BROWN ROBERT C MD
Form 4
November 21, 2008

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
BROWN ROBERT C MD

(Last) (First) (Middle)

3433 NW 56TH STREET

(Street)

OKLAHOMA CITY, OK 73112

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
LSB INDUSTRIES INC [LXU]

3. Date of Earliest Transaction (Month/Day/Year)
11/13/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock								59,516	I	By Trust and Spouse's Trust (1)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Nonqualified Stock Option (2)	$ 7.86	11/13/2008		A		5,000		(2)	11/13/2018	Common Stock	5,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BROWN ROBERT C MD 3433 NW 56TH STREET OKLAHOMA CITY, OK 73112	X			

Signatures

Robert D. Brown, M.D.	11/21/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) These shares are held in a joint account owned by the Robert C. Brown Rev. Trust, DTD 08/27/99, of which the reporting person is settlor and trustee and the Zelda F. Brown Rev. Trust, DTD 08/27/99, of which the reporting person's spouse is settlor and trustee.

(2) Nonqualified Stock Option (?NQSO?) granted by the Issuer to the reporting person under the Issuer?s 2008 Incentive Stock Plan. The NQSO is for a term of ten years from the date of grant, and the exercise price of the NQSO is based on the fair market value of the Issuer?s common stock on the date of grant. This NQSO vests at the end of years one through six in the following amounts: 16.5%, 16.5%, 16.5%, 16.5%, 16.5% and 17.5%. This NQSO will be fully vested at the end of year six.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. Roman" SIZE="2">Equity securities 42% 53% 43%

Debt securities

52% 23% 54%

Insurance contracts

	0%	0%	0%
Common collective funds	2%	11%	0%
Other	4%	13%	3%
	100%	100%	100%

The Company implemented new investment guidelines in 2005. The Company s new asset allocation ranges are: 0-20% cash, 50-70% equity, and 30-50% fixed income. In addition to asset allocation, the Company s investment guidelines set forth the requirement for diversification within asset class, types and classes for investment prohibited and permitted, specific indices to be used for benchmark in investment decisions, and criteria for individual security.

The Company contributed $0.9 million, $0.0 million and $0.3 million to its pension benefit plan for the period from August 23, 2004 through December 31, 2004, for the period from January 1, 2004 through August 22, 2004 and for the year ended December 31, 2003, respectively.

The Company contributed $0.1 million, $0.1 million and $0.2 million to its post-retirement benefit plan for the period from August 23, 2004 through December 31, 2004, for the period from January 1, 2004 through August 22, 2004 and for the year ended December 31, 2003, respectively.

The Company expects to make 2005 contributions of $1.9 million and $0.2 million, respectively, for pension and other post-retirement benefits. However, the Company may reassess planned contributions to its benefit plans based on the Company s 2005 results.

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CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Estimated future benefit payments reflecting future service are as follows (in millions):

Year ended December 31,	Pension	Other Postretirement
2005	$ 2.6	$ 0.2
2006	2.5	0.2
2007	2.5	0.2
2008	2.6	0.2
2009	2.6	0.2
2010 through 2014	13.5	1.4

Savings Plans

The Company maintains defined contribution plans in the United States, subject to Section 401(k) of the Internal Revenue Code, and in Canada, subject to the Department of National Revenue Taxation Income Tax Act. Eligible U.S. employees may elect to contribute on a tax-deferred basis from 1% to 75%, of their compensation to a maximum of $14,000. In Canada, employees may elect to contribute from 1% to 18% of their compensation to a maximum of $16,500 Canadian dollars. A contribution of up to 6% is considered to be a basic contribution and the Company may make a discretionary matching contribution of $0.50 for each dollar of a participant s basic contribution. As a result of the bankruptcy, the Company s cash contributions were suspended during the year ended December 31, 2003 through emergence on August 23, 2004. However, beginning in August 23, 2004, the Company resumed accruing a matching contribution and made its first cash payment since emergence in early 2005.

