherwise through the Bankruptcy Court, in order to relieve themselves of future funding obligations towards these plans. Settlement negotiations with respect to all of the above are on-going.

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 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, Debtors were obligated to make a scheduled \$18 million interest payment to the holder of the 10 1/8% Senior Notes, which 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 & Plans for Fleming Convenience Assets

1. Auction and Sale Process for Wholesale Distribution Assets

Certain of the Debtors⁴ 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 have the Debtors acquire or reject certain assets of the Wholesale Distribution Business and may assume and assign or reject contracts related to the Wholesale Distribution Business on a continual basis over a six-month Option Period. Such Option Period will expire on February 23, 2004.

⁴ 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 Fleming Convenience Assets

The Debtors intend to restructure around the Fleming Convenience assets pursuant to the Plan under which Core-Mark Newco shall be formed as detailed in the Plan.

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 \$18 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 Authorizing, 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 \$282 million. 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. *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).

d. *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.

e. *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).

f. *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). Of the \$100,000,000, the Debtors have paid \$_____ to those vendors who qualify.

g. *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. *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.*

h. *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. *See Order Authorizing Debtors to Pay Prepetition Taxes* (Docket No. 1067).

i. *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).

j. *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 their (a) Report of Claims (Docket No. 1505), (b) First Supplemental Report of Claims (Docket No. 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) and (f) Fifth Supplemental Report of Claims (Docket No. 4613) (collectively the "Supplemental Reports"). To date, approximately \$56.3 million⁵ in PACA Claims have been asserted in these Cases. Of the asserted PACA Claims, the Debtors have paid \$41.8 million and \$2.9 million has been disallowed pursuant to the PACA/PASA Order. In addition, with respect to \$7.9 million of the asserted PACA Claims, the Debtors are seeking to disallow such claims as invalid PACA Claims but the applicable claimant is contesting such disallowance. The remaining \$3.4 million of PACA Claims have not been reconciled on a final basis. The Debtors' next Supplemental PACA Report is scheduled to be filed on December 16, 2003. The Debtors do not believe there are any valid PASA Claims in these Cases.

k. *Reclamation Motion*

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).⁶ The Amended Report and Motion consists of two parts. In Part I of the Amended Report and Motion, the Debtors seek 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. Part II of the Amended Report and Motion includes detail regarding the Debtors reconciliation of the reclamation

⁵ All numbers in this paragraph have been rounded to the nearest hundred thousand. Exact figures are contained in the Supplemental Reports.

⁶ 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.

claims that have been filed. The Debtors have not set an objection deadline with respect to Part II at this time. With respect to the relief sought in Part I, the Amended Report and Motion is set for hearing on December 23, 2003 at 2:00 p.m., Prevailing Eastern Time.

1. 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 or 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. *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).

c. *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).

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).

e. *Sale of Fleming-Owned Real Property*

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.

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.

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.

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.

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 six Monthly Operating Reports⁷ 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.

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.

⁷ 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].

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, 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.

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 price 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 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 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 expects 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 is expected to reduce the pre-tax loss from 2002 annual results in the range of \$5-15 million, although the cumulative effect that will be recorded as of the beginning of 2002 is 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. The June 4th announcement stated that it expects the related restatements of the results for the full-year 2000 will 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 will principally correct the timing of when certain vendor transactions were recognized and will reflect other adjustments and corrections identified as a result of the Audit Committee's independent investigation.

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 in the action remain stayed.

- (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 pertain 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.
- (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.
- (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.

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

Listed below are the major ongoing adversary proceedings filed in these Chapter 11 Cases.

- (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.
- (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. The judge granted an injunction in favor of the plaintiffs, then certified the class. Under the injunction order, Fleming has escrowed and/or paid out \$14.7 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.

- (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.
- (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.
- (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 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.
- (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.
- (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.
- (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. This proceeding is an adversary proceeding 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.

e. *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.

f. *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.

g. *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, object 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. On December 5, 2003, the Debtors filed their First Omnibus Objection to Claims (Docket No. 4790). The objection deadline for those wishing to object to the relief sought in the First Omnibus Objection to Claims is December 29, 2003.

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.

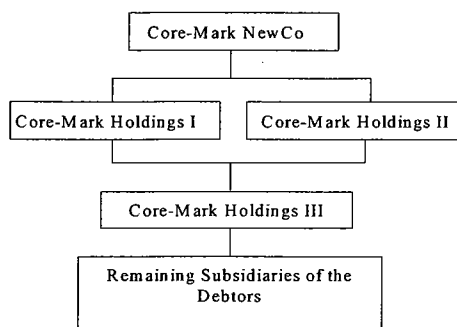
B. Generally

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 for the reorganization of the Debtors centered around their remaining convenience store wholesale distribution business. As a result of the restructuring transactions described below in Section IX. hereof, Debtors' corporate structure will change as of the Effective Date. On the Effective Date, as a result of the transfer of Fleming's assets to Core-Mark Holdings III, Core-Mark International, Inc., Core-Mark Interrelated Companies, Inc., Core-Mark Mid-Continent, Inc., Minter-Weisman Co., Head Distributing Co. and other subsidiaries of Fleming 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, operations, the Exit Financing Facility, 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 purpose of the Rights Offering is to allow the Debtors, through a sale of stock of Core-Mark Newco, to raise funds not otherwise available from the Exit Financing Facility and other sources.

4. 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 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 the First Administrative Bar Date Order. Except as provided in the Plan, 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 328 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*

Each Holder of an Allowed Priority Tax Claim that is due and payable on or prior to the Effective Date shall be paid, at the option of the respective Reorganized Debtor, in full satisfaction, settlement, release, and discharge of and in exchange for such Priority Tax Claim either: (i) in Cash in full on the Effective Date or as soon as practicable thereafter or (ii) in 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, unless such Holder consents to other treatment.

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—Other Priority Non-Tax Claims*

- (1) *Classification:* Class 1 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 full satisfaction, settlement, release and discharge of and in exchange for each and every Allowed Other Priority Non-Tax Claim in Cash in full.
- (3) *Voting:* Class 1 is not impaired and the Holders of Class 1 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 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.

c. Class 3(A)—Other Secured Claims

- (1) *Classification:* Class 3(A) consists of all Allowed Other Secured Claims.
- (2) *Treatment:* On the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Other Secured 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 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.

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 in favor of the Holders of Allowed Approved Trade Creditor Reclamation Lien Claims in the estimated aggregate amount of such Allowed Claims to be reissued as such Claims are

Allowed by Final Order or settlement and grant a first priority lien to such Holders on the proceeds of the Litigation Claims, entitling each Holder of an Allowed Approved Trade Creditor Reclamation Lien Claim to its Ratable Proportion of net Cash recoveries from Litigation Claims 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.

- (3) *Voting:* Class 3(B) is not impaired and the Holders of Class 3(B) 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(B) are not entitled to vote to accept or reject the Plan.

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 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.
- (3) *Voting:* Class 3(C) is unimpaired 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 plan.

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 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 is insufficient to satisfy all the Allowed PACA/PASA Claims with any remaining proceeds of the PACA trust to be distributed to Core-Mark Newco.
- (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.

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 it is determined that the Debtors' Inventory in which the Holders of Allowed Valid Reclamation Claims have asserted an interest, had Residual Inventory Value as of the Petition Date, 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 in favor of the Holders of Allowed Valid Reclamation Claims that are not Class 3(B) Claims in the amount of the Residual Inventory Value and grant a second priority lien on the proceeds of the Litigation Claims, entitling each Holder of an Allowed Valid Reclamation Claim, that is not a Class 3(B) Claim, to its Ratable Proportion of net Cash recoveries from Litigation Claims, after all Class 3(B) Claims are paid in full. In the event the Residual Inventory Value is less than the Allowed Amount of the Valid Reclamation Claims, the remainder of the Valid Reclamation Claims in excess of the Residual Inventory Value shall be treated as Class 6 General Unsecured Claims hereunder.
- (3) *Voting:* Class 5 is impaired and Holders of Allowed Claims in Class 5 are entitled to vote to accept or reject the Plan.

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 shares of New Common Stock issued upon the conversion of Preferred Stock issued pursuant to the Rights Offering 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 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.

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

i. Class 7 - Convenience Claims

- (1) *Classification:* Class 7 consists of all General Unsecured Claims of \$5,000 or less held by a single Holder
- (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 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 \$1,000,000. If the aggregate amount of the Allowed Class 7 Claims exceeds \$1,000,000, 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.

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. 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, 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.

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 or Allowed Interest in Classes 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, 2, 3(A), 3(B), 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 and 9 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 seek Confirmation of the Plan under section 1129(b) of the Bankruptcy Code, to the extent applicable, in the event that 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 Section XIV.D. thereof.

F. Plan Implementation

1. The Rights Offering

a. *The Rights Offering*

Each Holder of a Class 6 General Unsecured Claim that is listed on the Rights Participation Schedule (attached to the Plan as Exhibit B) shall receive under the Plan, and be entitled to exercise, Equity Subscription Rights to purchase shares of Preferred Stock. The Preferred Stock will be convertible into New Common Stock at a conversion price of _____, will carry a PIK dividend of _____, and will have a liquidation preference over the Common Stock of \$ _____ per share. See the Equity Commitment Letter attached to the Plan as Exhibit E for a more detailed description of the Preferred Stock. Each Holder listed on such Schedule will receive its Ratable Portion of the total amount of Equity Subscription Rights based on the ratio of such Holder's Rights Participation Claim Amount to the total of the Rights Participation Claim Amounts for all Holders listed on such Schedule (as set forth in the Rights Participation Schedule). Each Holder listed on the Equity Participation Schedule will be entitled to purchase up to an amount of Preferred Stock equal to its Ratable Portion of the Equity Subscription Rights multiplied by the total number of shares of Preferred Stock being offered for sale under the Rights Offering, subject to adjustment as described below. Depending on the amount of additional cash required to fund the Plan, up to a maximum of [\$] million of Preferred Stock will be offered under the Rights Offering, which, at a Subscription Purchase Price of \$ _____ per share of Preferred Stock, represents up to a maximum of _____ shares of Preferred Stock.

If any Holder of a General Unsecured Claim is not listed on the Rights Participation Schedule or disputes the Rights Participation Claim Amount listed on the Rights Participation Schedule, such General Unsecured Claim Holder may file a motion with the Bankruptcy Court for estimation of its Claim for purposes of the Rights Offering. Disputing Holders shall be entitled to participate in the Rights Offering in the amount of their Additional Participating Amount, if any, determined by the Bankruptcy Court or agreed to by the Debtors with the consent of the Committee and the Equity Investor prior to the Subscription Expiration Date, as further described in Section VII.B.10 of the Plan. If, as a result of Disputing Holders exercising their Equity Subscription Rights with respect to Additional Participating Amounts, the Rights Offering is oversubscribed, each Claim Holder which has exercised its Equity Subscription Rights shall be cut back pro rata based on the number of shares of Preferred Stock for which such Claim Holder has exercised its Equity Subscription Rights.

