

Core-Mark Holding Company, Inc.

Form DEF 14A

April 28, 2008

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒ x

Filed by a party other than the Registrant ☐ ..

Check the appropriate box:

- ☐ .. Preliminary Proxy Statement
- ☐ .. Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ x Definitive Proxy Statement
- ☐ .. Definitive Additional Materials
- ☐ .. Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Core-Mark Holding Company, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ x No fee required

☐ .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.

(3) Filing Party:

(4) Date Filed:

Table of Contents

Core-Mark Holding Company, Inc.

395 Oyster Point Blvd., Suite 415

South San Francisco, California 94080

www.core-mark.com

April 28, 2008

Dear Fellow Stockholders:

You are cordially invited to attend the 2008 Annual Meeting of Stockholders of Core-Mark Holding Company, Inc. (Core-Mark) to be held at 2:00 p.m. PDT on Tuesday, June 3, 2008 at the Hyatt Regency San Francisco Airport Hotel, 1333 Bayshore Highway, Burlingame, California 94010. You will find directions to the meeting on the back cover of the accompanying Proxy Statement.

The notice of meeting and Proxy Statement describe the matters to be acted upon at the meeting. We will also report on matters of interest to Core-Mark stockholders.

Your vote is important. Whether or not you plan to attend the Annual Meeting in person, we encourage you to vote so that your shares will be represented and voted at the meeting. You may vote by proxy by completing and mailing the enclosed proxy card in the return envelope provided. If you do not vote by mail, you still may attend the Annual Meeting and vote in person.

Thank you for your continued support of Core-Mark.

Sincerely,

/s/ Randolph I. Thornton
Randolph I. Thornton
Director and Chairman of the Board

/s/ J. Michael Walsh
J. Michael Walsh
President and Chief Executive Officer

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Core-Mark Holding Company, Inc.

395 Oyster Point Blvd., Suite 415

South San Francisco, California 94080

April 28, 2008

The 2008 Annual Meeting of Stockholders of Core-Mark Holding Company, Inc. (Core-Mark) will be held as follows:

DATE: Tuesday, June 3, 2008

TIME: 2:00 p.m. PDT

LOCATION: Hyatt Regency San Francisco Airport Hotel

1333 Bayshore Highway

Burlingame, CA 94010

PURPOSE: To consider and act upon the following proposals:

1. The election of directors;
2. The ratification of the selection of the independent registered public accounting firm; and
3. Such other business as may properly come before the meeting.

Shares represented by properly executed proxies that are hereby solicited by the Board of Directors of Core-Mark will be voted in accordance with the instructions specified therein. Shares represented by proxies that are not limited to the contrary will be voted in favor of the election as directors of the persons nominated in the accompanying Proxy Statement and in favor of Proposal 2.

Stockholders of record at the close of business on April 7, 2008 will be entitled to vote at the meeting.

By order of the Board of Directors,

/s/ Gregory Antholzner

Gregory Antholzner

Vice President Finance, Treasurer and Assistant Secretary

It is important that your shares be represented and voted,

whether or not you plan to attend the meeting.

YOU CAN VOTE BY PROXY:

1. BY MAIL:

Promptly return your signed and dated proxy/voting instruction card in the enclosed envelope.

2. IN PERSON:

You may attend the Annual Meeting and vote in person.