17. Segment and Geographic Information

Core-Mark is one of the largest wholesale distributors to the convenience retail industry in North America, providing sales and marketing, distribution and logistics services to customer locations across the United States and Canada. The Company distributes consumable goods including cigarettes, tobacco, candy, snacks, fast food, grocery products, non-alcoholic beverages, general merchandise and health and beauty care products to customers in approximately in 37 states and five Canadian provinces. The Company services a variety of store formats, including traditional convenience stores, mass merchandise stores, grocery stores, drug stores, liquor stores, gift shops, specialty stores and other stores that carry convenience products.

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CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company has identified two reportable segments, United States and Canada, based on the differing economic characteristics of each. Accounting policies for measuring segment assets and earnings before income taxes are substantially consistent with those described in *Note 2 Summary of Significant Accounting Policies to the consolidated financial statements*. For management reporting purposes, the Company evaluates business segment performance before income taxes and other items that do not reflect the underlying business performance. Inter-segment revenues are not significant and no single customer accounted for 10% or more of the Company s total revenues. Information about the Company s operations by business segment and geographical location is as follows (in millions):

	Successor Company	Predecessor Company		
	Period from August 23 through December 31, 2004	Period from January 1 through August 22, 2004	Year ended December 31, 2003	Year ended December 31, 2002
Net sales:				
United States	$ 1,186.9	$ 2,079.2	$ 3,461.3	$ 3,999.4
Canada	355.2	583.7	853.7	655.2
Corporate adjustments and eliminations	7.2	10.2	9.3	7.5
Total	$ 1,549.3	$ 2,673.1	$ 4,324.3	$ 4,662.1
Income (loss) from continuing operations before income taxes:				
United States	$ (0.8)	$ (5.2)	$ (11.1)	$ 34.9
Canada	3.3	(1.6)	(0.6)	4.9
Corporate adjustments and eliminations	3.8	84.2	(253.2)	31.1
Total	$ 6.3	$ 77.4	$ (264.9)	$ 70.9
Interest expense:				
United States	$ 10.0	$ 17.5	$ 15.8	$ 14.4
Canada	0.2	0.5	(0.3)	(0.6)
Corporate adjustments and eliminations	(5.4)	(13.6)	(10.1)	(5.6)
Total	$ 4.8	$ 4.4	$ 5.4	$ 8.2
Depreciation and amortization:				
United States	$ 3.1	$ 5.7	$ 7.0	$ 7.1
Canada	0.2	0.4	0.7	0.6
Corporate adjustments and eliminations	1.4	0.9	2.2	4.5
Total	$ 4.7	$ 7.0	$ 9.9	$ 12.2

Identifiable assets by geographic area:

	Successor Company		Predecessor Company
	As of December 31, 2004	As of August 23, 2004	As of December 31, 2003
Identifiable assets:			
United States	$ 421.2	$ 420.1	$ 401.4
Canada	82.4	97.1	112.4
Total	$ 503.6	$ 517.2	$ 513.8

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CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Subsequent Events

Redemption of Tranche B Notes

In February 2005, the Company redeemed $10.0 million in outstanding Tranche B Notes, the maximum amount permitted under the Tranche B Note Agreement and the revolving credit facility. Subsequently the Company received a consent agreement from the revolving credit lenders, permitting it to prepay an additional $5.0 million of the Tranche B Notes in April 2005 which it did. In August 2005, as permitted under the Tranche B Note Agreement, the Company prepaid an additional $15.0 million in outstanding Tranche B Notes. Each of these prepayments were also in compliance with terms contained in the Company s revolving credit facility, as amended.

2005 Stock Plan

In February 2005, the Company adopted the 2005 Long Term Incentive Plan (2005 LTIP). Under the 2005 LTIP, the number of shares of common stock issuable is limited to a number of shares having a market value of $5.5 million, based on the average closing price of our common stock over the eleventh through twentieth trading days following the date that the common stock becomes listed for quotation on the NASDAQ National Market. Each share of restricted stock vests as follows: one third of the options or shares of restricted stock vest on the first anniversary of the vesting commencement date and the remaining shares vest in equal monthly installments over the two year period following the first anniversary of the vesting commencement date. In February 2005, the Compensation Committee and the Board of Directors approved the grant of restricted stock units having a value of approximately $5.0 million and a vesting commencement date of February 1, 2005. It is anticipated that such grants will be made in the fourth quarter of 2005. The Board of Directors determined that the balance of approximately $0.5 million available for grants under the 2005 Plan should be reserved for possible future issuance.