The Debtors have entered into an Equity Commitment Letter with an Equity Investor which obligates the Equity Investor, subject to the satisfaction or waiver of certain conditions, to purchase any remaining shares of Preferred Stock available after the Holders of Class 6 Claims have exercised their Equity Subscription Rights, and which entitles the Equity Investor, at its option, to purchase a minimum of \$[] million of Preferred Stock at the Subscription Purchase Price, as further described in Section VII.B.7. of the Plan. Accordingly, to the extent that a large enough amount of Equity Subscription Rights are exercised such that less than \$[] million of Preferred Stock remains available for sale to the Equity Investor and the Equity Investor exercises its minimum purchase right, each Exercising Claim Holder shall be cut back pro rata based on the number of shares of Preferred Stock for which such Claim Holder has exercised its Equity Subscription Rights.

b. *Issuance of Equity Subscription Rights*

The Equity Subscription Rights shall provide the Holders of Class 6 Claims listed on the Rights Participation Schedule the right to purchase Preferred Stock at the Subscription Purchase Price pursuant to the terms and conditions set forth in this Section. After the Plan has been confirmed and prior to the Effective Date, a Subscription Form will be distributed to each Holder of a Claim in Class 6 listed on the Rights Participation Schedule.

c. *Subscription Period*

The Rights Offering shall commence on the Subscription Commencement Date (which will be a date after the Confirmation Date) and shall expire on the Subscription Expiration Date (which will be a date on or prior to the Effective Date of the Plan). Following the Confirmation Date, a Subscription Form will be distributed to each Holder of a Claim in Class 6 listed on the Rights Participation Schedule. After the Subscription Expiration Date, unexercised Equity Subscription Rights shall be treated as acquired by the Equity Investor, Core-Mark Newco shall only be obligated to honor the exercise of such Equity Subscription Rights by the Equity Investor, any subsequent exercise of any such unexercised Equity Subscription Rights by any Person other than the Equity Investor shall be null and void, and Core-Mark Newco shall not be obligated to honor any such purported exercise received by the Subscription Agent after the Subscription Expiration Date, regardless of when the documents relating to such exercise were sent. The Debtors may, in their sole discretion, extend the Subscription Period.

d. *Subscription Purchase Price*

Each Subscription Right will be exercisable to purchase one share of Preferred Stock for \$_____.

e. *Exercise of Equity Subscription Rights*

In order to exercise the Equity Subscription Rights, each Holder thereof must: (i) return a duly completed Subscription Form to the Subscription Agent so that such form is received by the Subscription Agent on or before the Subscription Expiration Date; and (ii) pay to the Subscription Agent (on behalf of the Debtors) on or before the Subscription Expiration Date immediately available funds in an amount equal to the Subscription Purchase Price multiplied by the number of shares of Preferred Stock for which such Holder is

exercising its Equity Subscription Rights (the "Purchase Price"), such payment to be made either by wire transfer to the Subscription Agent in accordance with the wire instructions set forth on the Subscription Form or by bank or cashier's check delivered to the Subscription Agent along with the Subscription Form. If, on or prior to the Subscription Expiration Date, the Subscription Agent for any reason has not received from a given Holder of Equity Subscription Rights both a duly completed Subscription Form and immediately available funds in an amount equal to such Holder's Purchase Price, such Holder shall be deemed to have not exercised its Equity Subscription Rights and to have relinquished and waived its right to participate in the Rights Offering. A Subscription Form must also be accompanied by sufficient evidence of ownership of the Claim giving rise to the Equity Subscription Rights, as well as appropriate executed representations as to ownership. The payments made in accordance with the Rights Offering shall be deposited and held by the Subscription Agent in a trust account, escrow account, or similar segregated account or accounts which shall be separate and apart from the Debtors' general operating funds and any other funds subject to any cash collateral arrangements and which segregated account or accounts will be maintained for the purpose of holding the money for administration of the Rights Offering until the Effective Date, or such other later date, at the option of the Reorganized Debtors, but not later than ____ days after the Effective Date. Notwithstanding the foregoing, in order for a Holder of a General Unsecured Claim arising from an Old Note to exercise the Equity Subscription Rights, each such Holder entitled to Equity Subscription Rights must provide its instruction to its bank, broker, or other nominee, or to its agent by the deadline specified on the Subscription Form. The bank or broker, in turn, must then convey the instruction on a Master Subscription Form and arrange for the proper payment either through DTC or, if DTC is unable to act as intermediary for subscription instructions and payments, by following the payment instructions outlined above.

f. *Transfer Restriction*

Prior to the Subscription Expiration Date, the Equity Subscription Rights must be transferred with the underlying Claim. The Equity Subscription Rights are not separately transferable.

g. *Equity Investor*

Pursuant to the terms of the Equity Commitment Letter and subject to the satisfaction or waiver by the Equity Investor of all conditions precedent set forth therein, the Equity Investor shall be obligated to, and shall, purchase all shares of Preferred Stock remaining after the Holders of General Unsecured Claims have exercised their Equity Subscription Rights, at the Subscription Purchase Price. The conditions precedent include, among other things: completion of all legal documentation and filings satisfactory to the Equity Investor; Administrative Claims not being allowed or estimated in excess of a specified amount; Reclamation Claims not being granted administrative status; receipt by Core-Mark Newco of a commitment for an Exit Financing Facility acceptable to the Equity Investor; the timetable for assessment of preferences and Reclamation Claims being acceptable to the Equity Investor; the Equity Investor having the right to name ____ directors to the Core-Mark Newco board; the Plan being acceptable to the Equity Investor; Core-Mark Newco's reorganized capital structure having funded liabilities of no more than [] million; and no material deterioration occurring in the underlying business of Core-Mark Newco. The Equity Investor has the right, at its option, to purchase a minimum of \$[] million of Preferred Stock at the Subscription Purchase Price. The Equity Investor shall pay to the Debtors, by wire transfer in immediately available funds on or prior to the Effective Date, Cash in an amount equal to the Purchase Price for all unexercised Equity Subscription Rights (or the purchase price payable upon exercise of its minimum purchase rights), pursuant to the terms of the Equity Commitment. To the extent that the exemption under section 1145(a)(1) is not available to exempt the issuance of the Preferred Stock to the Equity Investor, the offer and sale of such securities shall be qualified under the section 4(2) private placement exemption contained in the Securities Act. Core-Mark Newco shall grant registration rights to the Equity Investor as further described in the Registration Rights Agreement. The Equity Investor will be paid a fee in Preferred Stock equal to ____% of the amount of the total Equity Subscription Rights subscribed to under the Rights Offering.

h. *Distribution of Preferred Stock*

On, or as soon as practicable after the Effective Date, Core-Mark Newco or a designated disbursing agent shall distribute the Preferred Stock purchased by each Exercising Claim Holder to such Exercising Claim Holder.

i. *Fractional Interests*

No fractional shares shall be issued under the Rights Offering. In determining the Ratable Proportion of Equity Subscription Rights among the participants, each Ratable Proportion shall be rounded up or down to the nearest whole number.

j. *Disputed Claims*

For all purposes of this Section, each Holder of a General Unsecured Claim in Class 6 listed on the Rights Participation Schedule is entitled to participate in the Rights Offering to the extent of its Rights Participation Claim Amount as listed on the Rights Participation Schedule. The entitlement of Holders of General Unsecured Claims in Class 6 to participate in the Rights Offering on the terms set forth in the Plan shall not be affected by whether or not such General Unsecured Claim in Class 6 is Allowed. If any Holder of a General Unsecured Claim is not listed on the Rights Participation Schedule, or disputes the Rights Participation Claim Amount listed on the Rights Participation Schedule, such disputing General Unsecured Claim Holder may file a motion with the Bankruptcy Court at least ten days prior to the Subscription Expiration Date for estimation of their Claim for the purposes of the Rights Offering. Holders filing such a motion with the Bankruptcy Court shall be entitled to participate in the Rights Offering up to the Additional Participation Amount determined by the Bankruptcy Court or agreed to by the Debtors with the consent of the Committee.

k. *Subsequent Adjustments to the Rights Participation Claim Amount; Cut Back in Rights Offering*

Holders of Class 6 Claims listed on the Rights Participation Schedule attached to the Plan as Exhibit B shall be entitled to participate in the Rights Offering solely to the extent of their Rights Participation Claim Amount. If any Holder of a Class 6 Claim not listed on the Rights Participation Schedule or a Disputing Holder has obtained an order of the Bankruptcy Court estimating its General Unsecured Claim for the purpose of participating in the Rights Offering prior to the Subscription Expiration Date or reached an agreement with the Debtors and the Committee with respect thereto, such Holder shall be entitled to participate in the Rights Offering in the amount determined by the Bankruptcy Court or agreed to by the Debtors with the consent of the Committee. If, as a result of such allowances of General Unsecured Claims for purposes of participation in the Rights Offering and/or as a result of the exercise by the Equity Investor of its minimum purchase rights, more shares of Preferred Stock subject to the Rights Offering have been subscribed for than are available for sale to Exercising Claim Holders, each Exercising Claim Holder (including each Disputing Holder) shall be cut back pro rata based on the number of shares of Preferred Stock for which such Exercising Claim Holder has exercised its Equity Subscription Rights, and the difference between the purchase price paid by such Exercising Claim Holder and the adjusted Subscription Purchase Price shall be refunded to such Exercising Claim Holder, without interest, as soon as practicable after the Effective Date.

l. *No Interest*

In the event that all or any part of the Subscription Purchase Price is repaid to the entity making such payment, no interest shall be paid thereon.

m. *Validity of Exercise of Equity Subscription Rights*

All questions concerning the timelines, validity, form and eligibility of any exercise of Equity Subscription Rights shall be determined by the Debtors, whose determinations shall be final and binding. The Debtors, with the consent of the Committee, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such times as it may determine, or reject the purported exercise of any Equity Subscription Rights. Subscription Forms shall be deemed not to have been received or accepted until all irregularities have been waived or cured within such time as the Debtors determine, with the consent of the Committee. Neither the Debtors nor the Subscription Agent shall be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Forms or incur any liability for failure to give such notification.

n. *Use of Proceeds*

On the Effective Date, the proceeds received by the Reorganized Debtors from the Rights Offering shall be used to fund the Cash payments required under the Plan and for general corporate purposes.

2. Substantive Consolidation

As set forth in Article 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 or the transfer or commingling of any asset of any Debtor, except that the assets of Fleming already being used by Fleming Convenience in its operations as shall be formally vested in Core-Mark International, Inc., or one of its Debtor subsidiaries, 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 claims 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 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 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 acquisition of Core-Mark in June 2002, Core-Mark interacted with the public as Fleming Convenience, a division of Fleming. The Debtors also heavily promoted the acquisition of Core-Mark as creating a seamless national geographic network with respect to Fleming Convenience (as discussed in more detail infra).
- Fleming provides 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 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.

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

Each Debtor shall, as a Reorganized Debtor, 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.

4. 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.

5. 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, 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.

6. Restructuring Transactions

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 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 the Effective Date that will result in, among other things, all of the stock of Core-Mark Newco being distributed in accordance with Article III of the Plan.

In addition, 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 unnecessary subsidiary companies, including certain of the 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.

7. 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. Pursuant to section 1129(a)(5), 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 consist of seven members, the Chief Executive Officer of Core-Mark Newco, [] representatives selected by the Committee and [] representatives selected by the Equity Investors. 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.

G. Post-Confirmation Trust

1. Formation/Purpose

On the Effective Date or as soon as practicable thereafter, Core-Mark Newco 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.

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. The Debtors and the Committee shall also mutually agree upon appointment of the Post Confirmation Trustee who shall have the power to administer the Post Confirmation Trust and will be supervised by the Post Confirmation Trust Advisory Board as specified in the Post Confirmation Trust Agreement. The Post Confirmation Trust Advisory Board shall consist of the Post Confirmation Trustee and [] additional members, [] members selected by the Committee, [] members selected by the Debtors and one member selected by the Equity Investor.

3. Funding

Core-Mark Newco will enter into a post confirmation funding agreement with the Post Confirmation Trust to fund the Post Confirmation Trust with appropriate funds to carry out its duties and responsibilities as set forth in the Post Confirmation Trust Agreement.

H. Creation of Professional Fee Escrow Account

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

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) are specifically listed on the Assumption Schedule filed with the Plan Supplement. 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.

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 C 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, 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 shall be treated as executory contracts under the Plan and on the Effective Date 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 filed with the Plan Supplement.

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 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 Sections 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

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. Delivery and 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 as undeliverable, no further distributions shall be made to such Holder unless and until Core-Mark Newco is notified in writing of such Holder's then-current address. Undeliverable distributions shall remain in the possession of Core-Mark Newco subject to 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 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 days after the Effective Date, the Debtors will compile a listing of unclaimed distribution Holders. This list will be maintained 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 year after the Effective Date 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, 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 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.

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.

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 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 Disputed Claims in any Class whose Claims were allowed during the preceding month.

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, 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.

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.

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 Section 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 therefor appropriately.

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 Section IX.K. 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 Section IX.E. of the Plan.

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.

12. Share Reserve

In addition to the provisions of Section 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 potential Claim or Disputed Claim.

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.

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, 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, 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, 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, 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.

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.

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 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, each Claim Holder (a) that has accepted the Plan or (b) that is entitled to receive a distribution of property under the Plan if the Plan is confirmed, 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.

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. 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 Old Notes Trustees, the Committee, the Post Confirmation Trustee, and the Post Confirmation Advisory Board, and their members 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 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.

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.

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.