Table of Contents

Table of Contents

<u>GENERAL INFORMATION</u>	1
<u>Proxy Solicitation</u>	1
<u>Stockholders Entitled to Vote</u>	1
<u>How to Vote</u>	1
<u>Revocation of Proxies</u>	1
<u>Quorum-Required Vote</u>	1
<u>Other Matters</u>	2
<u>Additional Information</u>	2
<u>OWNERSHIP OF CORE-MARK COMMON STOCK</u>	3
<u>Securities Owned by Certain Beneficial Owners</u>	3
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	4
<u>ELECTION OF DIRECTORS (Proposal 1)</u>	5
<u>Nominees for Director</u>	5
<u>BOARD OF DIRECTORS</u>	7
<u>Board of Directors</u>	7
<u>Committees of the Board of Directors</u>	7
<u>Audit Committee</u>	7
<u>Compensation Committee</u>	7
<u>Nominating and Corporate Governance Committee</u>	8
<u>Finance and Investment Committee</u>	8
<u>Board, Committee and Annual Meeting Attendance</u>	8
<u>Director Compensation</u>	8
<u>Director Compensation Table</u>	9
<u>Certain Relationships and Related Transactions</u>	9
<u>Transactions with Directors and Management</u>	9
<u>Compensation Committee Interlocks and Insider Participation</u>	10
<u>Indemnification Agreements</u>	10
<u>Family Relationships</u>	10
<u>Corporate Governance</u>	10
<u>The Committee's Role and Responsibilities</u>	10
<u>Director Independence</u>	10
<u>Board Evaluation</u>	10
<u>Director Nomination Process</u>	11
<u>Business Conduct and Compliance</u>	11
<u>Communication with Directors</u>	12
<u>OUR EXECUTIVE OFFICERS</u>	13
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	15
<u>Objectives of Our Compensation Programs</u>	15
<u>Elements of Executive Compensation</u>	16
<u>What We Regard, Why We Pay Each Element of Compensation and How Each Element Relates to Our Compensation Objectives</u>	16
<u>How We Determine the Amounts We Pay</u>	17
<u>Base Salary</u>	17
<u>Annual Incentive Bonus Program</u>	17
<u>Equity Incentive Program</u>	19
<u>Executive Severance Plan</u>	20
<u>Perquisites</u>	21
<u>Other Benefits</u>	21
<u>Compensation of the Named Executive Officers for Fiscal Year Ended December 31, 2007</u>	21
<u>Change of Control Matters</u>	23
<u>Tax and Accounting Considerations</u>	23

Table of Contents

<u>Other Considerations</u>	24
<u>COMPENSATION COMMITTEE REPORT</u>	25
<u>COMPENSATION OF NAMED EXECUTIVES</u>	26
<u>Summary Compensation Table</u>	26
<u>Grants of Plan-Based Awards</u>	27
<u>Outstanding Equity at Fiscal Year-End</u>	28
<u>Option Exercises and Stock Vested</u>	28
<u>2004 Long-Term Incentive Plan</u>	29
<u>2005 Long-Term Incentive Plan</u>	29
<u>2007 Long-Term Incentive Plan</u>	29
<u>Potential Payments Upon Termination or Change-In-Control</u>	30
<u>Severance Policy</u>	30
<u>Retirement</u>	30
<u>Change of Control</u>	30
<u>Potential Post-Employment Payments to Named Executive Officers</u>	31
<u>Tabular Presentation of Potential Post-Employment Payments</u>	31
<u>REPORT OF THE AUDIT COMMITTEE</u>	32
<u>RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Proposal 2)</u>	33
<u>Auditor Fees</u>	33
<u>Pre-Approval of Audit and Non-Audit Services</u>	33
<u>Changes In and Disagreements With Accountants On Accounting and Financial Disclosure</u>	34
<u>STOCKHOLDER PROPOSALS FOR 2009 ANNUAL MEETING</u>	36
<u>Requirements for Stockholder Proposals to be Considered for Inclusion in Core-Mark's Proxy Materials</u>	36
<u>Requirements for Stockholder Proposals to be Brought Before the Annual Meeting</u>	36
<u>DIRECTIONS TO THE HYATT REGENCY SAN FRANCISCO AIRPORT HOTEL</u>	Back Cover

Table of Contents

PROXY STATEMENT

2008 ANNUAL MEETING OF STOCKHOLDERS

Tuesday, June 3, 2008

CORE-MARK HOLDING COMPANY, INC.

395 Oyster Point Blvd., Suite 415

South San Francisco, California 94080

GENERAL INFORMATION

Proxy Solicitation

These proxy materials are being mailed or otherwise sent to stockholders of Core-Mark Holding Company, Inc. (Core-Mark or the Company) on or about April 28, 2008 in connection with the solicitation of proxies by the Board of Directors for Core-Mark's Annual Meeting of Stockholders to be held at 2:00 p.m. PDT on Tuesday, June 3, 2008 at the Hyatt Regency San Francisco Airport Hotel, 1333 Bayshore Highway, Burlingame, California 94010. Directors, officers and other Core-Mark employees also may solicit proxies by telephone or otherwise. Brokers and other nominees will be requested to solicit proxies or authorizations from beneficial owners and will be reimbursed by Core-Mark for their reasonable expenses.