2005 Directors Equity Incentive Plan

The Company adopted the 2005 Directors Equity Incentive Plan (2005 Directors Plan) to be effective in August 2005. The 2005 Directors Plan permits granting of non-qualified stock options to non-employee directors. The terms of the 2005 Directors Plan are substantially similar to the 2004 Directors Plan other than:

- there are 15,000 shares available for issuance;
- any one participant may not receive more than 50% of the total number of shares authorized under the 2005 Directors Plan in any calendar year;

the options to purchase shares of common stock granted on August 12, 2005, under the 2005 Directors Plan have an exercise price of $27.03, the fair value of a share of our common stock as determined by the Board of Directors as provided in this plan on the basis of the average trading price of our common stock over the twenty trading days ending two trading days prior to the date of grant.

the options vest over three years, of which one third will vest on August 12, 2006, and the remaining options will vest in equal quarterly installments over the two year period commencing on August 12, 2006, for each consecutive quarter that the grantee remains a director.

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CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED INTERIM BALANCE SHEETS

(In millions, except share data)

	June 30, 2005 (Unaudited)	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	$ 35.5	$ 26.2
Restricted cash	13.2	12.1
Accounts receivable, net of allowance for doubtful accounts of $7.1 and $7.7, respectively	146.3	131.7
Other receivables, net	24.0	34.8
Inventories, net	184.0	186.3
Deposits and prepayments	44.1	38.7
Total current assets	447.1	429.8
Property and equipment, net	40.1	41.3
Deferred income taxes	1.4	0.7
Other non-current assets, net	32.8	31.8
Total assets	$ 521.4	$ 503.6
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 66.2	$ 61.2
Cigarette and tobacco taxes payable	58.0	49.0
Accrued liabilities	63.9	60.5
Income taxes payable	7.9	14.4
Deferred income taxes	14.0	14.4
Total current liabilities	210.0	199.5
Long-term debt	77.1	77.5
Other tax liabilities	1.0	1.8
Claims liabilities, net of current portion	47.5	46.3
Pension liabilities	11.4	11.4
Total liabilities	347.0	336.5
Stockholders equity:		
Common stock; $0.01 par value (50,000,000 shares authorized, 9,815,375 and 9,815,375 shares issued and outstanding at June 30, 2005 and December 31, 2004, respectively)	0.1	0.1
Additional paid-in capital	168.9	168.9
Deferred stock-based compensation	(4.8)	(6.8)
Retained earnings	9.2	3.4
Accumulated other comprehensive income	1.0	1.5
Total stockholders equity	174.4	167.1
Total liabilities and stockholders equity	$ 521.4	$ 503.6

The accompanying notes are an integral part of these consolidated financial statements.

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CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS

(In millions, except per share data)

(Unaudited)

	Successor Company	Predecessor Company
	Six months ended June 30, 2005	Six months ended June 30, 2004
Net sales [(a)]	$ 2,347.9	$ 2,036.3
Cost of goods sold [(a) (b)]	2,212.0	1,922.1
Gross profit	135.9	114.2
Warehousing and distribution expenses	65.4	59.1
Selling, general and administrative expenses	53.0	47.4
Amortization of intangible assets	0.5	
Total operating expenses	118.9	106.5
Income from operations	17.0	7.7
Interest expense, net	6.2	3.8
Reorganization items, net		1.7
Amortization of debt issuance costs	0.5	
Income before income taxes	10.3	2.2
Provision for income taxes	4.5	0.8
Net income	$ 5.8	$ 1.4
Basic income per common share	$ 0.59	$ 0.14
Diluted income per common share	$ 0.56	$ 0.14
Basic weighted average shares	9.8	9.8
Diluted weighted average shares	10.4	9.8

(a) State and provincial cigarette and tobacco excise taxes paid by the Company are included in both sales and cost of goods sold and totaled $547.3 and $464.6, respectively.

(b) Cost of goods sold excludes depreciation and amortization expense attributable to distribution assets of $3.0 and $2.7, respectively, that have been included in warehousing and distribution expenses.

The accompanying notes are an integral part of these consolidated financial statements.

