

- 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.

2. 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.

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

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

4. Issuance of New Securities; Execution of Related Documents

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

5. 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.

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

a. Amended Certificate of Incorporation and By-laws

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

b. Directors and Officers of the Reorganized Debtors

Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, as of the Effective Date, the principal officers of the Debtors immediately prior to the Effective Date will be the officers of the Reorganized Debtors. 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, if applicable. To the extent any such Person is an "insider" under the Bankruptcy Code, the nature of any compensation for such Person will also be disclosed. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of such Reorganized Debtor's certificate of incorporation, and other constituent documents.

c. Corporate Action

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

7. The Rights Offering Alternative

In order to fund the Debtors' obligations under the Plan, the Debtors, among other things, may, in the alternative to the Tranche B Loan, offer Holders of Class 6 Claim the opportunity to purchase, for cash, additional equity in the Reorganized Debtors' businesses. This opportunity shall be in the form of a Rights Offering whereby each Holder of a Class 6 Claim that is listed on the Rights Participation Schedule (filed with the Plan as Exhibit B) shall be entitled to exercise its right to purchase shares of Preferred Stock in Core-Mark Newco ("Equity Subscription Rights"), up to the amount of each Holder's Rights Participation Claim Amount listed on the Rights Participation Schedule. The terms and conditions of the Rights Offering and a description of the Preferred Stock are outlined in the Equity Commitment Letter filed with the Plan as Exhibit F and Exhibit 5 to the Disclosure Statement.

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 and Causes of Action.

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, if applicable.

3. Funding

Upon the Effective Date, the Post Confirmation Trust will be funded with certain cash on hand and/or certain proceeds from the Exit Financing Facility and the Tranche B Loan or Rights Offering. In addition, the Post Confirmation Trust shall have available the proceeds from the prosecution of Causes of Action. To the extent necessary, Core-Mark Newco will enter into a post confirmation funding agreement with the Post Confirmation Trust to assure that the Post Confirmation Trust has appropriate funds to carry out its duties 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.

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

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

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

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

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

4. Indemnification of Directors, Officers and Employees

The obligations of each Debtor to indemnify any Person serving at any time on or prior to the Effective Date as one of its directors, officers or employees by reason of such Person's service in such capacity, or as a director, officer or employee of any other corporation or legal entity, to the extent provided in such Debtor's constituent documents, by a written agreement with such Debtor or under Delaware or other applicable corporate

law, and specifically excluding any obligation to indemnify the Excluded D&O Releasees listed on Exhibit 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 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 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 and the Post Confirmation Trust

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

3. Interest on Claims

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

4. 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 or the Post Confirmation Trust as undeliverable, no further distributions shall be made to such Holder unless and until Core-Mark Newco or the Post Confirmation Trust is notified in writing of such Holder's then-current address. Undeliverable distributions shall remain in the possession of Core-Mark Newco or Post Confirmation Trust subject to Section IX.E.2(b) of the Plan until such time as a distribution becomes deliverable. Undeliverable Cash shall not be entitled to any interest, dividends or other accruals of any kind. As soon as reasonably practicable, Core-Mark Newco or the Post Confirmation Trust shall make all distributions that become deliverable.
- (2) *Failure to Claim Undeliverable Distributions.* In an effort to ensure that all Holders of Allowed Claims receive their allocated distributions, as of 120 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 or the Post Confirmation Trust, as applicable, free of any restrictions thereon; and (ii) any New Common Stock held for distribution on account of such Claims shall be canceled and of no further force or effect. Nothing contained in the Plan shall require Core-Mark Newco or the Post Confirmation Trust to attempt to locate any Holder of an Allowed Claim or Allowed Equity Interest.
- (3) *Abandoned Property Law.* The provisions of the Plan regarding undeliverable distributions will apply with equal force to distributions made pursuant to the Old Note Indentures notwithstanding any provision in such indenture to the contrary and notwithstanding any otherwise applicable escheat, abandoned or unclaimed property law.

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 Disputed Claim upon its allowance.