Stockholders Entitled to Vote

Stockholders of record at the close of business on April 7, 2008 are entitled to notice of and to vote at the meeting. As of such date, there were 10,535,767 shares of Core-Mark common stock outstanding, each entitled to one vote.

How to Vote

Shareowners of record described below may cast their votes by proxy by:

(1) signing, completing and returning the enclosed proxy card in the enclosed postage-paid envelope; or

(2) attending the Annual Meeting and voting in person.

Revocation of Proxies

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A proxy may be revoked at any time before it is voted by delivering written notice of revocation to the Director of Investor Relations of Core-Mark at the address set forth above, by delivering a proxy bearing a later date or by voting in person at the meeting.

Quorum-Required Vote

The holders of a majority of the shares entitled to vote at the meeting must be present in person or represented by proxy to constitute a quorum. Abstentions and shares that brokers do not have the discretionary authority to vote on a matter in the absence of timely instructions from the beneficial owners (broker non-votes) are treated as present for the purposes of determining a quorum.

Directors are elected by a plurality of the votes of shares present in person or represented by proxy at the meeting and entitled to vote. Abstentions and broker non-votes will not be counted as votes cast and, accordingly, will have no effect on the outcome of the vote.

Table of Contents

Ratification of the selection of our independent registered public accounting firm (Proposal 2) requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote. Under Delaware law, in determining whether Proposal 2 has received the requisite number of affirmative votes, abstentions are treated as shares present or represented and entitled to vote, so abstaining has the same effect as a negative vote. Broker non-votes on Proposal 2 are not counted or deemed present or represented for purposes of determining whether stockholders have approved that proposal.

Other Matters

The Board of Directors is not aware of any matters to be presented at the meeting other than those set forth in the accompanying notice. If any other matters properly come before the meeting, the persons named in the proxy will vote on such matters in accordance with their best judgment.

Additional Information

Additional information regarding the Company appears in our Annual Report on Form 10-K for the year ended December 31, 2007, which accompanies this Proxy Statement.

Table of Contents**OWNERSHIP OF CORE-MARK COMMON STOCK****Securities Owned by Certain Beneficial Owners**

The following table sets forth certain information as of April 7, 2008 regarding the beneficial ownership of shares of our common stock by: (i) each person or entity known to us to be the beneficial owner of more than 5% of our common stock; (ii) each of our named executive officers; (iii) each member of our board of directors; and (iv) all members of our board of directors and executive officers as a group.

Except as otherwise noted below, each of the following individual's address of record is c/o Core-Mark Holding Company, Inc., 395 Oyster Point Boulevard, Suite #415, South San Francisco, California 94080.

Beneficial ownership is determined in accordance with the rules of the U.S. Securities and Exchange Commission (SEC). In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock issuable upon the exercise of stock options or warrants or the conversion of other securities held by that person that are currently exercisable or convertible, or are exercisable or convertible within 60 days of April 7, 2008, are deemed to be issued and outstanding. These shares, however, are not deemed outstanding for the purposes of computing percentage ownership of each other stockholder.

Name and Address of Beneficial Owner	Securities Beneficially Owned	
	Shares of Common Stock Beneficially Owned	Percentage of Common Stock Outstanding
Principal Securityholders:		
Third Point, LLC ^[1]	1,064,200	10.1%
Giovine Capital Group, LLC ^[2]	910,171	8.6%
Loeb Partners Corp. ^[3]	775,944	7.4%
Wynnefield Capital Management, LLC ^[4]	761,972	7.2%
Post Confirmation Trust of Fleming Companies, Inc. ^[5]	618,626	5.9%
Barclays Global Investors, N.A. ^[6]	562,243	5.3%
Directors and Named Executive Officers:		
J. Michael Walsh ^[7]	134,898	1.3%
Stacy Loretz-Congdon ^[7]	16,628	*
Basil P. Prokop ^[7]	93,891	*
Christopher Walsh ^[7]	79,167	*
Thomas B. Perkins ^[7]	61,111	*
Robert A. Allen ^[8]	7,500	*
Stuart W. Booth ^[8]	6,874	*
Gary F. Colter ^[8]	7,500	*
L. William Krause ^[8]	6,874	*
Harvey L. Tepner ^[8]	7,500	*
Randolph I. Thornton ^[8]	7,500	*
All directors and executive officers as a group (15 persons)	508,821	4.6%

* Represents beneficial ownership of less than 1%.