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CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Successor Company Six months ended June 30, 2005	Predecessor Company Six months ended June 30, 2004
Cash flows from operating activities:		
Net income	$ 5.8	$ 1.4
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
LIFO and inventory reserves	3.2	2.1
Amortization of stock-based compensation expense	2.0	
Allowance for doubtful accounts	(0.6)	1.5
Depreciation and amortization	7.2	5.6
Deferred income taxes	(1.1)	0.4
Changes in operating assets and liabilities:		
Restricted cash	(1.1)	(1.8)
Accounts receivable	(13.7)	(11.5)
Other receivables	10.8	6.0
Inventories	(0.5)	41.7
Deposits, prepayments and other non-current assets	(8.7)	(6.3)
Accounts payable	6.7	0.4
Cigarette and tobacco taxes payable	8.5	(10.3)
Liabilities subject to compromise		(28.1)
Pension, claim and other accrued liabilities and income taxes payable	(2.9)	5.8
Net cash provided by operating activities	15.6	6.9
Cash flows from investing activities:		
Additions to property and equipment	(3.4)	(4.7)
Net cash used in investing activities	(3.4)	(4.7)
Cash flows from financing activities:		
Borrowing under line of credit	1,939.7	
Repayments under line of credit	(1,925.4)	
Principal payments on long-term debt	(15.0)	
Net capital distributions from Fleming Companies, Inc.		13.5
Decrease in cash provided by checks drawn in excess of bank balances	(1.7)	(0.9)
Net cash (used in) provided by financing activities	(2.4)	12.6
Effects of changes in foreign exchange rates	(0.5)	(0.6)

Increase in cash	9.3	14.2
Cash and cash equivalents, beginning period	26.2	31.1
Cash and cash equivalents, end of period	$ 35.5	$ 45.3
Supplemental disclosures:		
Cash paid during the period for:		
Income taxes	$ 12.3	$
Interest	$ 0.1	$
Payments made in conjunction with Chapter 11 reorganization:		
Professional fees	$	$ 0.9

The accompanying notes are an integral part of these consolidated financial statements.

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CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

1. Summary Company Information and Emergence from Bankruptcy

Core-Mark is a broad-line, full service wholesale distributor of packaged consumer products to the convenience retail industry in the United States and Canada, with revenues generated from the sale of cigarettes, tobacco products, candy, food, health and beauty aids and other general merchandise.

In June 2002, Fleming Companies, Inc. (Fleming) acquired Core-Mark. On April 1, 2003 (the Petition Date), Fleming and its subsidiaries (collectively, the Debtors) filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code in the state of Delaware.

On July 27, 2004, (the Confirmation Date), the bankruptcy court confirmed Fleming s Plan of Reorganization, as amended and revised (the Plan). The Plan provided for the reorganization of the Debtors with Core-Mark surviving as an operating entity.

Upon emergence from the Fleming bankruptcy on August 23, 2004 (the Effective Date), Core-Mark reflected the terms of the Plan in its consolidated financial statements applying the provisions of the American Institute of Certified Public Accountants Statement of Position 90-7, *Financial Reporting by Entities in Reorganization under the Bankruptcy Code* (SOP 90-7) with respect to financial reporting upon emergence from bankruptcy (*See Note 3 Fresh-Start Accounting to the consolidated financial statements*).

2. Basis of Presentation

The interim financial information as of June 30, 2005 and for the six months ended June 30, 2005 and 2004 is unaudited. In the opinion of the Company s management, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments (consisting of only normally recurring adjustments) necessary for the fair presentation of its consolidated results of operations, financial position and cash flows. Results for the interim periods are not necessarily indicative of results to be expected for the full year or any other future period.

Upon the Company s emergence from the Fleming bankruptcy and pursuant to the fresh-start accounting rules, a new reporting entity, the Successor Company, was deemed to be created and the recorded amounts of assets and liabilities were adjusted to reflect their estimated fair values, based on independent valuations where applicable. The effective date of Core-Mark s emergence from the Fleming bankruptcy was August 23, 2004. All financial information after August 22, 2004 relates to the Successor Company. All financial information before August 23, 2004 relates to the Predecessor Company. Consequently, after giving effect to the reorganization and fresh-start accounting as required by SOP 90-7, the financial statements of the Successor Company are not comparable to those of the Predecessor Company.