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 for cases of willful misconduct or gross negligence and provided that the Debtors, the Reorganized Debtors and the Post Confirmation Trustee reserve their rights to bring Avoidance Actions, collect Vendor Deductions, or assert setoff, recoupment and other similar defenses or claims against members of the Committee with respect to Debtors' ordinary course business dealings with such Committee members.

3. Releases by Holders of Claims

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

4. Indemnification

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

5. Exculpation

The Debtors, the Reorganized Debtors, Core-Mark Newco, the D&O Releasees, the Post-Petition Lenders, the 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, unless such right of setoff, subrogation or recoupment has been previously asserted in a timely filed Proof of Claim.

8. Impact of Plan on Pending Litigation

Pursuant to Section III.B.12 of the Plan, Other Securities Claims and Interests, including, but not limited to, the securities litigation by current or former Fleming shareholders described in Section V.C.6 herein, will be permanently enjoined and any claims thereunder discharged. Litigation involving directors and officers of the Debtors, including, but not limited to, that described in Section V.C.6 herein may be subject to the releases contained in Section XII of the Plan. Litigation that is not deemed an Other Securities Claim or Interest or is not effected by the releases contained in Section XII of the Plan, and is not otherwise discharged, settled or expunged in accordance with the Plan, will be permanently enjoined pursuant to Section XII.C of the Plan, and any Allowed Claims generally will be treated as Class 6 Claims.

9. Consideration for Releases, Indemnification and Exculpation

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

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, if applicable, and Management Options; and
 - d. the New Common Stock and the Preferred Stock and the Equity Subscription Rights, if applicable, issued under the Plan are 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. Tranche B Loan Agreement, if applicable;
 - c. The Equity Commitment Letter, if applicable;
 - d. Registration Rights Agreements, if any; and
 - e. Management Incentive Plan.
3. The Certificate of Incorporation of Core-Mark Newco shall have been filed with the Secretary of State of the State of Delaware.
4. All actions, documents and agreements necessary to implement the Plan shall have been effected or executed.
5. The new board of directors of Core-Mark Newco shall have been appointed.
6. The Reorganized Debtors shall have established and funded the Professional Fee Escrow Account.

7. The appropriate Final Orders recognizing and implementing the Plan in Canada shall have been obtained from the Canadian CCAA Court.
8. The Post Confirmation Trust shall be established and all actions, documents and agreements necessary to implement the Post Confirmation Trust shall have been effected or executed.
9. The granting of the Equity Subscription Rights, if applicable, and the issuance of the New Common Stock and Preferred Stock issuable upon the exercise of the Equity Subscription Rights under the Plan shall be exempt from the prospectus and registration requirements and the first trade thereof shall be exempt from the prospectus requirements of the securities laws of each of the provinces of Canada (including, to the extent necessary, pursuant to an order or orders issued by the applicable Canadian securities regulators granting relief from any such prospectus and registration requirements that would otherwise be applicable).

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. Environmental Liabilities

Nothing in the Plan discharges, releases or precludes any environmental liability that is not a Claim. Furthermore, nothing in the Plan discharges, releases or precludes any environmental claim of the United States that arises on or after the Confirmation Date or releases any Reorganized Debtor from liability under environmental law as the owner or operator of property that such Reorganized Debtors owns or operates after the Confirmation Date. In addition, nothing in the Plan releases or precludes any environmental liability to the United States as to any Person or Entity other than the Debtors or Reorganized Debtors.

7. Successors and Assigns

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

8. Reservation of Rights

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

admission or waiver of any rights of the Debtors with respect to the Holders of Claims or Equity Interests prior to the Effective Date.

9. Section 1146 Exemption

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

10. Further Assurances

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

11. Service of Documents

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

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

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

and

and

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

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

12. Filing of Additional Documents

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

13. Transactions on Business Days

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

14. Post-Effective Date Fees and Expenses

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

15. Conflicts

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

16. Term of Injunctions or Stays

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

17. Entire Agreement

The Plan and the Plan Supplement (as amended) 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.