[1] The address of Third Point LLC is 390 Park Avenue, 18th Floor, New York, New York 10022. Shares represent the shared voting and disposition power of Third Point LLC, Third Point Offshore Fund, Ltd. and Mr. Daniel Loeb. Share amounts listed are derived from Third Point LLC's Schedule 13G/A filing with the SEC on February 13, 2008.

[2] The address of Giovine Capital Group, LLC is 1333 2nd Street, Suite 650, Santa Monica, California 90401. Giovine Capital Group LLC serves as investment adviser and management company to several investment funds and managed accounts with respect to shares directly owned by the funds and possesses shared voting and disposition power. Mr. Thomas A. Giovine serves as managing member of Giovine Capital Group and may be deemed to beneficially own the shares. Share amounts listed are derived from Giovine Capital Group, LLC's Schedule 13F filing with the SEC on February 14, 2008.

[3] The address of Loeb Partners Corporation is 61 Broadway, New York, New York, 10006. Shares represent those held by Loeb Partners Corporation, Loeb Arbitrage Fund, Loeb Offshore Fund Ltd., Loeb Marathon Fund LP, Loeb Marathon Offshore Fund, Ltd., Loeb Arbitrage B Fund LP and Loeb Offshore B Fund Ltd. Share amounts listed are derived from Loeb Partners Corporation's Schedule 13D filing with the SEC on March 11, 2008.

Table of Contents

- [4] The address of Wynnefield Capital Management, LLC is 450 Seventh Avenue, Suite 509, New York, New York 10123. Shares represent those owned by Wynnefield Partners Small Cap Value, L.P., Wynnefield Small Cap Value Offshore Fund, Ltd., Wynnefield Partners Small Cap Value, L.P. I, Wynnefield Capital, Inc. Profit Sharing Plan, Wynnefield Capital Management, LLC and Wynnefield Capital, Inc., Mr. Nelson Obus and Mr. Joshua Landes exercise voting and investment control over such shares and may be deemed to beneficially own the shares. Share amounts listed are derived from Wynnefield Partners Small Cap Value, L.P.'s Schedule 13D/A filing with the SEC on March 26, 2008.
- [5] The address of Post Confirmation Trust of Fleming Companies, Inc. (the PCT) is P.O. Box 1297, Oklahoma City, OK. 73101. Pursuant to Core-Mark's emergence from bankruptcy in August 2004, the company issued an aggregate of 9,800,000 shares of its common stock to the PCT in exchange for the stock of Core-Mark International, Inc. and its subsidiaries. According to the Company's stock records, the PCT has distributed 9,181,374 shares of our common stock to certain of Fleming Companies, Inc. creditors and continues to hold 618,626 shares that are subject to future distribution to Fleming's creditors as claims are resolved.
- [6] The address of Barclays Global Investors, N.A. is 45 Fremont Street, San Francisco, California 94105. Shares represent those held by Barclays Global Investors, N.A. and Barclays Global Fund Advisors. Share amounts listed are derived from Barclays Global Investors, N.A.'s Schedule 13G filed with the SEC on February 5, 2008.
- [7] Includes beneficial ownership of aggregate options and restricted stock units held by such individual and exercisable within 60 days of April 7, 2008 into the following amount of shares: Mr. J.M. Walsh 100,000, Ms. Loretz-Congdon 11,737, Mr. Prokop 91,667, Mr. C. Walsh 79,167, Mr. Perkins 61,111.
- [8] Share amounts represent beneficial ownership of aggregate options held by such individual and exercisable within 60 days of April 7, 2008.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires Core-Mark's directors, executive officers and beneficial owners of more than 10% of Core-Mark's equity securities (10% Owners) to file initial reports of their ownership of Core-Mark's equity securities and reports of changes in such ownership with the SEC. Directors, executive officers and 10% Owners are required by SEC regulations to furnish Core-Mark with copies of all Section 16(a) forms they file. Based solely on a review of copies of such forms and written representations from Core-Mark's directors, executive officers and 10% Owners, Core-Mark believes that for fiscal year 2007, all of its directors, executive officers and 10% Owners were in compliance with the disclosure requirements of Section 16(a), except that Core-Mark believes that the PCT is currently out of compliance because it is aware of 1,647,838 additional shares having been distributed since the PCT's most recent filing of a Form 4 with the SEC on January 11, 2006. Based on reports from its transfer agent, as of April 7, 2008 Core-Mark believes the PCT holds approximately 618,626 shares of Core-Mark common stock.