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 and Management Options; and
 - d. the New Common Stock, the Preferred Stock and the Equity Subscription Rights issued under the Plan are 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;
 - b. Registration Rights Agreements, if any; and
 - c. 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 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).

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.

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.

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 Advisory Committee on behalf of the Post Confirmation Estates, and such severance would constitute a permissible modification of the Plan pursuant to section 1127 of the Bankruptcy Code.

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.

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. 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.

7. 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.

8. 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.

9. 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.

10. 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:

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

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

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, Esq.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. Entire Agreement

The Plan and the Plan Supplement (as amended) supersede 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.

17. 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 and the Reorganized Debtors shall retain all rights on behalf of the Debtors, Core-Mark Newco and the Reorganized Debtors to commence and pursue, as appropriate, 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 the Plan, as well as those Causes of Action listed on Exhibit D 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.

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. Core-Mark Newco 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 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 or other Persons. 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;
- Any lawsuits for, or in any way involving, the collection of accounts receivable or any matter related to the Plan;
- Any actions against landlords, lessees, sublessees, or assignees arising from various leases, subleases and assignment agreements relating thereto, including, without limitation, actions for overcharges relating to taxes, common area maintenance and other similar charges;
- 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;
- Potential actions for breaches of fiduciary duty, negligent mismanagement and wasting of corporate assets and 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 actions against all Persons except the D&O Releasees arising out of, or in connection with, the prepetition management, operation and/or reporting of financial or other information except as may be prohibited by the Plan;

- Actions to recover amounts improperly awarded to employees under the terms of any prepetition employment or change-in-control agreement;
- 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;
- 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 actions, whether legal, equitable or statutory in nature, arising out of, or in connection with, the Debtors' business or operations.

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, 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 (collectively, the "Unknown Causes of Action"). The failure to list any such Unknown Cause of Action in the Plan, or on Exhibit D to the Plan is not intended to limit the rights of Core-Mark Newco 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 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 claim against the Debtors in these Bankruptcy Cases; (ii) such Creditor's proof of claim has been objected to; (iii) such Creditor's Claim was included in the Debtors' Schedules; or (iv) such Creditor's scheduled claim 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 Code 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 2003 through 2007, as set forth in the Disclosure Statement Supplement. 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)(II) 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' 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 Interest Test

The Debtors' liquidation analysis (the "Liquidation Analysis") is attached to the Disclosure Statement Supplement. The Debtors believe that any liquidation analysis is speculative. For example, the Liquidation Analysis necessarily contains an estimate of the amount of Claims which will ultimately become Allowed Claims. In preparing the Liquidation 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 Liquidation 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 Liquidation 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 Liquidation 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 Liquidation Analysis and the valuation analysis of the Reorganized Debtors (both of which are attached to the Disclosure Statement Supplement), 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 March 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 Debtors have been advised by The Blackstone Group ("Blackstone"), their financial advisors, with respect to the aggregate reorganization value on a going-concern basis of Core-Mark Newco. Blackstone has undertaken this valuation analysis for the purpose of determining value available for distribution to creditors pursuant to the Plan and to analyze recoveries to Creditors thereunder. A copy of the valuation analysis is in the Disclosure Statement Supplement.

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 and 9 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 and 9 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.

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 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, fewer estate assets would be available for distribution to the Holders of General Unsecured 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 Rights Offering. However, if the 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 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 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 to have 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.

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 Supplement 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 Debtors believe that the Plan satisfies these requirements.

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 same 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 Liquidation 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 Liquidation Analysis contained in the Disclosure Statement Supplement, 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 Liquidation 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 Interest. 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.

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 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.

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, the offer and sale of the New Common Stock, the Equity Subscription Rights and the Preferred Stock issuable upon exercise of the Equity Subscription Rights (collectively, the "Core-Mark Newco Securities") under the Plan satisfy the requirements of section 1145(a)(1) of the Bankruptcy Code and are, 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, 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 issued under the Plan and are covered by section 1145(a)(1) of the Bankruptcy Code, they 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 Claim 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 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 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 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 under the Plan would be an "underwriter" with respect to such Core-Mark Newco Securities.

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. The Debtors recommend that potential recipients of the Core-Mark Newco Securities consult their own counsel concerning whether they may freely trade Core-Mark Newco Securities without compliance with the Securities Act, the Exchange Act or similar state and federal laws.

Under the terms of the Equity Commitment Letter, all unexercised Equity Subscription Rights will be deemed to be transferred to the Equity Investor, which has committed, 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 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. 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; 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, the seller holds a sufficient number of any Core-Mark Newco Securities 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 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 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 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 Claim.

Holders of Allowed Prepetition Lenders' Secured Claims will 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 Claims, DSD Trust Claims and PACA/PASA Claims

Holders of Allowed Other Secured Claims, Approved Trade Creditor Reclamation Lien 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 on account of such Claims, as specified in the Plan. Accordingly, a Holder of Other Secured Claims, Approved Trade Creditor Reclamation Lien Claims, DSD Trust Claims, PACA/PASA Claims, and Convenience Claims should recognize gain or loss equal to the difference between (i) the amount of Cash and the fair market value of other property received in exchange for such claims and (ii) 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 Allowed Valid Reclamation Claims

To the extent it is determined that the Debtors' Inventory in which the Holders of Allowed Valid Reclamation Claims have asserted an interest had Residual Inventory Value as of the Petition Date, Holders of Allowed Valid Reclamation Claims will receive a promissory note from Core-Mark Newco ("Promissory Note"), entitling each such Holder to its Ratable Proportion of net Cash recoveries from Litigation Claims after payment in full of all Allowed Approved Trade Creditor Reclamation Claims. In the event it is determined that the Residual Inventory Value is less than the Allowed Amount of the Valid Reclamation Claims, the remainder of the Valid Reclamation Claims in excess of the Residual Inventory Value will be treated as General Unsecured Claims with the tax consequences to the Holders as described below.

Holders of Allowed Valid Reclamation Claims will be treated as exchanging their Allowed Valid Reclamation Claims for Promissory Notes in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of Allowed Valid Reclamation Claims should recognize gain or loss equal to the difference between (i) the "issue price" of the Promissory Note and (ii) the Holder's adjusted basis in Allowed Valid Reclamation Claims. Such gain or loss should be capital in nature so long as Allowed Valid Reclamation 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 were held for more than one year. To the extent that a portion of the Promissory Note received in exchange for Allowed Valid Reclamation 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.

4. Consequences to Holders of General Unsecured Claims

Holders of Allowed General Unsecured Claims (which includes Holders of all 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 shares issued pursuant to the Rights Offering and the Management Incentive Plan; (ii) a promissory note issued in favor of the Holders entitling such Holders to receive excess Cash from preference recoveries, vendor recoveries and other reserved funds, after the payment of all senior Claims as outlined in the Plan, unless such Holder agrees to other treatment ("Promissory Note"), and/or (iii) a pro rata share of Cash remaining from the sale of any of the Debtors' assets after all of the Allowed Unclassified Claims and Claims of Holders in Classes 1 through 5 have been satisfied and Equity Subscription Rights for shares of New Common Stock. As additional consideration, each Holder of a General Unsecured Claim that is listed on the Rights Participation Schedule shall be entitled to exercise their Equity Subscription Rights for shares of Preferred Stock as outlined in the Plan.

Holders of Allowed General Unsecured Claims will be treated as exchanging their General Unsecured Claims for New Common Stock, Equity Subscription Rights and/or Cash in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of an Allowed General Unsecured Claim should recognize gain or loss 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 (to the extent such New Common Stock and Cash 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 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 were held for more than one year. To the extent that a portion of the New Common Stock, Equity Subscription Rights, and Cash received in exchange for General Unsecured 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 received in exchange for the General Unsecured Claims should equal the fair market value of the New Common Stock and the Equity Subscription Rights as of the Effective Date. A Holder's holding period for the New Common Stock and the Equity Subscription Rights should begin on the day following the Effective Date.

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.

6. Receipt of Interests in Post Confirmation Trust

On the Effective Date, the Post Confirmation Trust shall be settled and is anticipated to exist as a grantor trust 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.

The tax consequences of the right to receive and of 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 the Post Confirmation Trust as property received on the

Effective Date, and tax it in the same manner as cash or other property received on the Effective Date. Alternatively, the Holders of Claims could be treated as exchanging the right to receive property from the Post Confirmation Trust for a portion of their Claims. 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.

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

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 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 in paragraph (D) immediately below, regarding redemption 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 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.

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 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) 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), 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) 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.

1. Accrued Interest, Market Discount and Original Issue Discount

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 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 "market discount bond" 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 a 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 therefor 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.

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 Fleming's assets to Core-Mark Holdings III. As a consequence, Core-Mark Holdings III should obtain a tax basis in 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. 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) 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 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 receive New Common Stock and Equity Subscription Rights, 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. 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.

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 most recently 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 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 which 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:

- (a) is or is deemed to be a resident of Canada; and
- (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 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:

- (a) is not and is not deemed to be a resident of Canada;
- (b) deals at arm's length and is not affiliated with the Debtors; and
- (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

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 as capital property. 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 be realized by a Resident Holder upon the exercise of an Equity Subscription Right. The cost to a Resident Holder of Preferred Stock acquired upon the exercise of an Equity Subscription Right will be equal to the aggregate of the Resident Holder's adjusted cost base of the Equity Subscription Right immediately before such exercise and the amount paid upon the exercise of the Subscription Right. Upon the expiry of an unexercised Equity Subscription Right, the Resident Holder will realize a capital loss equal to the adjusted cost base of the Equity Subscription Right to the Resident Holder.

On a disposition or deemed disposition of an Equity Subscription Right (other than on the exercise or expiry of such Equity Subscription Right), a Resident Holder will realize a capital gain (or capital loss) equal to the

amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Resident Holder's adjusted cost base of the Equity Subscription Right and any reasonable cost of disposition.

2. Non-Resident Holders

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 tax consequences as a result of the exercise or expiry of the Equity Subscription Rights.

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.

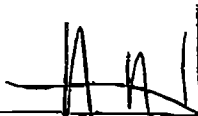
C. Alternative Plan

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 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 1

**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.)	

**DEBTORS' AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS'
JOINT PLAN OF REORGANIZATION OF FLEMING COMPANIES, INC. AND ITS FILING
SUBSIDIARIES UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

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Dated: [____], 2003

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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DEBTORS' AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS' JOINT
PLAN OF REORGANIZATION OF FLEMING COMPANIES, INC. AND ITS
FILING SUBSIDIARIES UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

Pursuant to Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, Fleming Companies, Inc. and its Filing Subsidiaries, debtors and debtors-in-possession in the above-captioned and numbered case, and the Official Committee of Unsecured Creditors hereby respectfully propose the following Joint Plan of Reorganization of Fleming Companies, Inc., and its Filing Subsidiaries Under Chapter 11 of the United States Bankruptcy Code:

ARTICLE I.

**RULES OF INTERPRETATION,
COMPUTATION OF TIME, GOVERNING LAW, RESERVATION OF RIGHTS AND DEFINED TERMS**

A. *Rules of Interpretation, Computation of Time and Governing Law*

1. For purposes herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) any reference herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference herein to an existing document or exhibit Filed, or to be Filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented; (d) unless otherwise specified, all references herein to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits hereof or hereto; (e) the words "herein," "hereof" and "hereto" refer to the Plan in its entirety rather than to a particular portion of this Plan; (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. In computing any period of time prescribed or allowed hereby, the provisions of Bankruptcy Rule 9006(a) shall apply.

3. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

B. *Reservation of Rights*

This Plan is a joint Plan of the Debtors and the Committee. The Plan currently contains several matters on which the Debtors and the Committee have not reached final agreement. In the event that the parties can not reach final agreement on such matters prior to solicitation of votes on the Plan, the parties reserve their respective rights to withdraw their support for this joint Plan and proceed in any manner appropriate as outlined in the Stipulation Re Co-Exclusive Period to File Plan of Reorganization dated November 25, 2003, or under the Bankruptcy Code.