18. Closing of the Chapter 11 Cases

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

VII. DEBTORS' RETAINED CAUSES OF ACTION

A. Maintenance of Causes of Action

Except as otherwise provided in the Plan, Core-Mark Newco, the Reorganized Debtors and the Post Confirmation Trust, as applicable, shall retain all rights on behalf of the Debtors, Core-Mark Newco and the Reorganized Debtors to commence and pursue, as appropriate, 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 or the Post Confirmation Trust, as applicable. 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 2004 through 2007, as set forth in Exhibit 3 attached hereto. 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 Interests Test

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

Notwithstanding the difficulties in quantifying recoveries to creditors with precision, the Debtors believe that, taking into account the Best Interests Analysis and the valuation analysis (outlined in section VIII.C. herein) of the Reorganized Debtors, the Plan meets the "best interests" test of section 1129(a)(7) of the Bankruptcy Code. The Debtors believe that the members of each Impaired Class will receive at least as much under the Plan as they would in a liquidation in a hypothetical chapter 7 case. Claim Holders will receive a better recovery through the distributions contemplated by the Plan because the continued operation of the Debtors as going concerns rather than a forced liquidation will allow the realization of more value for the Debtors' assets. Although the Analysis was prepared after the deadline for filing Claims against the estates of the Debtors, those Claims have not been fully evaluated by the Debtors or adjudicated by the Bankruptcy Court and, accordingly, the amount of the final Allowed Claims against the Estates may differ from the Claim amounts used in this Analysis. Finally, the Analysis is based on the Debtors' projected balance sheet as of April 30, 2004 (except as indicated), and the actual amount of assets available to the Estates as of the date of liquidation may differ from the amount of assets used in this Analysis. Conversion of these Chapter 11 Cases to Chapter 7 would likely result in additional costs to the Estates. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset dispositions expenses, all unpaid expenses incurred by the Debtors in the Chapter 11 Cases (such as compensation of attorneys, financial advisors and restructuring consultants) that are allowed in the Chapter 7 case, litigation costs, and Claims arising from the operations of the Debtors during the pendency of the bankruptcy cases. Lastly, in the event of liquidation, the aggregate amount of General Unsecured Claims will no doubt increase significantly (as reflected in the high range estimate), and such Claims will be subordinated to priority claims that will be created. For example, employees will file Claims for wages, pensions and other benefits, some of which will be entitled to priority. Landlords will no doubt file large Claims for both unsecured and priority amounts. The resulting increase in both general unsecured and priority Claims will decrease percentage recoveries to Holders of General Unsecured Claims of the Debtors. All of these factors lead to the conclusion that recoveries under the Plan would be at least as much, and in many cases significantly greater, than the recoveries available in a Chapter 7 liquidation.

C. Estimated Valuation of the Reorganized Debtors

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

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

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

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

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

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

Discounted Cash Flow Analysis. The discounted cash flow analysis ("DCF") valuation methodology relates the value of an asset or business to the present value of expected future cash flows to be generated by that

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

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

In calculating the un-levered free cash flows for Core-Mark Newco, the Projections (from May 1, 2004 to December 31, 2007), prepared by management, served as the primary input. Beginning with annual earnings before interest and taxes (EBIT), the analysis taxed EBIT at an assumed rate of 40% to calculate an un-levered net income figure. The analysis then added back the non-cash operating expense of depreciation and amortization. In addition, other factors affecting free cash flow were taken into account, such as the change in working capital, capital expenditures and liability expenditures, all of which do not affect the income statement and therefore require separate adjustment in the calculation of free cash flow.

The unlevered cash flows and the estimate for terminal value were discounted to a present value using an estimate for Core-Mark Newco's post-restructuring weighted average cost of capital ("WACC"). The WACC was calculated based on a number of assumptions regarding, among other things, Core-Mark Newco's projected capital structure and costs of debt and equity. The estimated ratio of debt to equity for Core-Mark Newco's capital structure reflects the estimated indebtedness as of the Effective Date and during the Projection period. Core-Mark Newco's estimated cost of debt was based upon the estimated cost of an exit facility. Core-Mark Newco's estimated cost of equity was derived using the capital asset pricing model, which assumes that the required equity return is a function of the risk-free cost of capital and the correlation of a publicly traded stock's performance to the return of the overall market. Also included in the calculation of the cost of equity was an implementation risk premium of 10.0% to 15.0% to reflect the risks associated with the fundamental and unproven changes to the ongoing operations for Core-Mark Newco, which are currently being implemented by management.