The significant accounting policies and certain financial information that are normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States, but which are not required for interim reporting purposes, have been omitted. The accompanying unaudited consolidated financial statements should be read in conjunction with the Company s audited financial statements for the period from January 1, 2004 through August 22, 2004, and for the period from August 23, 2004 through December 31, 2004.

3. Inventories

Inventories consist of finished goods and include tobacco products, food and other products, and related consumable products held for re-sale and are valued at the lower of cost or market. In the United States, cost is

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(Unaudited)

determined primarily on a last-in, first-out (LIFO) basis using producer price indices as determined by the Department of Labor. Under the LIFO method, current costs of goods sold are matched against current sales. Inventories in Canada are valued on a first-in, first-out (FIFO) basis as LIFO is not a permitted inventory valuation method in Canada.

Inventories consist of the following (in millions):

	June 30, 2005	December 31, 2004
	(unaudited)	
Inventory at FIFO, net of reserves	$ 189.0	$ 188.1
Less: LIFO reserve	(5.0)	(1.8)
Inventory	$ 184.0	$ 186.3

During periods of rising prices, the LIFO method of costing inventories generally results in higher current costs being charged against income while lower costs are retained in inventories. Conversely, during periods of decreasing prices, the LIFO method of costing inventories generally results in lower current costs being charged against income and higher stated inventories. The following table identifies the increase (decrease) in cost of goods sold resulting from the change in the LIFO reserve (unaudited) (in millions):

Successor Company	Predecessor Company
For the six months ended June 30, 2005	For the six months ended June 30, 2004
$ 3.2	$ 2.1

4. Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss), minimum pension liability adjustment and foreign currency translation adjustments. The components of comprehensive income (loss) for the six months ended June 30, 2005 and June 30, 2004, respectively, are as follows (unaudited) (in millions):

	Successor Company	Predecessor Company
	Six months ended June 30, 2005	Six months ended June 30, 2004
Components of comprehensive income (loss):		
Net income (loss)	$ 6.7	$ 1.4
Minimum pension liability adjustment, net of tax		(0.5)
Foreign currency translation adjustment	(0.6)	1.7
Total comprehensive income (loss)	$ 6.1	$ 2.6

5. Long-term Debt

Revolving Credit Facility

During the six months ended June 30, 2005, the maximum amount of borrowing and letters of credit outstanding under the revolving credit facility were $59.2 million and $38.7 million, respectively. For the six

CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(Unaudited)

months ended June 30, 2005 we paid total unused facility fees of $0.4 million. As of June 30, 2005, the total borrowings outstanding under the revolving credit facility were $59.2 million and letters of credit outstanding were $27.7 million. The weighted average interest rate for the six months ended June 30, 2005 for the revolving credit facility was 5.4%. As of June 30, 2005, the Company was in compliance with all of its covenants and had a net available borrowing capacity of approximately $88.7 million.

Tranche B Note Agreement

As of June 30, 2005, a total of $20.5 million in notes payable remained outstanding and letters of credit in the amount of $24.5 million were issued and outstanding under the Tranche B Note Agreement. The interest rate on the Tranche B Notes was 14.7% at June 30, 2005. As of June 30, 2005, the Company was in compliance with all of its covenants under the Tranche B Note Agreement.

The Company s long-term debt and outstanding letters of credit is as follows (in millions):

	June 30, 2005	December 31, 2004
	(Unaudited)	
Revolving credit facility	$ 59.2	$ 45.0
Tranche B notes payable	20.5	35.5
Subtotal	79.7	80.5
Less: Debt discount	(2.6)	(3.0)
Subtotal	77.1	77.5
Less: Current portion of long-term debt		
Total long-term debt, net of current portion	$ 77.1	$ 77.5
Letters of credit outstanding	$ 52.2	$ 61.2

6. Income Taxes

The Company is subject to United States federal, state, local and foreign income taxes and accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company s financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

In assessing the potential realization of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. At each balance sheet date, a valuation allowance has been established against the deferred tax assets based on management s assessment whether it is more likely than not that these deferred tax assets would not be realized.