Table of Contents

PROPOSAL 1. ELECTION OF DIRECTORS

The current Board of Directors is made up of seven directors, each of whose term expires at the 2008 Annual Meeting. The following directors have been nominated for re-election to serve for a term of one year until the 2009 Annual Meeting and until their successors have been duly elected and qualified:

Robert A. Allen

Stuart W. Booth

Gary F. Colter

L. William Krause

Harvey L. Tepner

Randolph I. Thornton

J. Michael Walsh

All of the nominees for election have consented to being named in this Proxy Statement and to serve if elected. Presented below is biographical information for each of the nominees.

The Board of Directors recommends that stockholders vote FOR the election of Messrs. Allen, Booth, Colter, Krause, Tepner, Thornton and Walsh.

NOMINEES FOR DIRECTOR

Robert A. Allen, 58, has served as a Director of Core-Mark since August 2004. Mr. Allen was Acting Chief Operating Officer of the Fleming Companies, Inc. from March 2003 to April 2003. From 1998 to 2003, Mr. Allen served as the President and Chief Executive Officer of Core-Mark International, Inc. and President and Chief Operating Officer of Core-Mark International, Inc. from 1996 to 1998. Mr. Allen received a Bachelor of Arts degree from the University of California at Berkeley.

Stuart W. Booth, 57, has served as a Director of Core-Mark since August 2005. Mr. Booth has been employed by Central Garden & Pet Company, a publicly-traded marketer and producer of pet and lawn and garden supplies, since 2002, and is currently its Executive Vice President, Chief Financial Officer and Secretary. During 2001, Mr. Booth served as the Chief Financial Officer of RespondTV, Inc., an interactive television infrastructure and services company. From 1998 to 2000, Mr. Booth was Principal Vice President and Treasurer of Bechtel Group, Inc., an engineering, construction and project management firm. From 1975 to 1998, Mr. Booth served in various financial positions at Pacific Gas & Electric Company and related entities, including as principal financial officer for financial operations, acquisitions and divestitures at PG&E Enterprises. Mr. Booth received a Bachelor of Arts degree in economics from California State University, Chico, and a Masters of Business Administration degree from California State University, San Francisco.

Gary F. Colter, 62, has served as a Director of Core-Mark since August 2004. Mr. Colter has been employed principally by CRS Inc., a corporate restructuring and strategy management consulting company since 2002 and currently serves as its President. Prior to that time, Mr. Colter was employed by KPMG, serving as: Vice Chairman of KPMG Canada from 2001 to 2002; Managing Partner Global Financial Advisory Services and Member International Executive Team of KPMG International from 1998 to 2000; Vice Chairman Financial Advisory Services, Chairman and Chief Executive Officer of KPMG Inc. and on the Management Committee of KPMG Canada from 1989 to 1998; and Partner of KPMG Canada and its predecessor, Peat Marwick, from 1975 to 2002. Mr. Colter is a member of the board of directors of Canadian Imperial Bank of Commerce and Owens-Illinois, Inc., and is a Director of PSPIB Destiny, Inc., successor to Retirement Residences Real Estate Investment Trust, which ceased to be a public company in 2007. In addition, Mr. Colter serves as the chair of the audit committee and is a member of the governance committees for all three companies. Mr. Colter received a Bachelor of Arts degree in business administration from the Ivey Business School of the University of Western Ontario. Mr. Colter is a fellow chartered accountant (FCA).