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

Calculation of Core-Mark Newco Equity Value. To determine the equity value of Core-Mark Newco, the estimated long-term indebtedness of approximately \$80m was subtracted from the reorganized enterprise value of \$275m to \$325m, resulting in Core-Mark Newco equity value of approximately \$195m to \$245m. The long-term indebtedness of Core-Mark Newco at the Effective Date is projected to include \$35m of senior secured debt in the form of letters of credit ("LCs") outstanding, \$45m of drawings under a junior secured Tranche B Loan, inclusive of a 2.5% issuance fee (payable either in cash or stock). Initially, in excess of \$120m of LCs are expected to be placed under a senior secured facility. However, it is expected that \$35m of these LCs will eventually be drawn and are therefore considered as debt; the remaining contingent LCs are expected to be released, expire undrawn or remain outstanding long-term.

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

ESTIMATES OF VALUE DO NOT PURPORT TO BE APPRAISALS NOR DO THEY NECESSARILY REFLECT THE VALUE WHICH MAY BE REALIZED IF ASSETS ARE SOLD. THE

ESTIMATES OF VALUE REPRESENT HYPOTHETICAL REORGANIZED ENTERPRISE VALUES ASSUMING THE IMPLEMENTATION OF THE CORE-MARK NEWCO BUSINESS PLAN AS WELL AS OTHER SIGNIFICANT ASSUMPTIONS. SUCH ESTIMATES WERE DEVELOPED SOLELY FOR PURPOSES OF FORMULATING AND NEGOTIATING A PLAN OF REORGANIZATION AND ANALYZING THE PROJECTED RECOVERIES THEREUNDER.

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

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

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

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

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

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

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

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

Debtors believe that Classes 8, 9 and 10 are being treated fairly and equitably under the Bankruptcy Code. The Debtors therefore believe the Plan may be confirmed despite its deemed rejection by these Classes.

IX. IMPORTANT CONSIDERATIONS AND RISK FACTORS

A. The Debtors Have No Duty To Update

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

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, it may impair the value of the New Common Stock being distributed to the Holders of Class 6 Claims.

2. Projections

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

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

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

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

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

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

H. No Admissions Made

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

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

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

1. Business Factors and Competitive Conditions

a. *General Economic Conditions*

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

b. *Business Factors*

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

c. *Competitive Conditions*

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

d. *Other Factors*

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

2. Access to Financing and Trade Terms

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

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

3. Market for New Securities

There can be no assurance that an active market for any of the securities 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 and could be adversely impacted over time if Core-Mark Newco's business plan does not meet expectations or if factors beyond Core-Mark Newco's control materialize, including war, terrorist attacks, recession or further weakening of the economy.

4. Impact of Interest Rates

Changes in interest rates and foreign exchange rates may affect the fair market value of the Debtors' assets. Specifically, decreases in interest rates will positively impact the value of the Debtors' assets and

the strengthening of the dollar will negatively impact the value of their net foreign assets, although the value of such foreign assets is very small in relation to the value of the Debtors' operations as a whole.

J. Bankruptcy Law Risks and Considerations

1. Confirmation of the Plan is Not Assured

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

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

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

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

3. The Effective Date Might Be Delayed or Never Occur

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

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

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

5. Allowed Claims in the Various Classes May Exceed Projections

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

K. Tax Considerations

There are significant tax consequences to Holders of Claims and Equity 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 Equity Interest against the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors; (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors; (c) creating, perfecting, or enforcing any encumbrance of any kind against the property or interests in property of the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors; and (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property of the Debtors, their estates, Core-Mark Newco or the Reorganized Debtors with respect to any such Claim or Equity Interest. The Confirmation Order shall be a judicial determination of discharge of all Claims against the Debtors pursuant to sections 524 and 1141 of the Bankruptcy Code, and shall void any judgment obtained or entered against Debtors at any time, to the extent the judgment relates to a discharged Claim.