As of June 30, 2005, after taking into account a valuation allowance of $1.0 million, the Company had a net deferred tax liability of $12.6 million, of which an amount of $14.0 million is shown as a current deferred tax liability and $1.4 million as a non-current deferred tax asset in the consolidated balance sheet. The effective income tax rates for the six months ended June 30, 2005 and 2004 are based on the federal statutory income tax

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CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(Unaudited)

rate, adjusted by the effect of state income taxes, net of federal benefit, changes in valuation allowances, effect of foreign operation and other permanent items.

7. Earnings Per Share

The following table sets forth the computation of basic and diluted net income (loss) per share (unaudited) (in millions, except per share amounts):

	Successor Company	Predecessor Company
	For the six months ended June 30, 2005	For the six months ended June 30, 2004
Net income	$ 5.8	$ 1.4
Basic weighted-average shares outstanding	9.8	9.8
Dilutive common equivalent shares:		
Unvested restricted stock	0.2	
Stock options	0.3	
Class 6 (b) warrants	0.1	
Tranche B warrants		
Diluted weighted-average shares outstanding	10.4	9.8
Basic net income per share	$ 0.59	$ 0.14
Diluted net income per share	$ 0.56	$ 0.14

8. Stock-Based Compensation Plans

The Company accounts for its stock-based compensation plans using the fair value method as prescribed by Statement of Financial Accounting Standards (SFAS) No. 123, *Accounting for Stock based Compensation,* whereby stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the vesting period. Total compensation cost recognized on the consolidated statement of operations for stock-based compensation awards was $2.0 million for the six months ended June 30, 2005. There were no stock options granted during the six months ended June 30, 2005 and June 30, 2004.

In February 2005, the Company adopted the 2005 Long Term Incentive Plan (2005 LTIP). Under the 2005 LTIP, the number of shares of common stock issuable is limited to a number of shares having a market value of $5.5 million, based on the average closing price of our common stock over the eleventh through twentieth trading days following the date that the common stock becomes listed for quotation on the NASDAQ National Market. Each share of restricted stock vests as follows: one third of the options or shares of restricted stock vest on the first anniversary of the vesting commencement date and the remainder vest in equal monthly installments over the two year period following the first anniversary of the vesting commencement date. In February 2005, the Compensation Committee and the Board of Directors approved the grant of restricted stock units having a value of approximately $5.0 million and a vesting commencement date of February 1, 2005. It is anticipated that such grants will be made in the fourth quarter of 2005. The Board of Directors determined that the balance of approximately $0.5 million available for grants under the 2005 Plan should be reserved for possible future issuance.

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CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(Unaudited)

The following tables summarizes information about stock options activity and stock options outstanding as of and for the six months ended June 30, 2005 (unaudited):

	Number of Option Shares	Weighted Average Exercise Price
Outstanding at December 31, 2004	1,090,422	$ 15.50
Options granted (unaudited)		
Options exercised (unaudited)		
Options canceled (unaudited)	(6,321)	15.50
Outstanding at June 30, 2005 (unaudited)	1,084,101	15.50

Options Outstanding				Options Exercisable	
Exercise Prices	Number Option Shares	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number of Option Shares	Weighted-Average Exercise Price
$15.50	1,084,101	6.17 years	$ 15.50	$	$

9. Employee Benefit Plans

The Company sponsors a qualified defined benefit pension plan and a post-retirement benefit plan for employees hired before September 1986. There have been no new entrants to the pension or non-pension post retirement benefit plans after those benefit plans were frozen on September 30, 1989. Pursuant to the Plan, on the Effective Date, the Company was assigned the obligation for the three former Fleming defined-benefit pension plans. The Predecessor Company s frozen pension benefit plans and post-retirement benefit plan and the three former Fleming pension plans are collectively referred to the Pension Plans.

The following tables provide the components of the net periodic pension and other post-retirement benefit costs for the six months ending June 30, 2005 and 2004 (unaudited) (in millions):

	Successor Company		Predecessor Company	
	For the six months ended June 30, 2005		For the six months ended June 30, 2004	
	Pension Benefits	Other Post-retirement Benefit	Pension Benefits	Other Post-retirement Benefit
Service cost	$	$ 0.0	$	$
Interest cost	1.0	0.1	0.5	0.1
Expected return on plan assets	(1.1)		(0.4)	
Amortization of:				
Prior service cost				
Net actuarial loss				
Net periodic benefit (income) cost	$ (0.1)	$ 0.1	$ 0.1	$ 0.1

The Company contributed $0.6 million and $0.1 million, respectively, to its pension and other post-retirement benefit plans during the six months ended June 30, 2005 compared to $0 million and $0.1 million, respectively, for the six months ended June 30, 2004.