Table of Contents

L. William Krause, 65, has served as a Director of Core-Mark since August 2005. Mr. Krause presently serves as President of LWK Ventures, a private investment firm, a position he has held since 1991. Mr. Krause served as Chairman of the Board of Caspian Networks, Inc., a high performance networking systems provider, from April 2002 to September 2006 and as CEO from April 2002 until June 2004. From September 2001 to February 2002, Mr. Krause was Chairman and Chief Executive Officer of Exodus Communications, Inc., which he guided through Chapter 11 Bankruptcy to a sale of assets. He also served as President and Chief Executive Officer of 3Com Corporation, a global data networking company, from 1981 to 1990, and as its Chairman from 1987 to 1993 when he retired. Presently, Mr. Krause serves on the board of directors of Brocade Communications Systems, Inc., Packeteer, Inc., Sybase, Inc., and TriZetto Group. Mr. Krause received a Bachelor of Science degree in electrical engineering from The Citadel.

Harvey L. Tepner, 51, has served as a Director of Core-Mark since August 2004 and is on the board of the Post Confirmation Trust of the Fleming Companies. Mr. Tepner is a Principal of WL Ross & Co. LLC, a private equity and alternative investment fund manager, having joined WL Ross in February 2008. From 2002 to 2008, Mr. Tepner was a Partner at Compass Advisers, LLP in charge of its investment banking restructuring practice. Prior to that time, Mr. Tepner was a Managing Director of Loeb Partners Corporation from 1995 to 2002, and prior to Loeb, Mr. Tepner worked as an officer in the corporate finance departments of Dillon, Read & Co. Inc. and Rothschild Inc. Mr. Tepner is a Chartered Accountant (Canada) and previously worked for Price Waterhouse in Canada. Mr. Tepner received a Bachelor of Arts degree from Carleton University and a Masters of Business Administration degree from Cornell University.

Randolph I. Thornton, 62, has served as a Director and Chairman of the Board of Directors of Core-Mark since August 2004 and also serves as a member of the board of directors of the Post Confirmation Trust of the Fleming Companies. Mr. Thornton has served as the President and Chief Executive Officer of Comdisco Holding Company, Inc. since August 2004. From May 1970 to February 2004, Mr. Thornton was employed by Citigroup, Inc., most recently serving as a managing director until his retirement from Citigroup, Inc. in February 2004. Mr. Thornton is a member of the board of directors of Comdisco Holding Company, Inc. In addition, Mr. Thornton was a member of the board of directors of Edison Brothers Stores, Inc. from 1997 to 2000 and served as the chair of its audit committee during that time. Mr. Thornton received a Bachelor of Arts degree in history from Lafayette College and a Master of Business Administration degree from Columbia Business School.

J. Michael Walsh, 60, has served as our President and Chief Executive Officer since March 2003 and as a Director since August 2004. From October 1999 to March 2003, Mr. Walsh served as our Executive Vice President Sales. From April 1991 to January 1996, Mr. Walsh was a Senior Vice President Operations and was Senior Vice President U.S. Distribution from January 1996 to October 1999. Before joining Core-Mark, Mr. Walsh served as the Senior Vice President Operations of Food Services of America. Mr. Walsh received a Bachelor of Science degree in industrial engineering from Texas Tech University and a Master of Business Administration degree from Texas A&M at West Texas.

Table of Contents

BOARD OF DIRECTORS

Board of Directors

Our bylaws provide that the size of the board of directors shall be determined from time to time by our board of directors. Our board of directors currently consists of seven members. Each of our executive officers and directors, other than non-employee directors, devotes his or her full time to our affairs. Our non-employee directors devote the amount of time to our affairs as necessary to discharge their duties. Robert A. Allen, Stuart Booth, Gary F. Colter, L. William Krause and Randolph I. Thornton are each independent within the meaning of the rules of the NASDAQ Global Market and collectively constitute a majority of our board of directors.

Committees of the Board of Directors

Pursuant to our bylaws, our board of directors is permitted to establish committees from time to time as it deems appropriate. To facilitate independent director review and to make the most effective use of our directors' time and capabilities, our board of directors has established the following committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Finance and Investment Committee. The charters of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are available on our website at <http://www.core-mark.com/investorrelations/corpgov.html>. Printed copies of these charters may be obtained, without charge, by contacting the Director of Investor Relations, Core-Mark Holding Company, Inc., 395 Oyster Point Blvd., Suite 415, South San Francisco, California 94080, telephone 650-589-9445. The membership and function of each committee are described below.