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

XI. CERTAIN SECURITIES LAW CONSIDERATIONS

A. Exemptions from Registration under Securities Act

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

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

B. Applicability Of Certain Canadian Securities Laws

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

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

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

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

If at the time of any subsequent transfer in Canada of the Core-Mark Newco Securities, 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 Claims.

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, PACA/PASA Claims and Convenience 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, including a promissory note from Core-Mark Newco or the Post Confirmation Trust, and a lien on account of such Claims, as specified in the Plan. Accordingly, a Holder of Other Secured Claims, Approved Trade Creditor Reclamation Lien Claims, DSD Trust Claims, PACA/PASA Claims, and Convenience Claims should recognize gain or loss equal to the difference between (a) the sum of (i) the amount of Cash, (ii) the fair market value of other property received in exchange for such claims; and (iii) the "issue price" of the promissory note; and (b) the Holder's adjusted basis in such claims. Such gain or loss should be capital in nature if such Other Secured Claims, Approved Trade Creditor Reclamation Lien Claims, DSD Trust Claims, PACA/PASA Claims and Convenience Claims are held as capital assets (subject to the "market discount" rules described below) and should be long-term capital gain or loss if such Claims were held for more than one year. To the extent that a portion of cash received in exchange for such Claims is allocable to accrued but untaxed interest, the Holder should recognize ordinary income. See "*Accrued But Untaxed Interest*" below.

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

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

Holders of Allowed Valid Reclamation Claims that are not Class 3(B) Claims will be treated as exchanging such Claims for promissory notes in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of Allowed Valid Reclamation Claims that are not Class 3(B) Claims should recognize gain or loss equal to the difference between (i) the "issue price" of the promissory note and (ii) the Holder's adjusted basis in Allowed Valid Reclamation Claims that are not Class 3(B) Claims. Such gain or loss should be capital in nature so long as Allowed Valid Reclamation Claims that are not Class 3(B) Claims were held as capital assets (subject to the "market discount" rules described below) and should be long-term capital gain or loss if Allowed Valid Reclamation Claims that are not Class 3(B) Claims were held for more than one year. To the extent that a portion of the promissory note received in exchange for Allowed Valid Reclamation Claims that are not Class 3(B) Claims is allocable to accrued

but untaxed interest, the Holder should recognize ordinary income. See *"Accrued But Untaxed Interest"* below. Holders should consult their tax advisers about the possibility of reporting gain on the installment method.

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

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

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

Holders of Allowed General Unsecured Claims other than Convenience Claims will be treated as exchanging their General Unsecured Claims for New Common Stock, Equity Subscription Rights, if any, and/or Cash in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of an Allowed General Unsecured Claim other than a Convenience Claim should recognize gain or loss 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, Equity Subscription Rights (if any) 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 other than Convenience Claims are held as capital assets (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the General Unsecured Claims other than Convenience Claims were held for more than one year. To the extent that a portion of the New Common Stock, Equity Subscription Rights, (if any) and Cash received in exchange for General Unsecured Claims other than Convenience Claims is allocable to accrued but untaxed interest, the Holder should recognize ordinary income. See *"Accrued But Untaxed Interest"* below. A Holder's tax basis in the New Common Stock and the Equity Subscription Rights received in exchange for the General Unsecured Claims should equal the fair market value of the New Common Stock and the Equity Subscription Rights (if any) 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 currently 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

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

a. *Distributions--In General*

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

c. *Constructive Distributions on Preferred Stock*

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

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

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

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

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

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

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

1. Accrued Interest, Market Discount and Capital Losses

a. *Accrued But Untaxed Interest.*

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

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

b. *Market Discount.*

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

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

Any gain recognized by a Holder on the taxable disposition of Claims (determined as described above) that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Claims were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued). To the extent that any Claims that had been acquired with market discount are exchanged in a tax-free transaction for other property, any market discount that accrued on such Claims but was not recognized by the Holder is carried over to the property received 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 may receive 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 was approximately 4.74% for ownership changes occurring in December 2003) in effect for the month in which the ownership change occurs. Code Section 383 applies a similar limitation to capital loss carryforward and tax credits.