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CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(Unaudited)

10. Segment and Geographic Information

Core-Mark is one of the largest wholesale distributors to the convenience retail industry in North America, providing sales and marketing, distribution and logistics services to customer locations across the United States and Canada. The Company distributes consumable goods including cigarettes, tobacco, candy, snacks, fast food, grocery products, non-alcoholic beverages, general merchandise and health and beauty care products to customers in approximately in 37 states and five Canadian provinces. The Company services a variety of store formats, including traditional convenience stores, mass merchandise stores, grocery stores, drug stores, liquor stores, gift shops, specialty stores and other stores that carry convenience products.

The Company has identified two reportable segments, United States and Canada, based on the differing economic characteristics of each. For management reporting purposes, the Company evaluates business segment performance before income taxes, and other items that do not reflect the underlying business performance. Inter-segment revenues are not significant and no single customer accounted for 10% or more of the Company s total revenues. Information about the Company s operations by business segment and geographic areas is as follows (unaudited) (in millions):

	Successor Company	Predecessor Company
	Six months ended June 30, 2005	Six months ended June 30, 2004
Net sales:		
United States	$ 1,852.7	$ 1,585.5
Canada	483.6	442.8
Corporate adjustments and eliminations	11.6	8.0
Total	$ 2,347.9	$ 2,036.3
Income (loss) before income taxes:		
United States	$ 11.2	$ (5.5)
Canada	4.1	(1.4)
Corporate adjustments and eliminations	(5.0)	4.3
Total	$ 10.3	$ (2.6)
Interest expense:		
United States	$ 12.2	$ 13.2
Canada	(0.7)	0.4

Corporate adjustments and eliminations	(5.3)	(9.8)
Total	$ 6.2	$ 3.8
Depreciation and amortization:		
United States	$ 5.2	$ 4.9
Canada	0.6	0.4
Corporate adjustments and eliminations	1.4	0.3
Total	$ 7.2	$ 5.6

Identifiable assets by geographic area (unaudited) (in millions):

	June 30, 2005	**December 31, 2004**
Identifiable assets:		
United States	$ 440.0	$ 421.2
Canada	81.4	82.4
Total	$ 521.4	$ 503.6

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EXHIBITS

(b) The following exhibits are filed as part of this registration statement:

Exhibit No.	Description
2.1	Third Amended and Revised Joint Plan of Reorganization of Fleming Companies, Inc. and its Subsidiaries Under Chapter 11 of the Bankruptcy Code, dated May 25, 2004.
3.1	Certificate of Incorporation of Core-Mark Holding Company, Inc.
3.2	Amended and Restated Bylaws of Core-Mark Holding Company, Inc.
4.1	Form of Class 6(B) Warrant
10.1	2004 Long-Term Incentive Plan
10.2	2004 Directors Equity Incentive Plan
10.3	2005 Long-Term Incentive Plan
10.4	2005 Directors Equity Incentive Plan
10.5	Form of Indemnification Agreement for Officers and Directors
10.6*	Credit Agreement, dated August 20, 2004, among Core-Mark Holding Company, Inc., Core-Mark Holdings I, Inc., Core-Mark Holdings II, Inc., Core-Mark Holdings III, Inc., Core-Mark International, Inc., Core-Mark Midcontinent, Inc., Core-Mark Interrelated Companies, Inc., Head Distributing Company, Inc. and Minter-Weisman Co., Inc, as Borrowers, the Lenders Signatory Thereto from Time to Time as Lenders, General Electric Capital Corporation as Agent and Lender, Congress Financial Corporation (Western) as Co-Syndication Agent and Lender, JP Morgan Chase Bank as Co-Syndication Agent and Lender, Bank of America, N.A. as Co-Documentation Agent and Lender, Wells Fargo Foothill, LLC as Co-Documentation Agent and Lender, and GE Canada Finance Holding Company as Canadian Lender with GECC Capital Markets Group, Inc. as Lead Arranger.
10.7*	First Amendment, dated September 24, 2004, to the Credit Agreement, dated August 20, 2004, among Core-Mark Holding Company, Inc., Core-Mark Holdings I, Inc., Core-Mark Holdings II, Inc., Core-Mark Holdings III, Inc., Core-Mark International, Inc., Core-Mark Midcontinent, Inc., Core-Mark Interrelated Companies, Inc., Head Distributing Company, Inc. and Minter-Weisman Co., Inc, as Borrowers, the Lenders Signatory Thereto from Time to Time as Lenders, General Electric Capital Corporation as Agent and Lender, Congress Financial Corporation (Western) as Co-Syndication Agent and Lender, JP Morgan Chase Bank as Co-Syndication Agent and Lender, Bank of America, N.A. as Co-Documentation Agent and Lender, Wells Fargo Foothill, LLC as Co-Documentation Agent and Lender, and GE Canada Finance Holding Company as Canadian Lender with GECC Capital Markets Group, Inc. as Lead Arranger.
10.8*	Security Agreement, dated as of August 20, 2004, among Core-Mark Holdings Company, Inc., Core-Mark Holdings I, Inc., Core-Mark Holdings II, Inc., Core-Mark Holdings III, Inc., Core-Mark International, Inc., Core-Mark Midcontinent, Inc., Core-Mark Interrelated Companies, Inc., Head Distributing Company, Minter-Weisman Co. and General Electric Capital Corporation.
10.9*	Note and Warrant Purchase Agreement, dated as of August 20, 2004, among Core-Mark Holdings Company, Inc., Core-Mark Holdings I, Inc., Core-Mark Holdings II, Inc., Core-Mark Holdings III, Inc., Core-Mark International, Inc., Core-Mark Midcontinent, Inc., Core-Mark Interrelated Companies, Inc., Head Distributing Company, Minter-Weisman Co., Wells Fargo Bank, N.A. and the Purchasers listed therein.

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Exhibit No.	Description
10.10	Registration Rights Agreement, dated August 20, 2004, among Core-Mark Holding Company, Inc. and the parties listed on Schedule I attached thereto.
10.11*	Form of Note
10.12	Form of Common Stock Purchase Warrant
10.13*	Security Agreement, dated as of August 20, 2004, among Core-Mark Holdings Company, Inc., Core-Mark Holdings I, Inc., Core-Mark Holdings II, Inc., Core-Mark Holdings III, Inc., Core-Mark International, Inc., Core-Mark Midcontinent, Inc., Core-Mark Interrelated Companies, Inc., Head Distributing Company, Minter-Weisman Co. and Wells Fargo Bank, N.A.
10.14*	Intellectual Property Security Agreement, dated as of August 20, 2004, among Core-Mark Holdings Company, Inc., Core-Mark Holdings I, Inc., Core-Mark Holdings II, Inc., Core-Mark Holdings III, Inc., Core-Mark International, Inc., Core-Mark Midcontinent, Inc., Core-Mark Interrelated Companies, Inc., Head Distributing Company, Minter-Weisman Co. and Wells Fargo Bank, N.A.
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10.16*	Security Agreement, dated as of August 20, 2004, between Core-Mark International, Inc. and Wells Fargo Bank, N.A.
10.17*	Intellectual Property Security Agreement, dated as of August 20, 2004, between Core-Mark International, Inc. and Wells Fargo Bank, N.A.
10.18*	Intercreditor Agreement, dated as of August 20, 2004, between General Electric Capital Corporation and Wells Fargo Bank, N.A.
11.1	Statement of Computation of Earnings Per Share (required information contained within this Form 10)
16.1	Letter from Burr, Pilger & Mayer LLP regarding change of certifying accountant.
21.1	List of Subsidiaries of Core-Mark Holding Company, Inc.

* To be filed by amendment.

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SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

		CORE-MARK HOLDING COMPANY, INC.
Date: September 2, 2005	By:	/s/ J. MICHAEL WALSH
	Name:	**J. Michael Walsh**
	Title:	**President and Chief Executive Officer**

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