Audit Committee

The audit committee provides assistance to the board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions. The audit committee reviews our financial results, our filings with the Securities and Exchange Commission and the effectiveness of our internal control functions. In addition, it approves the services performed by our independent accountants and reviews their reports regarding our accounting practices and systems of internal accounting controls. The audit committee also oversees the audit efforts of our independent accountants and takes those actions as it deems necessary to satisfy itself that the accountants are independent of management. The audit committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act and currently consists of Stuart W. Booth, Gary F. Colter and Randolph I. Thornton, each of whom is a non-employee member of our board of directors and is independent within the meaning of the rules of the NASDAQ Global Market and relevant federal securities laws and regulations. Mr. Booth is the Chairman of the audit committee, and he and Mr. Colter qualify as audit committee financial experts as defined under Securities and Exchange Commission rules. We believe the composition of our audit committee meets the criteria for independence under, and the functioning of our audit committee complies with the applicable requirements of the Sarbanes-Oxley Act of 2002 and the current rules of the NASDAQ Global Market.

Compensation Committee

The compensation committee reviews and approves our general compensation policies and recommends to our board of directors the compensation provided to our directors and executive officers. The compensation committee also reviews and determines bonuses for our officers and other employees. In addition, the compensation committee administers our stock option plans and reviews and determines equity-based compensation for our directors, officers, employees and consultants. Under its charter the compensation committee may delegate any such responsibilities to one or more subcommittees of the compensation committee to the extent permitted by applicable law and the applicable rules of the NASDAQ Global Market. The current members of the compensation committee are Gary F. Colter, L. William Krause, Robert A. Allen, and Randolph I. Thornton, each of whom is a non-employee member of our board of directors and independent

Table of Contents

within the meaning of the rules of the NASDAQ Global Market. Mr. Colter is the Chairman of the compensation committee. We believe that the composition of our compensation committee meets the criteria for independence under, and the functioning of our compensation committee complies with the applicable requirements of, the rules of the NASDAQ Global Market.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee is responsible for making recommendations to the board of directors regarding candidates for directorships and the size and composition of the board of directors. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance guidelines and reporting and making recommendations to the board of directors concerning corporate governance matters. The members of the nominating and governance committee are Robert A. Allen, Gary F. Colter, L. William Krause and Randolph I. Thornton and are each independent within the meaning of the rules of the NASDAQ Global Market. Mr. Allen is the Chairman of the nominating and corporate governance committee. We believe that the composition of our nominating and governance committee meets the criteria for independence under, and the functioning of our nominating and corporate governance committee complies with the applicable requirements of, the rules of the NASDAQ Global Market.

Finance and Investment Committee

The finance and investment committee, which was formed in 2006, provides assistance to the board of directors in reviewing and evaluating potential acquisition, divestiture, investment and other strategic opportunities and in sourcing and negotiating such strategic or financial opportunities. In addition, the finance and investment committee is responsible for assisting management and the board of directors in reviewing and evaluating our capital structure, including the appropriate mix of debt and equity and the issuance of dividends, and reporting and making recommendations to the board of directors concerning such capital structure matters. The members of the finance and investment committee are Robert A. Allen, Harvey L. Tepner, Randolph I. Thornton and J. Michael Walsh. Mr. Tepner is the Chairman of the finance and investment committee.

Board, Committee and Annual Meeting Attendance

For the fiscal year ended December 31, 2007, the Board and its Committees held the following aggregate number of regular and special meetings:

Board of Directors	8
Audit Committee	9
Compensation Committee	7
Nominating and Corporate Governance Committee	4
Finance and Investment Committee	8

Each of our directors attended 75% or more of the total number of the meetings of the Board and of the Committees on which he served during the year.

The Board has adopted a policy pursuant to which directors are expected to attend the Annual Meeting of Shareholders in the absence of a scheduling conflict or other valid reason. All of our directors attended the 2007 Annual Meeting.