C. *Defined Terms*

Unless the context requires otherwise, the following terms shall have the following meanings when used in capitalized form herein:

1. "5¼% Convertible Senior Subordinated Notes" means the 5¼% Convertible Senior Subordinated Notes due 2009 issued by Fleming in the original principal amount of \$150 million and guaranteed by all of the Debtors.
2. "5¼% Convertible Senior Subordinated Notes Indenture" means that certain indenture dated March 15, 2001, between Bank One, N.A., as indenture trustee, and Fleming, as amended or supplemented.
3. "9¼% Senior Notes" means the 9¼% Senior Notes due 2010 issued by Fleming in the original principal amount of \$200 million and guaranteed by all of the Debtors.
4. "9¼% Senior Notes Indenture" mean that certain indenture dated June 18, 2002, between the Bank of New York, as successor trustee to Manufacturers and Traders Trust Company, and Fleming, as amended or supplemented.
5. "9% Senior Subordinated Notes" means the 9% Senior Subordinated Notes due 2012 issued by Fleming in the original principal amount of \$260 million and guaranteed by all of the Debtors.
6. "9% Senior Subordinated Notes Indenture" means that certain indenture dated April 15, 2002, between Bank One, N.A., as indenture trustee, and Fleming, as amended or supplemented.
7. "10% Senior Notes" means the 10% Senior Notes due 2008 issued by Fleming in the original principal amount of \$355 million and guaranteed by all of the Debtors.
8. "10% Senior Notes Indenture" means that certain indenture dated March 15, 2001, between the Bank of New York as successor indenture trustee to Bankers Trust Company, and Fleming, as amended or supplemented.
9. "10% Senior Subordinated Notes" means the Series A and B 10% Senior Notes due in 2007 issued by Fleming in the original principal amount of \$400 million and guaranteed by all of the Debtors.
10. "10% Senior Subordinated Notes Indenture" means that certain indenture dated July 25, 1997, between Bank One, N.A. as indenture trustee, and Fleming as amended or supplemented.
11. "Additional Carve-Out" means that additional carve-out provided for Professional fees and expenses of \$6.0 million, which are entitled to payout prior to the payment of Administrative Claims to Allowed Approved Trade Creditor Lien Claim Holders, as outlined in the Final DIP Order.
12. "Additional Participating Amounts" means the amount to which a Disputing Holder may participate in the Rights Offering, as determined by the Bankruptcy Court or by the Debtors with the consent of the Committee and the Equity Investor.
13. "Administrative Claim" means a Claim for costs and expenses of administration under section 503(b), 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 (including Approved Trade Creditor Lien Claims as well 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 under sections 328, 330(a) or 331 of the Bankruptcy Code or otherwise; and (c) all fees and charges assessed against the Estates under chapter 123 of Title 28 United States Code, 28 U.S.C. §§ 1911-1930.
14. "Agents" mean Deutsche Bank Trust Company Americas, acting in its capacity as administrative agent for the Post-Petition Lenders, and JPMorgan Chase Bank, acting in its capacity as collateral agent for the Post-Petition Lenders.
15. "Allowed" means, with respect to any Claim or Equity Interest, except as otherwise provided herein: (a) a Claim or Equity Interest that has been scheduled by the Debtors in their schedule of liabilities as other than disputed, contingent or unliquidated and as to which the Debtors or any other party in interest has not Filed an objection by the Objection Deadline; (b) a Claim or Equity Interest that either is not a Disputed Claim or Equity

Interest or has been allowed by a Final Order; (c) a Claim or Equity Interest that is allowed: (i) in any stipulation of amount and nature of Claim executed prior to the Confirmation Date; (ii) in any stipulation with any Debtor or Reorganized Debtor of amount and nature of Claim or Equity Interest executed on or after the Confirmation Date; or (iii) in or pursuant to any contract, instrument, indenture or other agreement entered into or assumed in connection herewith; (d) a Claim or Equity Interest relating to a rejected executory contract or unexpired lease that either (i) is not a Disputed Claim or Equity Interest or (ii) has been allowed by a Final Order, in either case only if a proof of Claim or Equity Interest has been Filed by the Claims Bar Date or has otherwise been deemed timely Filed under applicable law; or (e) a Claim or Equity Interest as to which a proof of Claim has been timely filed and as to which the Debtors or any party in interest has not filed an objection by the Objection Deadline; and with respect to all Claims only after reduction for unpaid pre-petition and post-petition deductions, preference payments and other applicable setoff rights.

16. "Allowed Claim" means an Allowed Claim in the particular Class described.

17. "Allowed Interest" means an Allowed Equity Interest in the particular Class described.

18. "Approved Trade Creditor" means a trade creditor who elected to participate in the Trade Credit Program established under the Final DIP Order and provided post-petition trade credit thereunder.

19. "Approved Trade Creditor Lien" means the junior lien of an Approved Trade Creditor in the amount of actual trade credit provided pursuant to the agreement with the Debtors and as outlined in the Trade Credit Program.

20. "Approved Trade Creditor Lien Claim" means the Claim of an Approved Trade Creditor in the amount of actual unpaid trade credit provided pursuant to the agreement with the Debtors and as outlined in the Trade Credit Program.

21. "Approved Trade Creditor Reclamation Lien" means the junior lien of an Approved Trade Creditor holding a Reclamation Claim in the lesser of (a) the amount of actual trade credit provided pursuant to the agreement with the Debtors as outlined in the Trade Credit Program; and (b) the amount of the Allowed Reclamation Claim, as outlined in the Trade Credit Program determined without consideration of whether the Inventory of the Debtors exceeded the amount of the Pre-Petition Lenders' Secured Claim.

22. "Approved Trade Creditor Reclamation Lien Claim" means the Claim of an Approved Trade Creditor holding a Reclamation Claim in the lesser of (a) the amount of the actual trade credit provided pursuant to the agreement with the Debtors as outlined in the Trade Credit Program and (b) the amount of the Allowed Reclamation Claim, as outlined in the Trade Credit Program determined without consideration of whether the Inventory of the Debtors exceeded the amount of the Pre-Petition Lenders' Secured Claim.

23. "Assumption Schedule" means the schedule included in the Plan Supplement of executory contracts and unexpired leases that are to be assumed by the Reorganized Debtors on the Effective Date.

24. "Avoidance Actions" means those avoidance actions available pursuant to Chapter 5 of the Bankruptcy Code.

25. "Ballots" means the ballots accompanying the Disclosure Statement upon which Holders of Impaired Claims entitled to vote shall indicate their acceptance or rejection of the Plan in accordance with the Plan and the Voting Instructions.

26. "Bank Guarantees" means those guarantees issued by the Filing Subsidiaries in favor of the Pre-Petition Lenders, guaranteeing the obligations of Fleming on the Pre-Petition Credit Agreement.

27. "Bankruptcy Code" means Title 11 of the United States Code, and applicable portions of Titles 18 and 28 of the United States Code.

28. "Bankruptcy Court" means the United States District Court having jurisdiction over the Chapter 11 Cases and, to the extent of any reference made pursuant to section 157 of Title 28 of the United States

Code and/or the General Order of such District Court pursuant to section 151 of Title 28 of the United States Code, the bankruptcy unit of such District Court.

29. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Cases, promulgated under 28 U.S.C. § 2075 and the General, Local and Chambers Rules of the Bankruptcy Court.

30. "Beneficial Holder" means the Person or Entity holding the beneficial interest in a Claim or Equity Interest.

31. "Bondholders" mean the Beneficial Holders of the Old Notes.

32. "Bond Guarantees" means those guarantees issued by the Filing Subsidiaries in favor of the Holders of Old Notes guaranteeing the obligations of Fleming on the Old Notes.

33. "Business Day" means any day, other than a Saturday, Sunday or "legal holiday" (as defined in Bankruptcy Rule 9006(a)) in Wilmington, Delaware.

34. "Canadian CCAA Court" means the Supreme Court of British Columbia or such other court in Canada having jurisdiction over Core-Mark International Inc.'s proceedings under the CCAA from time to time.

35. "Carve-Out" means the carve-out provided for in the Final DIP Order or any Court Order or credit agreement executed with respect to a refinancing of the DIP Credit Facility or Pre-Petition Credit Agreement which includes but is not necessarily limited to (i) in the event of the occurrence and during the continuation of a Termination Event (as defined in the Final DIP Order), the payment of allowed and unpaid professional fees and disbursements incurred by the Debtors and the Committee in an aggregate amount not in excess of \$4.0 million (plus all unpaid professional fees and disbursements incurred prior to the occurrence of such Termination Event strictly in accordance with the budget described in the Final DIP Order and to the extent allowed by the Bankruptcy Court and (ii) the payment of all fees required to be paid pursuant to 28 U.S.C. § 1930(c)(6) and all unpaid fees payable to the Clerk of this Court or the United States Trustee.

36. "Cash" means cash and cash equivalents.

37. "Cause of Action" means, including but is not limited to, all Claims, actions, choses in action, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, controversies, agreements, promises, variances, trespasses, damages, judgments, third-party claims, counterclaims and cross claims (including, but not limited to, all claims in any avoidance, recovery, subordination or other actions against Insiders and/or any other Persons under the Bankruptcy Code, including sections 510, 542, 543, 544, 545, 547, 548, 549, 550, 551 and 553) of the Debtors, the Debtors in Possession and/or the Estates (including, but not limited to, those actions listed in this Plan, Exhibit D hereto, the Disclosure Statement and the Plan Supplement) that are or may be pending on the Effective Date or instituted by Core-Mark Newco, the Reorganized Debtors or the Post Confirmation Trust, as applicable, after the Effective Date against any Person based on law or equity, including, but not limited to, under the Bankruptcy Code, whether direct, indirect, derivative, or otherwise and whether asserted or unasserted, known or unknown.

38. "CCAA" means the Companies' Creditors Arrangement Act (Canada).

39. "Chapter 11 Cases" means the chapter 11 bankruptcy cases filed by the Debtors on April 1, 2003, in the Bankruptcy Court.

40. "Claim" means (a) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, as defined in section 101(5) of the Bankruptcy Code.

41. "Claim Holder" means the Holder of a Claim.

42. "Claims Bar Date" means September 15, 2003.
43. "Class" means a category of Holders of Claims or Equity Interests as set forth in Article III herein.
44. "COBRA Claims" means those Claims for continuation of health plan coverage as required in section 4980B of the Internal Revenue Code of 1986, as amended.
45. "Confirmation" means the entry of the Confirmation Order.
46. "Confirmation Date" means the date upon which the Confirmation Order is entered by the Bankruptcy Court on its docket, within the meaning of Bankruptcy Rule 5003.
47. "Confirmation Hearing" means that hearing before the Bankruptcy Court wherein the Debtors seek confirmation of the Plan as provided for in section 1128 of the Bankruptcy Code.
48. "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.
49. "Contract Claims Bar Dates" means those certain dates set forth in any prior or subsequent Orders of the Bankruptcy Court by which Claims pursuant to sections 365 and/or 502(b)(6) of the Bankruptcy Code must be filed.
50. "Convenience Claims" means those General Unsecured Claims in Class 7 herein, as described in Section III.B.9.
51. "Core-Mark Newco" means the Delaware corporation to be formed on the Effective Date, as well as Core-Mark Holdings I, Core-Mark Holdings II and Core-Mark Holdings III, as further described in Section V.E. herein.
52. "Creditors Committee" or "Committee" means the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases by the United States Trustee on April 14, 2003.
53. "D&O Releasees" means all current and former officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives of each Debtor and their respective subsidiaries, in each case in their capacity as such, whose identities shall be mutually agreed upon by the Debtors and the Committee, but excluding the Excluded D&O Releasees.
54. "Debtors" means Fleming and its Filing Subsidiaries, as debtors in the Chapter 11 Cases.
55. "DIP Claim" means a Claim arising under or as a result of the DIP Credit Facility, including letters of credit arising thereunder.
56. "DIP Credit Facility" means the commitment secured by the Debtors for debtor-in-possession financing from the Post-Petition Lenders authorized in the Final DIP Order or any refinancing thereof, including but not limited to a refinancing whereby the refinancing lender takes an assignment of the DIP Credit Facility or the Claims of the Post-Petition Lenders thereunder.
57. "Disclosure Statement" means the Disclosure Statement in Support of Debtors and Official Committee of Unsecured Creditors' Joint Plan of Reorganization of Fleming Companies, Inc., and its Filing Subsidiaries under Chapter 11 of the Bankruptcy Code dated [____], 2003, as amended, supplemented, or modified from time to time, describing the Plan, that is prepared and distributed in accordance with the Bankruptcy Code.
58. "Disputed" means, for purposes of this Plan, with respect to any Claim or Equity Interest, any Claim or Equity Interest: (a) listed on the Schedules as unliquidated, disputed or contingent and for which a timely Objection has been filed; or (b) as to which any Debtor or any other party in interest has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules which has not been withdrawn or determined by a Final Order.