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

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

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

D. Backup Withholding

Under the backup withholding rules, a Holder of Claims may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan unless that holder (a) comes within certain exempt categories

(which generally include corporations) and, when required, demonstrates that fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax.

Debtors will withhold all amounts required by law to be withheld from payments of interest and dividends. Debtors will comply with all applicable reporting requirements of the Code.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

XIII. CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

A. General

A DESCRIPTION OF CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF THE CONSUMMATION OF THE PLAN IS PROVIDED BELOW. THE DESCRIPTION IS BASED ON THE PROVISIONS OF THE INCOME TAX ACT (CANADA) AND THE REGULATIONS THERETO ("THE ACT"), THE PUBLISHED ADMINISTRATIVE AND INTERPRETIVE POSITIONS OF THE CANADA CUSTOMS AND REVENUE AGENCY, PROPOSED AMENDMENTS TO THE ACT AND CASE LAW PUBLISHED OR REPORTED AS AT THE DATE OF THIS DISCLOSURE STATEMENT. CHANGES IN ANY OF THESE AUTHORITIES OR CHANGES IN THE INTERPRETATIONS OF ANY OF THESE AUTHORITIES, THAT MAY HAVE RETROACTIVE EFFECT, MAY CAUSE THE CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO DIFFER MATERIALLY FROM THE CONSEQUENCES DESCRIBED BELOW. MOREOVER, NO ADVANCE INCOME TAX RULING HAS BEEN REQUESTED FROM CANADA CUSTOMS & REVENUE AGENCY, NO LEGAL OPINION HAS BEEN REQUESTED FROM COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN; AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT.

THIS DESCRIPTION DOES NOT COVER ALL ASPECTS OF CANADIAN FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS.

FOR THESE REASONS, THE DESCRIPTION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE CANADIAN FEDERAL, PROVINCIAL AND NON-CANADIAN CONSEQUENCES OF THE PLAN.

B. Settlement of Debt

The settlement of Core-Mark International's commercial debt obligations (as defined in the Act) for an amount (the "Settlement Amount") that may be less than the full amount owed (the "Outstanding Indebtedness") by Core-Mark International (the difference between the Settlement Amount and the Outstanding Indebtedness being hereinafter referred to as the "Forgiven Amount") will result in the application of the Canadian debt forgiveness rules. Under these rules, the Forgiven Amount will reduce certain tax attributes of Core-Mark International in the order prescribed by the Act, and may result in an amount being included in Core-Mark International's taxable income earned in Canada if the Forgiven Amount exceeds Core-Mark International's tax attributes.

Core-Mark International believes that the Forgiven Amount will exceed its tax attributes and that, accordingly, Core-Mark International will be required to include an amount (the "Excess Amount") in its taxable income earned in Canada as a result of the settlement of its commercial debt obligations. It is expected that Core-Mark International will be entitled to claim reserves so that the Excess Amount will generally be included in its income over five taxation years.

C. Resident Holders

The following is a summary of certain Canadian federal income tax considerations generally applicable to a holder of indebtedness of a Debtor who, at all relevant times, for purposes of the Act and any applicable tax treaty or convention:

- (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.

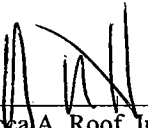
C. Alternative Plan

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 at
5:00 P.M., PREVAILING EASTERN TIME, ON _____ 2004.**



Rebecca A. Roof, Interim Chief Financial Officer of
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EXHIBITS

Exhibit 1 Plan

Exhibit 2 Solicitation Order

Exhibit 3 Financial Information and Projections

3A — Chapter 11 Emergence Balance Sheet

3B — Core Mark Newco Financial Projections

3C — Post Confirmation Trust Financial Projections

Exhibit 4 Best Interests Analysis

Exhibit 5 The Rights Offering Description