Director Compensation

We reimburse the members of our board of directors for reasonable expenses in connection with their attendance at board and committee meetings. In addition, non-employee directors receive an annual fee of \$30,000 and a fee of \$1,500 for each board and committee meeting attended. In addition, the Chairman of the

Table of Contents

board of directors receives an annual fee of \$50,000 as consideration for acting as the Chairman of the board of directors. For 2007, the Chairman of the audit committee, compensation committee, nominating and corporate governance committee and finance and investment committee received an annual fee of \$20,000, \$7,500, \$7,500 and \$7,500, respectively, in consideration for acting as the Chairman of the respective committee. The annual fee is paid in equal quarterly installments. Each non-employee director also receives an annual grant of options and an annual grant of restricted stock units under our 2007 Long-Term Incentive Plan (the 2007 Plan). Each grant has an estimated fair value of \$15,000 on the date such award was approved by our board of directors. During fiscal 2007, each non-employee director received a grant of 406 restricted stock units and a grant of an option to purchase 1,284 shares of our common stock under our 2007 Plan. The exercise price of the stock options granted to our non-employee directors is based on the closing price our common stock on the date such award was approved by our board of directors. Such options will vest on July 2, 2008, the first anniversary of their date of grant.

The following table shows the compensation paid to our non-employee directors in 2007:

Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ^[9]	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Robert A. Allen	\$ 78,000 ^[11]	\$ 7,480	\$ 14,571 ^{[2][10]}			\$ 100,051
Stuart W. Booth	\$ 75,500 ^[3]	\$ 7,480	\$ 27,954 ^{[4][11]}			\$ 110,934
Gary F. Colter	\$ 79,500 ^[5]	\$ 7,480	\$ 14,571 ^{[2][10]}			\$ 101,551
L. William Krause	\$ 58,500 ^[6]	\$ 7,480	\$ 27,954 ^{[4][11]}			\$ 93,934
Harvey L. Tepner	\$ 61,500 ^[7]	\$ 7,480	\$ 14,571 ^{[2][10]}			\$ 83,551
Randolph I. Thornton	\$ 134,000 ^[8]	\$ 7,480	\$ 14,571 ^{[2][10]}			\$ 156,051

[1] Consists of: \$30,000 Board retainer, \$7,500 Committee Chair retainer (Nominating and Corporate Governance Committee), and attendance at 27 meetings (at \$1,500 per meeting).

[2] Director held 7,500 vested and 1,284 unvested options, and 406 unvested restricted stock units as of December 31, 2007.

[3] Consists of: \$30,000 Board retainer, \$20,000 Committee Chair retainer (Audit Committee), and attendance at 17 meetings (at \$1,500 per meeting).

[4] Director held 5,624 vested and 3,160 unvested options, and 406 unvested restricted stock units as of December 31, 2007.

[5] Consists of: \$30,000 Board retainer, \$7,500 Committee Chair retainer (Compensation Committee), and attendance at 28 meetings (at \$1,500 per meeting).

[6] Consists of: \$30,000 Board retainer and attendance at 19 meetings (at \$1,500 per meeting).

[7] Consists of: \$30,000 Board retainer, \$7,500 Committee Chair retainer (Finance and Investment Committee), and attendance at 16 meetings (at \$1,500 per meeting).

[8] Consists of: \$30,000 Board retainer, \$50,000 Board Chair retainer, and attendance at 36 meetings (at \$1,500 per meeting).

[9] Director granted 406 restricted stock units on July 2, 2007 at an aggregate fair value at date of grant of \$15,002. The \$7,480 represents stock compensation expense recognized in 2007 under FAS 123(R).

[10] Director granted 7,500 options on August 23, 2004 at an aggregate fair value at date of grant of \$32,937, and 1,284 options on July 2, 2007 at an aggregate fair value at date of grant of \$14,971. The \$14,571 represents stock compensation expense recognized in 2007 under FAS 123(R).

[11] Director granted 7,500 options on August 12, 2005 at an aggregate fair value at date of grant of \$61,466 and 1,284 options on July 2, 2007 at an aggregate fair value at date of grant of \$14,971. The \$27,954 represents stock compensation expense recognized in 2007 under FAS 123(R).

Certain Relationships and Related Transactions*Transactions with Directors and Management*

Under our Code of Business Conduct and Ethics, all transactions involving a conflict of interest (including transactions between the Company and an entity in which an officer, director employee or family member has more than a 1% interest) must be disclosed to and discussed with the applicable Division President or our Chief Financial Officer. Our Audit Committee Charter provides that the Audit Committee shall review, discuss and approve any transactions or courses of dealing with related parties that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties.

Table of Contents

Compensation Committee Interlocks and Insider Participation

Mr. Robert A. Allen, one of our directors and a member of the compensation committee, previously served as the Acting Chief Operating Office