59. "Disputing Holder" means a Holder of a Class 6 General Unsecured Claim that disputes its Rights Participation Claim Amount and acts in accordance with the procedures described in section VII.B.10.
60. "Distribution Record Date" means the Effective Date.
61. "DSD Trust Claims" means those claims of certain vendors that arose from the direct shipment of goods to retailers, and which are subject to ongoing litigation.
62. "DTC" means The Depository Trust Company.
63. "Effective Date" means the date selected by the Debtors and the Committee on which: (a) no stay of the Confirmation Order is in effect, and (b) all conditions specified in Article XI herein have been (i) satisfied or (ii) waived pursuant to Section XI.C.
64. "Entity" means an entity as defined in section 101(15) of the Bankruptcy Code.
65. "Equity Commitment Letter" means that certain commitment letter between the Debtors and the Equity Investor whereby the Equity Investor, subject to the satisfaction or waiver of certain conditions, commits to purchase the Equity Subscription Rights not otherwise exercised prior to the Subscription Expiration Date, attached to the Plan as Exhibit E.
66. "Equity Interest" means (a) any equity interest of Fleming, including, but not limited to, all issued, unissued, authorized or outstanding shares or stock (including the Old Stock), (b) any interest, including but not limited to, any warrant, options, conversion privileges or contract rights to purchase or acquire any equity security of the Debtors at any time and (c) any Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, currently existing or hereafter arising, in law, equity or otherwise arising from rescission of a purchase or sale of a security of the Debtors or an affiliate of the Debtors, for damages arising from the purchase, sale or holding of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.
67. "Equity Investor" means the Person(s) that, subject to the satisfaction or waiver of certain conditions, has committed to purchase any Preferred Stock for which the Equity Subscription Rights have not purchased prior to the Subscription Expiration Date.
68. "Equity Subscription Right" means the right to purchase shares of Preferred Stock offered to those Claim Holders listed on the Rights Participation Schedule.
69. "Estate" means the estate of each Debtor created by section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.
70. "Exchange Agent" means the institution engaged by the Debtors to conduct the exchange of certain securities as provided for herein.
71. "Excluded D&O Releasees" means those parties listed on Exhibit C hereto, which Exhibit shall be mutually agreed upon by the Debtors and the Committee.
72. "Exercising Claim Holder" means the Holder of an Equity Subscription Right that has timely and duly exercised the Equity Subscription Right that such Holder was eligible to exercise.
73. "Exit Financing Facility" means the senior secured term and revolving credit facilities in the anticipated aggregate amount of \$[] million, that will be entered into by Core-Mark Newco on the Effective Date on substantially the terms set forth on Exhibit A.
74. "File" or "Filed" means file or filed with the Bankruptcy Court in the Chapter 11 Cases.
75. "Filing Subsidiaries" means Core-Mark International, 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.

76. "Final Decree" means the decree contemplated under Bankruptcy Rule 3022.
77. "Final DIP Order" means that Final Order entered by the Bankruptcy Court on May 6, 2003, providing final authorization for the Debtors to utilize the DIP Credit Facility.
78. "Final Order" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought.
79. "First Administrative Bar Date" means January 15, 2004.
80. "First Administrative Bar Date Order" means the Order Establishing Deadline for Filing Requests for Allowance of Certain Administrative Expense Claims, Approving Form and Manner of Notice thereof and Approving Proof of Administrative Claim Form dated November 26, 2003.
81. "Fleming" means Fleming Companies, Inc.
82. "Fleming Convenience" means Core-Mark International Inc., Core-Mark Interrelated Companies, Inc., Core-Mark Mid Continent Inc., Minter-Weisman Co., Head Distributing Company and the Debtors' other related convenience store operations.
83. "General Unsecured Claim" means any Claim against any Debtor that is not a Claim within Classes 1, 2, 3(A), 3(B), 3(C), 4, 5, 8 and 9 and is not an Administrative Claim, Priority Tax Claim or DIP Claim.
84. "Holder" and, collectively, "Holders" mean a Person or Entity holding an Equity Interest or Claim, including a Holder of the Old Notes or the Old Stock, and with respect to a vote on the Plan, means the Beneficial Holder as of the Record Date or any authorized signatory who has completed and executed a Ballot or on whose behalf a Master Ballot has been completed and executed in accordance with the Voting Instructions.
85. "Impaired" means with respect to any Class of Claims or Equity Interests, that such Claims or Equity Interests will not be paid in full upon the effectiveness of this Plan, will not have its Claim reinstated or will have its rights changed by the reorganization effectuated hereby.
86. "Impaired Claim" means a Claim classified in an Impaired Class.
87. "Impaired Class" means each of the Classes that is not an Unimpaired Class.
88. "Indentures" means the 5¼% Convertible Senior Subordinated Notes Indenture, the 9¼% Senior Notes Indenture, the 9½ % Senior Subordinated Notes Indenture, the 10½ % Senior Notes Indenture and the 10½ % Senior Subordinated Notes Indenture.
89. "Intercompany Claims" means any Claim held by any Debtor against any other Debtor or any Claim held by a Debtor subsidiary that is not a Filing Subsidiary against any Debtor.
90. "Inventory" means products and supplies of the Debtors, on hand or in transit on the Petition Date, specifically excluding Cash, property, plant and equipment, capital leases or similar items.
91. "Litigation Claims" means all Avoidance Actions and Vendor Deductions.

92. "Management Incentive Plan" means that certain equity incentive program (the terms of which shall be outlined in the Plan Supplement), pursuant to which certain key employees of the Reorganized Debtors or its subsidiaries will receive or have the right to receive up to []% of the New Common Stock to be issued pursuant hereto, which shall not be diluted by the shares of Preferred Stock issued pursuant to the Rights Offering.

93. "Master Ballots" mean the master ballots accompanying the Disclosure Statement upon which Holders of Old Notes shall indicate their acceptance or rejection of the Plan in accordance with the Voting Instructions.

94. "Master Subscription Form" means that subscription for distribution to Nominee Holders of General Unsecured Claims for the purpose of recording and transmitting the elections of the Beneficial Holders of such General Unsecured Claims.

95. "New Common Stock" means the [] shares of Core-Mark Newco common stock, par value \$.01 per share, to be authorized pursuant to its Certificate of Incorporation, of which up to an aggregate of [] shares shall be initially issued pursuant hereto.

96. "Nominee" means any broker, dealer, commercial bank, trust company, savings and loan, financial institution or other nominee in whose name securities are registered or held of record on behalf of a Beneficial Holder.

97. "Objection Deadline" means that date which is 180 days after the Effective Date or such later date as the Court may allow upon request by the Reorganized Debtors or the Post Confirmation Trustee, as applicable, by which the Debtors or any party in interest have to file an objection to any Claim not previously allowed.

98. "Old Notes" means the 5¼% Convertible Senior Subordinated Notes, the 9¼% Senior Notes, the 9⅞% Senior Subordinated Notes, the 10⅞% Senior Notes and the 10⅝% Senior Subordinated Notes.

99. "Old Notes Trustees" means Bank One, N.A., the Bank of New York and Bankers Trust Company.

100. "Old Senior Notes" means the 9¼% Senior Notes and the 10⅞% Senior Notes.

101. "Old Senior Subordinated Notes" means the 5¼% Convertible Senior Subordinated Notes, the 9⅞% Senior Subordinated Notes and the 10⅝% Senior Subordinated Notes.

102. "Old Stock" means all of the issued and outstanding shares of Fleming common stock, \$.01 par value per share.

103. "Option Period" means the period within which purchasers of the Wholesale Distribution Business as outlined in the Bankruptcy Court's Order of August 15, 2003 have to designate the acceptance, assignment or rejection of certain executory contracts and unexpired leases.

104. "Other Priority Non-Tax Claims" means any Claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

105. "Other Secured Claims" means Secured Claims not in Classes 2, 3(B) or 3(C).

106. "PACA/PASA Claims" means Claims asserted pursuant to the Perishable Agricultural Commodities Act, 7 U.S.C. §499a *et seq.*, the Packers and Stockyard Act, 7 U.S.C. §181 *et seq.*, or state statutes or similar import.

107. "Person" means a person as defined in section 101(41) of the Bankruptcy Code.

108. "Petition Date" means the date on which the Debtors filed their petitions for relief commencing the Chapter 11 Cases, April 1, 2003.

109. "Plan" means this Chapter 11 Plan of Reorganization, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the Plan, the Bankruptcy Code and the Bankruptcy Rules.

110. "Plan Supplement" means the compilation of documents and forms of documents specified in the Plan (and in form and substance acceptable to the Committee) to be filed by the Debtors on or before 5 business days prior to the Confirmation Hearing, as each such document or form of document may be, with the Committee's consent, altered, restated, modified or replaced from time to time.

111. "Post Confirmation Trust" means that trust that shall be created pursuant to the Plan and the Post Confirmation Trust Agreement for the purposes of carrying out certain provisions of the Plan.

112. "Post Confirmation Trust Advisory Board" means that board created to advise the Post Confirmation Trust, as outlined in Section V.G.2 herein.

113. "Post Confirmation Trust Agreement" means that agreement, contained in the Plan Supplement, that shall be entered into by Core-Mark Newco and the Post Confirmation Trustee on or before the Effective Date, and which shall govern the Post Confirmation Trust.

114. "Post Confirmation Trustee" means the trustee under the Post Confirmation Trust Agreement.

115. "Post-Petition Lenders" means the lenders under the DIP Credit Facility or any lender participating in the refinancing of the DIP Credit Facility, including but not limited to a refinancing lender which takes an assignment of the DIP Credit Facility or the Claims of the Post-Petition Lenders thereunder.

116. "Preference Actions" means those avoidance actions provided for in section 547 of the Bankruptcy Code.

117. "Preferred Stock" means the convertible preferred stock to be issued by Core-Mark Newco representing the right to convert into not more than [__%] of the New Common Stock, that has a liquidation preference over the New Common Stock and that is entitled to a paid in kind dividend of [__], as further described in the Equity Commitment Letter.

118. "Pre-Petition Agent" means each agent under, and as defined in, the Pre-Petition Credit Agreement, including, each Joint Book Manager and each Joint Lead Arranger, in each case under, and as defined in, the Pre-Petition Credit Agreement.

119. "Pre-Petition Credit Agreement" means the Credit Agreement dated June 18, 2002, as amended, among the Debtors and the Lenders party thereto providing for Secured Credit borrowing term loans and letters of credit in an aggregate amount of \$755,000,000 or any refinancing thereof, including but not limited to a refinancing whereby the refinancing lender takes an assignment of the Pre-Petition Credit Agreement or the Claims of the Pre-Petition Lenders thereunder.

120. "Pre-Petition Lenders" means the lenders pursuant to the Pre-Petition Credit Agreement or any lender to a refinancing of the Pre-Petition Credit Agreement, including, but not limited to, a lender which takes an assignment of the Pre-Petition Credit Agreement or the Claims of the Pre-Petition Lenders thereunder.

121. "Pre-Petition Lenders' Secured Claims" means the Claims arising under the Pre-Petition Credit Agreement.

122. "Pre-Petition Lenders' Superpriority Claims" means an Allowed Administrative Claim granted to the Pre-Petition Lenders pursuant to section 507(b) of the Bankruptcy Code, with priority in payment over any and all Allowed Administrative Claims and General Unsecured Claims now existing or hereafter arising of any kind or nature whatsoever including, without limitation, administrative expenses of the kinds specified in sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 546(c) and 726 of the Bankruptcy Code, subject only to the Carve-Out and the Post-Petition Lenders' Superpriority Claims.

123. "Priority Tax Claims" means a Claim of a governmental unit (including any Canadian taxing authority) of the kind specified in section 507(a)(8) of the Bankruptcy Code.

124. "Professional," or, collectively, "Professionals" means a Person or Entity (a) employed pursuant to a Final Order in accordance with sections 327 and 1103 or 363 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date pursuant to sections 327, 328, 329, 330 and 331 or 363 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

125. "Professional Fee Escrow Account" means the account established by the Reorganized Debtors on the Effective Date, solely for the purpose of paying all accrued and anticipated Professional Fees through the Effective Date.

126. "Professional Fees" means all fees and expenses (including, but not limited to, success fees, if any) for services rendered by all Professionals in the Chapter 11 Cases through the Effective Date that the Bankruptcy Court has not denied by Final Order, regardless of whether a fee application has been filed for such fees.

127. "PMSI" means a purchase money security interest as defined in Section 9-312 of the Uniform Commercial Code.

128. "Ratable Proportion" means the ratio (expressed as a percentage) of the amount of an Allowed Claim in a Class to the aggregate amount of all Allowed Claims in the Class, except in the case of Claim Holders listed on the Rights Participation schedule it means, solely for the purposes of determining participation in the Rights Offering, the ratio of the Rights Participation Claim Amount of any particular Claim Holder so listed to the aggregate of the Rights Participation Claim Amounts for all Claim Holders listed on such Schedule.

129. "Reclamation Claims" means Claims to which a Trustee's avoidance powers are subject pursuant to section 546(c) of the Bankruptcy Code.

130. "Record Date" means [____], 2004.

131. "Registration Rights Agreement" means those certain registration rights agreements as required to be executed in accordance with the Plan, the forms of which shall be included in the Plan Supplement.

132. "Releasees" means each of the Debtors, the Reorganized Debtors, Core-Mark Newco, each of the D&O Releasees, the Pre-Petition Lenders, the Old Notes Trustees, the Post-Petition Lenders, the Equity Investor, the Committee, each member of the Committee, the Post Confirmation Trustee and the Post Confirmation Trust Advisory Board, the Agents and the affiliates, agents and professionals of each of the foregoing, each in their capacity as such.

133. "Reorganized Debtors" means collectively Core-Mark Newco and each Debtor and Debtor in Possession, or any successor thereto by merger, consolidation, or otherwise, on and after the Effective Date.

134. "Residual Inventory Value" means the value, as of the Petition Date, of the Debtors' Inventory in which the Holders of Allowed Class 5 Claims have asserted an interest, which value is in excess of the aggregate dollar amount of Allowed Class 2 and Allowed Class 3(B) Claims.

135. "Restated By-laws" means the restated by-laws of the Reorganized Debtors, if necessary, the form of which shall be filed as part of the Plan Supplement.

136. "Restated Certificate of Incorporation" means those certain Restated Certificates of Incorporation of the Reorganized Debtors which, pursuant hereto, are to be filed with the Secretary of State of the State of Delaware, the form of which shall be included in the Plan Supplement.

137. "Rights Offering" means the offering of shares of Preferred Stock pursuant to the Equity Subscription Rights and described in Article VII herein.

138. "Rights Participation Claim Amount" means the amount in which a General Unsecured Claim is valued for purposes of participation in the Rights Offering, as listed on the Rights Participation Schedule, agreed to by the Debtors with the consent of the Committee and the Equity Investor or as ordered by the Bankruptcy Court.

139. "Rights Participation Schedule" means the list of creditors and Claims identified by the Debtors on Exhibit B attached hereto setting forth the Rights Participation Claim Amounts.

140. "Schedules" mean the schedules of assets and liabilities, schedules of executory contracts, and the statement of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code, the Official Bankruptcy Forms and the Bankruptcy Rules, as they have been and may be amended and supplemented from time to time.

141. "Second Administrative Bar Date" means that date that is forty-five (45) days after the Effective Date.

142. "Securities Act" means the Securities Act of 1933, 15 U.S.C. sections 77a-77aa, as now in effect or hereafter amended, or any similar federal, state or local law.

143. "Senior Note Claims" means those Claims derived from or based upon the Old Senior Notes.

144. "Senior Notes Indentures" means the 9¼% Senior Notes Indenture and the 10% Senior Notes Indenture.

145. "Senior Notes Indenture Trustee" means the Bank of New York.

146. "Senior Subordinated Note Claims" means those Claims derived from or based upon 5¼% Convertible Senior Subordinated Notes, the 9⅞% Senior Subordinated Notes and the 10⅝% Senior Subordinated Notes.

147. "Subscription Agent" means _____.

148. "Subscription Commencement Date" means _____.

149. "Subscription Expiration Date" means _____.

150. "Subscription Form" means the form to be used by a Holder of Equity Subscription Rights to exercise such Equity Subscription Rights.

151. "Subscription Period" means that time between the Subscription Commencement Date and the Subscription Expiration date.

152. "Subscription Purchase Price" means the purchase price that an Exercising Claim Holder must pay in order to exercise its Equity Subscription Rights.

153. "Subscription Record Date" means _____.

154. "Trade Credit Program" means that program established under the Final DIP Order providing a junior lien to Approved Trade Creditors who made post-petition credit available to the Debtors.

155. "Unclassified Claims" means those Administrative and Priority Claims described in Article II herein.

156. "Unimpaired Claims" means Claims in an Unimpaired Class.

157. "Unimpaired Class" means an unimpaired Class within the meaning of section 1124 of the Bankruptcy Code.

158. "Unsecured Claim" means any Claim against any Debtor that is not a Secured Claim, Administrative Claim, DIP Claim, Priority Tax Claim, Other Priority Claim or an Other Secured Claim.

159. "Valid Reclamation Claims" means those Reclamation Claims with an interest in the Debtors' Inventory under section 546 of the Bankruptcy Code to the extent such Inventory has value in excess of the aggregate dollar amount of Allowed Class 2 and Class 3(B) Claims.

160. "Vendor Deductions" means the amounts owed by vendors to the Debtors, relating to the provision of pre-petition and post-petition goods and services that remain unpaid as of the Effective Date.

161. "Voting Class" means any class of Claims or Equity Interest entitled to vote on the Plan.

162. "Voting Deadline" means the date stated in the Voting Instructions by which all Ballots must be received.

163. "Voting Instructions" mean the instructions for voting on the Plan contained in the section of the Disclosure Statement entitled "SOLICITATION; VOTING PROCEDURES" and in the Ballots and the Master Ballots.

164. "Wholesale Distribution Business" means that business segment of the Debtors sold under section 363 of the Bankruptcy Code pursuant to the Bankruptcy Court's Order dated August 15, 2003.

ARTICLE II.

UNCLASSIFIED CLAIMS

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 herein, 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 the First Administrative Bar Date Order. Except as provided herein, 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 328 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*

Each Holder of an Allowed Priority Tax Claim that is due and payable on or prior to the Effective Date shall be paid, at the option of the respective Reorganized Debtor, in full satisfaction, settlement, release, and discharge of and in exchange for such Priority Tax Claim either: (i) in Cash in full on the Effective Date or as soon as practicable thereafter or (ii) in 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, unless such Holder consents to other treatment.

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.

ARTICLE III.

CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

A. *Summary*

		<i>Class</i>	<i>Status</i>	<i>Voting Rights</i>
Class 1	--	Other Priority Non-Tax Claims	Unimpaired	-- not entitled to vote
Class 2	--	Pre-Petition Lenders' Secured Claims	Unimpaired	-- not entitled to vote
Class 3(A)	--	Other Secured Claims	Unimpaired	-- not entitled to vote
Class 3(B)	--	Approved Trade Creditor Reclamation Lien Claims	Unimpaired	-- not entitled to vote
Class 3(C)	--	DSD Trust Claims	Unimpaired	-- not entitled to vote
Class 4	--	PACA/PASA Claims	Unimpaired	-- not entitled to vote
Class 5	--	Reclamation Claims that are not Class 3(B) Claims	Impaired	-- entitled to vote

3(B) Claims

Class 6	--	General Unsecured Claims	Impaired	--	entitled to vote
Class 7	--	Convenience Claims	Impaired	--	entitled to vote
Class 8	--	Equity Interests	Impaired	--	not entitled to vote
Class 9	--	Intercompany Claims	Impaired	--	not entitled to vote

B. *Classification and Treatment*

1. *Class 1—Other Priority Non-Tax Claims*

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

(b) *Treatment:* On the Effective Date, or as soon as practicable thereafter, each Holder of an Allowed Other Priority Non-Tax Claim shall be paid 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, unless such Holder agrees to other treatment.

(c) *Voting:* Class 1 is not impaired and the Holders of Class 1 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.

2. *Class 2—Pre-Petition Lenders' Secured Claims*

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

(b) *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.

(c) *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.

3. *Class 3(A)—Other Secured Claims*

(a) *Classification:* Class 3(A) consists of all Allowed Other Secured Claims.

(b) *Treatment:* On the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Other Secured 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.

(c) *Voting:* Class 3(A) is unimpaired and Holders of Class 3 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.

4. *Class 3(B)—Approved Trade Creditor Reclamation Lien Claims*

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

(b) *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 in favor of the Holders of Allowed Approved Trade Creditor Reclamation Lien Claims in the estimated aggregate amount of such Allowed Claims to be reissued as such Claims are Allowed by Final Order or settlement and grant a first priority lien to such Holders on the proceeds of the Litigation Claims, entitling each Holder of an Allowed Approved Trade Creditor Reclamation Lien Claim to its Ratable Proportion of net Cash recoveries from Litigation Claims 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.

(c) *Voting:* Class 3(B) is not impaired and the Holders of Class 3(B) 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(B) are not entitled to vote to accept or reject the Plan.

5. *Class 3(C)—DSD Trust Claims*

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

(b) *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 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.

(c) *Voting:* Class 3(C) is unimpaired 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 plan.

6. *Class 4—PACA/PASA Claims*

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

(b) *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 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 is insufficient to satisfy all the Allowed PACA/PASA Claims, with any remaining proceeds of the PACA trust to be distributed to Core-Mark Newco.

(c) *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.

7. *Class 5—Valid Reclamation Claims that are not Class 3(B) Claims*

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

(b) *Treatment:* To the extent it is determined that the Debtors' Inventory in which the Holders of Allowed Valid Reclamation Claims have asserted an interest, had Residual Inventory Value as of the Petition Date, 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 in favor of the Holders of Allowed Valid Reclamation Claims that are not Class 3(B) Claims in the amount of the Residual Inventory Value and grant a second priority lien on the proceeds of Litigation Claims, entitling each Holder of an Allowed Valid Reclamation Claim that is not a Class 3(B) Claim, to its Ratable Proportion of net Cash recoveries from Litigation Claims, after all Class 3(B) Claims are paid in full. In the event the Residual Inventory Value is less than the Allowed Amount of the Valid Reclamation Claims, the remainder of the Valid Reclamation Claims in excess of the Residual Inventory Value shall be treated as Class 6 General Unsecured Claims hereunder.

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

8. *Class 6—General Unsecured Claims other than Convenience Claims*

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

(b) *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 shares of New Common Stock issued upon the conversion of Preferred Stock issued pursuant to the Rights Offering 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 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 herein.

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

9. *Class 7 - Convenience Claims*

(a) *Classification:* Class 7 consists of all General Unsecured Claims of \$5000 or less held by a single Holder.

(b) *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 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 \$1,000,000. If the aggregate amount of the Allowed Class 7 Claims exceeds \$1,000,000, each Holder of an Allowed Class 7 Claim shall receive its Ratable Proportion of \$1,000,000.

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

10. *Class 8 - Equity Interests*

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

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

(c) *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.

11. *Class 9 - Intercompany Claims*

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

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

(c) *Voting:* Class 9 is impaired, 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.

C. *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.

ARTICLE IV.

ACCEPTANCE OR REJECTION OF THE PLAN

A. *Voting Classes*

Each Holder of an Allowed Claim or Allowed Interest in Classes 5, 6 and 7 shall be entitled to vote to accept or reject the Plan.

B. *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.

C. *Presumed Acceptance of Plan*

Classes 1, 2, 3(A), 3(B), 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.

D. *Presumed Rejection of Plan*

Classes 8 and 9 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.

E. *Non-Consensual Confirmation*

The Debtors and the Committee reserve the right to seek Confirmation of the Plan under section 1129(b) of the Bankruptcy Code, to the extent applicable, in the event that 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 Section XIV.D. hereof.

ARTICLE V.

MEANS FOR IMPLEMENTATION OF THE PLAN

A. *Substantive Consolidation*

This Plan is premised upon the limited substantive consolidation of the Debtors solely for purposes of actions associated with the Confirmation of this Plan and occurrence of the Effective Date, including, but not limited to, voting, confirmation and distribution. As a result of this limited 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. This Plan does not contemplate the merger or dissolution of any Debtor or the transfer or further commingling of any asset of any Debtor, except that the assets of Fleming and certain Filing Subsidiaries already being used by Fleming Convenience in its operations shall be formally vested in Core-Mark International Inc., or one of its Debtor subsidiaries, and except to accomplish the distributions under this Plan. Such limited substantive consolidation shall not effect (other than for Plan voting, treatment, and/or distribution purposes) (i) the legal and corporate structures of the Reorganized Debtors or (ii) Equity Interests in the Filing Subsidiaries.

This Plan shall serve as a motion seeking entry of an order substantively consolidating the Chapter 11 Cases, as described herein. Unless an objection to substantive consolidation is made in writing by any creditor affected by this Plan as herein provided on or before ___ days prior to the date that is fixed by the Bankruptcy Court as the last date on which acceptances to this Plan may be received, or such other date as may be fixed by the Bankruptcy Court, the substantive consolidation order (which may be the Confirmation Order) may be entered by the Bankruptcy Court. In the event any such objections are timely filed, a hearing with respect thereto shall be scheduled by the Bankruptcy Court, which hearing may, but need not, coincide with the Confirmation Hearing.

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

Each Debtor shall, as a Reorganized Debtor, 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.

C. *Cancellation of Old Notes, Old Stock and Other Equity Interests*

On the Effective Date, except to the extent otherwise provided herein, 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 herein, 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.

D. *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 hereto, including, without limitation, the New Common and Preferred Stock, each of which shall be distributed as provided herein. Core-Mark Newco shall execute and deliver such other agreements, documents and instruments, including the Registration Rights Agreement, if applicable.

E. *Restructuring Transactions*

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 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 the Effective Date that will result in, among other things, all of the stock of Core-Mark Newco being distributed in accordance with Article III of the Plan.

In addition, 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 unnecessary subsidiary companies, including certain of the 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.

F. *Corporate Governance, Directors and Officers, and Corporate Action*

1. *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.

2. *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. Pursuant to section 1129(a)(5), 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 consist of seven members, the Chief Executive Officer of Core-Mark Newco, [] representatives selected by the Committee and [] representatives selected by the Equity Investor. 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.

3. *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 herein 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.

G. *Post Confirmation Trust*

1. *Formation/Purpose*

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

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 Trust, shall be set forth and governed by the Post Confirmation Trust Agreement to be mutually agreed upon by the Debtors and the Committee. The Debtors and the Committee shall also mutually agree upon appointment of the Post Confirmation Trustee who shall have the power to administer the Post Confirmation Trust and will be 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 the Post Confirmation Trustee and [] additional members, [] members selected by the Committee, [] members selected by the Debtors and one member selected by the Equity Investor.

3. *Funding*

Core-Mark Newco will enter into a post confirmation funding agreement with the Post Confirmation Trust to fund the Post Confirmation Trust with appropriate funds to carry out its duties and responsibilities as set forth in the Post Confirmation Trust Agreement.

H. *Creation of Professional Fee Escrow Account*

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

ARTICLE VI.

DEBTORS' RETAINED CAUSES OF ACTION

A. *Maintenance of Causes of Action*

Except as otherwise provided in the Plan, Core-Mark Newco and the Reorganized Debtors shall retain all rights on behalf of the Debtors, Core-Mark Newco and the Reorganized Debtors to commence and pursue, as appropriate, 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. herein, as well as those Causes of Action listed on Exhibit D hereto, in any court or other tribunal including, without limitation, in an adversary proceeding filed in one or more of the Debtors' Chapter 11 Cases.

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. Core-Mark Newco 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 the Post Confirmation Trust, 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 or other Persons. The investigation has not been completed to date, and under the Plan, Core-Mark Newco and 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 or the Post Confirmation Trust, as applicable, after the Effective Date include, without limitation, 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;
- Any lawsuits for, or in any way involving, the collection of accounts receivable or any matter related thereto;
- Any actions against landlords, lessees, sublessees, or assignees arising from various leases, subleases and assignment agreements relating thereto, including, without limitation, actions for overcharges relating to taxes, common area maintenance and other similar charges;
- 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;
- Potential actions for breaches of fiduciary duty, negligent mismanagement and wasting of corporate assets and 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 actions against all Persons except the D&O Releasees arising out of, or in connection with, the prepetition management, operation and/or reporting of financial or other information;

- Actions to recover amounts improperly awarded to employees under the terms of any prepetition employment or change-in-control agreement;
- 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 actions against any customers or Entities who improperly exited the Debtors' system or who violated the automatic stay after the Petition Date;
- 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 actions whether legal, equitable or statutory in nature, arising out of, or in connection with the Debtors' business or operations.

In addition, there may be numerous other Causes of Action which currently exist or may subsequently arise that are not set forth 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 (collectively, the "Unknown Causes of Action"). The failure to list any such Unknown Cause of Action herein, or on Exhibit D attached hereto, is not intended to limit the rights of Core-Mark Newco 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 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 Claim against the Debtors in these Bankruptcy Cases; (ii) such Creditor's proof of Claim has been objected to; (iii) such Creditor's Claim was included in the Debtors' Schedules; or (iv) such Creditor's scheduled Claim has been objected to by the Debtors or has been identified by the Debtors as disputed, contingent, or unliquidated.

ARTICLE VII.

FUNDING OF THE PLAN

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, operations, the Exit Financing Facility, 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.

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

Cash payments to be made pursuant to the Plan will be made by Core-Mark Newco and the Post Confirmation Trust, as applicable, *provided, however*, that the Debtors and the Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable Core-Mark Newco and the Post Confirmation Trust, as applicable, to satisfy their respective obligations under the Plan. On the Effective Date, the Reorganized Debtors are authorized to execute and deliver those documents necessary or appropriate to obtain the Exit Financing Facility.

B. *The Rights Offering*

1. *The Rights Offering*

Each Holder of a Class 6 General Unsecured Claim that is listed on the Rights Participation Schedule (attached hereto as Exhibit B) shall receive under the Plan, and be entitled to exercise, Equity Subscription Rights to purchase shares of Preferred Stock. The Preferred Stock will be convertible into New Common Stock at a conversion price of _____, will carry a PIK dividend of _____, and will have a liquidation preference over the Common Stock of \$ _____ per share. See the Equity Commitment Letter attached as Exhibit E for a more detailed description of the Preferred Stock. Each Holder listed on such Schedule will receive its Ratable Portion of the total amount of Equity Subscription Rights based on the ratio of such Holder's Rights Participation Claim Amount to the total of the Rights Participation Claim Amounts for all Holders listed on such Schedule (as set forth in the Rights Participation Schedule). Each Holder listed on the Equity Participation Schedule will be entitled to purchase up to an amount of Preferred Stock equal to its Ratable Portion of the Equity Subscription Rights multiplied by the total number of shares of Preferred Stock being offered for sale under the Rights Offering, subject to adjustment as described below. Depending on the amount of additional cash required to fund the Plan, up to a maximum of [\$ _____] million of Preferred Stock will be offered under the Rights Offering, which, at a Subscription Purchase Price of \$ _____ per share of Preferred Stock, represents up to a maximum of _____ shares of Preferred Stock.

If any Holder of a General Unsecured Claim is not listed on the Rights Participation Schedule or disputes the Rights Participation Claim Amount listed on the Rights Participation Schedule, such General Unsecured Claim Holder may file a motion with the Bankruptcy Court for estimation of its Claim for purposes of the Rights Offering. Disputing Holders shall be entitled to participate in the Rights Offering in the amount of their Additional Participating Amount, if any, determined by the Bankruptcy Court or agreed to by the Debtors with the consent of the Committee and the Equity Investor prior to the Subscription Expiration Date, as further described in section VII.B.10 below. If, as a result of Disputing Holders exercising their Equity Subscription Rights with respect to Additional Participating Amounts, the Rights Offering is oversubscribed, each Claim Holder which has exercised its Equity Subscription Rights shall be cut back pro rata based on the number of shares of Preferred Stock for which such Claim Holder has exercised its Equity Subscription Rights.

The Debtors have entered into an Equity Commitment Letter with an Equity Investor which obligates the Equity Investor, subject to the satisfaction or waiver of certain conditions, to purchase any remaining shares of Preferred Stock available after the Holders of Class 6 Claims have exercised their Equity Subscription Rights, and which entitles the Equity Investor, at its option, to purchase a minimum of \$[] million of Preferred Stock at the Subscription Purchase Price, as further described in Section VII.B.7. below. Accordingly, to the extent that a large enough amount of Equity Subscription Rights are exercised such that less than \$[] million of Preferred Stock remains available for sale to the Equity Investor and the Equity Investor exercises its minimum purchase right, each Exercising Claim Holder shall be cut back pro rata based on the number of shares of Preferred Stock for which such Claim Holder has exercised its Equity Subscription Rights.

2. *Issuance of Equity Subscription Rights*

The Equity Subscription Rights shall provide the Holders of Class 6 Claims listed on the Rights Participation Schedule the right to purchase Preferred Stock at the Subscription Purchase Price pursuant to the terms and conditions set forth in this section. After the Plan has been confirmed and prior to the Effective Date, a

Subscription Form will be distributed to each Holder of a Claim in Class 6 listed on the Rights Participation Schedule.

3. Subscription Period

The Rights Offering shall commence on the Subscription Commencement Date (which shall be a date after Confirmation of the Plan) and shall expire on the Subscription Expiration Date (which shall be a date on or prior to the Effective Date of the Plan). After the Subscription Expiration Date, unexercised Equity Subscription Rights shall be treated as acquired by the Equity Investor, Core-Mark Newco shall only be obligated to honor the exercise of such Equity Subscription Rights by the Equity Investor, any subsequent exercise of any such unexercised Equity Subscription Rights by any Person other than the Equity Investor shall be null and void, and Core-Mark Newco shall not be obligated to honor any such purported exercise received by the Subscription Agent after the Subscription Expiration Date, regardless of when the documents relating to such exercise were sent. The Debtors may, in their sole discretion, extend the Subscription Period.

4. Subscription Purchase Price

Each Subscription Right will be exercisable to purchase one share of Preferred Stock for \$_____.

5. Exercise of Equity Subscription Rights

In order to exercise the Equity Subscription Rights, each Holder thereof must: (i) return a duly completed Subscription Form to the Subscription Agent so that such form is received by the Subscription Agent on or before the Subscription Expiration Date; and (ii) pay to the Subscription Agent (on behalf of the Debtors) on or before the Subscription Expiration Date immediately available funds in an amount equal to the Subscription Purchase Price multiplied by the number of shares of Preferred Stock in respect of which such Holder is exercising its Subscription Purchase Rights, such payment to be made either by wire transfer to the Subscription Agent in accordance with the wire instructions set forth on the Subscription Form or by bank or cashier's check delivered to the Subscription Agent along with the Subscription Form. If, on or prior to the Subscription Expiration Date, the Subscription Agent for any reason has not received from a given Holder of Equity Subscription Rights both a duly completed Subscription Form and immediately available funds in an amount equal to such Holder's Purchase Price, such Holder shall be deemed to have not exercised its Equity Subscription Rights and to have relinquished and waived its right to participate in the Rights Offering. A Subscription Form must also be accompanied by sufficient evidence of ownership of the Claim giving rise to the Equity Subscription Rights, as well as appropriate executed representations as to ownership. The payments made in accordance with the Rights Offering shall be deposited and held by the Subscription Agent in a trust account, escrow account, or similar segregated account or accounts which shall be separate and apart from the Debtor's general operating funds and any other funds subject to any cash collateral arrangements and which segregated account or accounts will be maintained for the purpose of holding the money for administration of the Rights Offering until the Effective Date, or such other later date, at the option of the Reorganized Debtors, but not later than _____ days after the Effective Date. Notwithstanding the foregoing, in order for a Holder of a General Unsecured Claim arising from an Old Note to exercise the Equity Subscription Rights, each such Holder entitled to Equity Subscription Rights must provide its instruction to its bank, broker, or other nominee, or to its agent by the deadline specified on the Subscription Form. The bank or broker, in turn, must then convey the instruction on a Master Subscription Form and arrange for the proper payment either through DTC or, if DTC is unable to act as intermediary for subscription instructions and payments, by following the payment instructions outlined above.

6. Transfer Restriction

Prior to the Subscription Expiration Date, the Equity Subscription Rights must be transferred with the underlying Claim. The Equity Subscription Rights are not separately transferable.

7. Equity Investor

Pursuant to the terms of the Equity Commitment Letter and subject to the satisfaction or waiver by the Equity Investor of all conditions precedent set forth therein, the Equity Investor shall be obligated to, and shall, purchase all shares of Preferred Stock remaining after the Holders of General Unsecured Claims have exercised their

Equity Subscription Rights, at the Subscription Purchase Price. The conditions precedent include, among other things: completion of all legal documentation and filings satisfactory to the Equity Investor; administrative claims not being allowed or estimated in excess of a specified amount; Reclamation Claims not being granted administrative status; receipt by Core-Mark Newco of a commitment for an Exit Financing Facility acceptable to the Equity Investor; the timetable for assessment of preferences and Reclamation Claims being acceptable to the Equity Investor; the Equity Investor having the right to name ____ directors to the Core-Mark Newco board; the Plan being acceptable to the Equity Investor; Core-Mark Newco's reorganized capital structure having funded liabilities of no more than [] million; and no material deterioration occurring in the underlying business of Core-Mark Newco. The Equity Investor has the right, at its option, to purchase a minimum of \$[] million of Preferred Stock at the Subscription Purchase Price. The Equity Investor shall pay to the Debtors, by wire transfer in immediately available funds on or prior to the Effective Date, Cash in an amount equal to the Purchase Price for all unexercised Equity Subscription Rights (or the purchase price payable upon exercise of its minimum purchase rights), pursuant to the terms of the Equity Commitment. To the extent that the exemption under section 1145(a)(1) is not available to exempt the issuance of the Preferred Stock to the Equity Investor, the offer and sale of such securities shall be qualified under the section 4(2) private placement exemption contained in the Securities Act. Core-Mark Newco shall grant registration rights to the Equity Investor as further described in the Registration Rights Agreement. The Equity Investor will be paid a fee in Preferred Stock equal to ____% of the amount of the total Equity Subscription Rights subscribed to under the Rights Offering.

8. Distribution of Preferred Stock

On, or as soon as practicable after the Effective Date, Core-Mark Newco or a designated disbursing agent shall distribute the Preferred Stock purchased by each Exercising Claim Holder to such Exercising Claim Holder.

9. Fractional Interests

No fractional shares shall be issued under the Rights Offering. In determining the Ratable Proportion of Equity Subscription Rights among the participants, each Ratable Proportion shall be rounded up or down to the nearest whole number.

10. Disputed Claims

For all purposes of this section, each Holder of a General Unsecured Claim in Class 6 listed on the Rights Participation Schedule is entitled to participate in the Rights Offering to the extent of its Rights Participation Claim Amount as listed on the Rights Participation Schedule. The entitlement of Holders of General Unsecured Claims in Class 6 to participate in the Rights Offering on the terms set forth herein shall not be affected by whether or not such General Unsecured Claim in Class 6 is Allowed. If any Holder of a General Unsecured Claim in Class 6 is not listed on the Rights Participation Schedule, or disputes the Rights Participation Claim Amount listed on the Rights Participation Schedule, such disputing General Unsecured Claim Holder may file a motion with the Bankruptcy Court at least ten days prior to the Subscription Expiration Date for estimation of their Claim for the purposes of the Rights Offering. Holders filing such a motion with the Bankruptcy Court shall be entitled to participate in the Rights Offering up to the Additional Participation Amount determined by the Bankruptcy Court or agreed to by the Debtors with the consent of the Committee.

11. Subsequent Adjustments to the Rights Participation Claim Amount; Cut Back in Rights Offering

Holders of Class 6 Claims listed on the Rights Participation Schedule attached hereto as Exhibit B shall be entitled to participate in the Rights Offering solely to the extent of their Rights Participation Claim Amount. If any Holder of a Class 6 Claim not listed on the Rights Participation Schedule or a Disputing Holder has obtained an order of the Bankruptcy Court estimating its General Unsecured Claim for the purpose of participating in the Rights Offering prior to the Subscription Expiration Date or reached an agreement with the Debtors and the Committee with respect thereto, such Holder shall be entitled to participate in the Rights Offering in the amount determined by the Bankruptcy Court or agreed to by the Debtors with the consent of the Committee. If, as a result of such allowances of General Unsecured Claims for purposes of participation in the Rights Offering and/or as a result of the exercise by the Equity Investor of its minimum purchase rights, more shares of Preferred Stock subject to the Rights Offering have been subscribed for than are available for sale to Exercising Claim Holders, each Exercising Claim Holder (including each Disputing Holder) shall be cut back pro rata based on the number of shares of

Preferred Stock for which such Exercising Claim Holder has exercised its Equity Subscription Rights, and the difference between the purchase price paid by such Exercising Claim Holder and the adjusted Subscription Purchase Price shall be refunded to such Exercising Claim Holder, without interest, as soon as practicable after the Effective Date.

12. No Interest

In the event the Subscription Purchase Price is repaid to the entity making such payment, no interest shall be paid thereon.

13. Validity of Exercise of Equity Subscription Rights

All questions concerning the timelines, validity, form and eligibility of any exercise of Equity Subscription Rights shall be determined by the Debtors, whose determinations shall be final and binding. The Debtors, with the consent of the Committee, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such times as it may determine, or reject the purported exercise of any Equity Subscription Rights. Subscription Forms shall be deemed not to have been received or accepted until all irregularities have been waived or cured within such time as the Debtors determine, with the consent of the Committee. Neither the Debtors nor the Subscription Agent shall be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Forms or incur any liability for failure to give such notification.

14. Use of Proceeds

On the Effective Date, the proceeds received by the Reorganized Debtors from the Rights Offering shall be used to fund the Cash payments required under the Plan and for general corporate purposes.

C. *Sale of Assets*

In the event that the Debtors do not have sufficient Cash from their existing Cash balances on the Effective Date, operations, the Exit Financing Facility, the Rights Offering and pursuit of Causes of Action to make the required payments under the Plan, the Debtors, with the consent of the 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.

ARTICLE VIII.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. *Assumption/Rejection of Executory Contracts and Unexpired Leases*

As of the Effective 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, (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 filed with the Plan Supplement. 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.

B. *Claims Based on Rejection of Executory Contracts or Unexpired Leases*

Except as provided in section VIII.A., all proofs of Claim 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 herein.

C. *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.

D. *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 C attached hereto, shall be deemed and treated as executory contracts that are assumed by such Reorganized Debtor pursuant hereto 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.

E. *Compensation and Benefit Programs*

Except as otherwise expressly provided 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 shall be treated as executory contracts under the Plan and on the Effective Date 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 filed with the Plan Supplement.

ARTICLE IX.

PROVISIONS GOVERNING DISTRIBUTIONS

A. *Distributions for Claims Allowed as of the Effective Date*

Except as otherwise provided herein 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 section IX.I and IX.K below. All distributions shall be made in accordance with any applicable Indenture agreement, loan agreement or analogous instrument or agreement.

B. *Distributions by Core-Mark Newco*

Except as otherwise provided herein, 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. herein 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 herein shall be made without any requirement for bond or surety with respect thereto.

C. *Interest on Claims*

Except as otherwise specifically provided for herein 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 Lenders' 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.

D. *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.

E. *Delivery and Distributions and Undeliverable or Unclaimed Distributions*

1. *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.

2. *Undeliverable Distributions*

(a) *Holding of Undeliverable Distributions.* If any distribution to a Holder of an Allowed Claim is returned to Core-Mark Newco as undeliverable, no further distributions shall be made to such Holder unless and until Core-Mark Newco is notified in writing of such Holder's then-current address. Undeliverable distributions shall remain in the possession of Core-Mark Newco subject to Section IX.E.2(b) below 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 shall make all distributions that become deliverable.

(b) *Failure to Claim Undeliverable Distributions.* In an effort to ensure that all Holders of Allowed Claims receive their allocated distributions, as of 120 days after the Effective Date, the Debtors will compile a listing of unclaimed distribution Holders. This list will be maintained 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 hereto for an undeliverable distribution (regardless of when not deliverable) within one year after the Effective Date 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, 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 herein shall require Core-Mark Newco to attempt to locate any Holder of an Allowed Claim or Allowed Equity Interest.

(c) *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.

F. *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 herein to recognize and deal only with those Holders of record as of the close of business on the Distribution Record Date.

G. *Timing and Calculation of Amounts to be Distributed*

Except as otherwise provided herein, 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 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 45 calendar days after the end of each month thereafter, distributions shall also be made, pursuant hereto, to Holders of Disputed Claims in any Class whose Claims were allowed during the preceding month.

H. *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, 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.

I. *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 hereto 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 herein.

J. *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 section IX.K. below. 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 therefor appropriately.

K. *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 section IX.K. below within one year after the Effective Date shall have its Claim for a distribution pursuant hereto 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 Section IX.E. above.

L. *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.

M. *Share Reserve*

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

N. *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 this 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 any distribution to be made on account of any such Allowed Claim.

ARTICLE X.

**PROCEDURES FOR RESOLUTION OF DISPUTED, CONTINGENT
AND UNLIQUIDATED CLAIMS**

A. *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, 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,

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, 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, 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 herein 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.

B. Allowance of Claims

Except as expressly provided herein 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.

C. 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.

ARTICLE XI.

CONDITIONS PRECEDENT TO CONFIRMATION AND OCCURRENCE OF THE EFFECTIVE DATE OF THE PLAN

A. *Conditions Precedent to Confirmation*

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

B. *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. herein:

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:

(i) 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;

(ii) the provisions of the Confirmation Order are nonseverable and mutually dependent;

(iii) Core-Mark Newco is authorized to issue the New Common Stock, Preferred Stock and Management Options; and

(iv) the New Common Stock, the Preferred Stock and the Equity Subscription Rights issued under the Plan are 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;

(b) Registration Rights Agreements, if any; and

(c) 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 and the issuance of the New Common Stock and Preferred Stock (including 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).

C. *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 this Article XI 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.

D. *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.

ARTICLE XII.

DISCHARGE, RELEASE, INJUNCTION AND RELATED PROVISIONS

A. *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.

B. *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 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.

C. *Releases by Holders of Claims*

On and after the Effective Date, each Claim Holder (a) that has accepted the Plan or (b) that is entitled to receive a distribution of property under the Plan if the Plan is confirmed, 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.

D. *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 the Disclosure Statement. The Debtors will fund the purchase of tail liability coverage under the Debtors' directors and officers insurance policies.

E. *Exculpation*

The Debtors, the Reorganized Debtors, Core-Mark Newco, the D&O Releasees, the Post-Petition Lenders, the Old Notes Trustees, the Committee, the Post Confirmation Trustee, and the Post Confirmation Advisory Board, and their members 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.

F. *Discharge of Claims and Termination of Equity Interests*

Except as otherwise provided herein: (1) the rights afforded herein and the treatment of all Claims and Equity Interests herein, 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.

G. *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 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.

With respect to the matters within the scope of Article XIII herein, 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.

ARTICLE XIII.

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 herein 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 hereof;
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 hereof and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan or the 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 herein;
9. resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article XII hereof 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 this Plan, the 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.

ARTICLE XIV.

MISCELLANEOUS PROVISIONS

A. *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 hereto.

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.

B. *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.

C. *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.

D. *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.

E. *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 hereto, 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.

F. *Successors and Assigns*

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

G. *Reservation of Rights*

Except as expressly set forth herein, this Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of this Plan, any statement or provision contained herein, or the taking of any action by the Debtors with respect to this 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.

H. *Section 1146 Exemption*

Pursuant to section 1146(c) of the Bankruptcy Code, any transfers of property pursuant hereto 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.

I. *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 this Plan.

J. *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:

Attn:

with copies to:

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: _____

and

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

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.

FLEMING COMPANIES, INC.

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: _____ /s/_____
Name: _____
Title: _____

EXHIBIT 2

[to come]