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UNITED STATES BANKRUPTCY COURT
THE DISTRICT OF ARIZONA
PHOENIX DIVISION

14 IN RE:)
15 THE CIRCLE K CORPORATION, CIRCLE K)
16 CONVENIENCE STORES, INC., CIRCLE K)
17 MANAGEMENT COMPANY, LAR-LIN, INC.,)
18 FIRST CIRCLE PROPERTIES, INC.,)
19 UTOTEM, INC., UTOTEM MARKETS OF)
20 ARIZONA INC., U TOTEM OF ALABAMA,)
21 INC., U-TOTE'M OF COLORADO INC.,)
22 U-TOTE'M OF MIAMI, INC., TIC TOC)
23 SYSTEMS, INC., MONTERRE PROPERTIES,)
24 INC., SHOP & GO, INC., CIRCLE K)
25 GENERAL, INC., CIRCLE K HAWAII,)
26 INC., COMBINED AVIATION CO.,)
27 CHARTER MARKETING COMPANY)
28 (CONNECTICUT), CHARTER MARKETING)
COMPANY, MR. B'S OIL CO., INC.,)
MR. B'S FOOD MART, INC., NPI)
CORPORATION, OLD COLONY PETROLEUM)
COMPANY, INC., NEW ENGLAND)
PETROLEUM DISTRIBUTORS, INC., and)
44TH STREET & CAMELBACK LIMITED)
PARTNERSHIP,)
Debtors.)

Chapter 11
Case Nos. 90-5052 PHX-GBN
to 90-5075 PHX-GBN

JOINTLY ADMINISTERED

NOTICE OF FILING A
COMPLETE COPY OF
SETTLEMENT AGREEMENT WITH
STATES AND UNITED STATES,
AND CORRECTIONS OF
ERRATA

1 TO THE HONORABLE GEORGE B. NIELSEN, JR.,
2 UNITED STATES BANKRUPTCY COURT JUDGE:

3 The Circle K Corporation and affiliated debtors in the
4 above captioned, Chapter 11 cases ("Debtors") hereby file a
5 complete copy of the Settlement Agreement entered into on March
6 26, 1993 among Debtors, the Official Committee of Unsecured
7 Creditors ("Committee"), CK Acquisitions Corp. ("Purchaser"), and
8 representatives of state and federal environmental agencies who
9 have filed proofs of claim against Debtors' estates ("States")
10 (collectively, the "Parties"), governing Debtors' environmental
11 liabilities for the operation of underground storage tanks
12 ("USTs") and service bay drains at properties formerly leased,
13 owned or operated by Debtors. A complete copy of the Settlement
14 Agreement, with original executed signature pages, is attached
15 hereto as Exhibit A.

16 On March 29, 1993, Debtors filed with the Bankruptcy
17 Court (1) a Motion for Approval of Settlement Agreement With the
18 States and the United States ("Approval Motion"), Doc. No. 11861,
19 and (2) a Notice of Hearing on Debtors' Motion for Approval of
20 Settlement Agreement with States and United States, and
21 Estimation of Opt Out Claims ("Notice of Hearing"), Doc. No.
22 11862. Debtors also served the Notice of Hearing on March 29,
23 1993, together with the Approval Motion and Settlement Agreement,
24 to all holders and potential holders of environmental claims
25 related to Debtors' (i) rejected and naturally expiring leases
26 ("Environmental Lease Rejection Claims" or "ELRCs"), and (ii)
27 Orphan Sites ("Environmental Orphan Site Claims" or "EOSCs").
28 Both the Approval Motion and the Notice of Hearing filed with the

1 sent on April 3, 1993.² Debtors have also served the complete
2 copy of the Settlement Agreement to newly identified owners and
3 occupants of properties adjacent to Circle K stores that have
4 recently been rejected.

5 DATED: April 6, 1993,
6 Washington, D.C.

7 Respectfully submitted,
8 The Circle K Corporation,
9 et al., Debtors

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25
26 2. See Certificate of Service and Declaration of Mailing Re:
27 Supplemental Notice of (i) Filing a Complete Copy of Settlement
28 Agreement with States and United States, and Corrections of
Errata, and (ii) Order Setting Hearing Date for Approval of
Settlement Agreement and Estimation of Opt Out Claims, filed on
April 6, 1993.

1 Court and served on ELRC and EOSC Claimants on March 29, 1993
2 included a copy of the Settlement Agreement that did not have a
3 complete set of executed signature pages and State Synopses. The
4 complete copy of the Settlement Agreement attached hereto as
5 Exhibit A should be substituted for the incomplete copy included
6 in the Approval Motion and Notice of Hearing.¹

7 The complete copy of the Settlement Agreement attached
8 hereto includes all of the original executed signature pages and
9 all of the Synopses received from the States. It also includes a
10 single consolidated list of Orphan Sites replacing the Orphan
11 Site lists comprising Appendix B of the Settlement Agreement.
12 The Settlement Agreement attached hereto further includes a
13 recalculated allocation of the Settlement Amount to the States,
14 delineated in Appendix C to the Settlement Agreement. Finally,
15 the Settlement Agreement attached hereto includes corrections of
16 errata found in the prior copy of the Settlement Agreement. Th
17 errata resulted from a printing error, and consisted of (i) pages
18 1-4 and one half of page 5 of the Settlement Agreement appearing
19 twice, and (ii) the signature pages to Arizona's and
20 Connecticut's Synopses being substituted for the executed
21 signature pages to the Settlement Agreement.

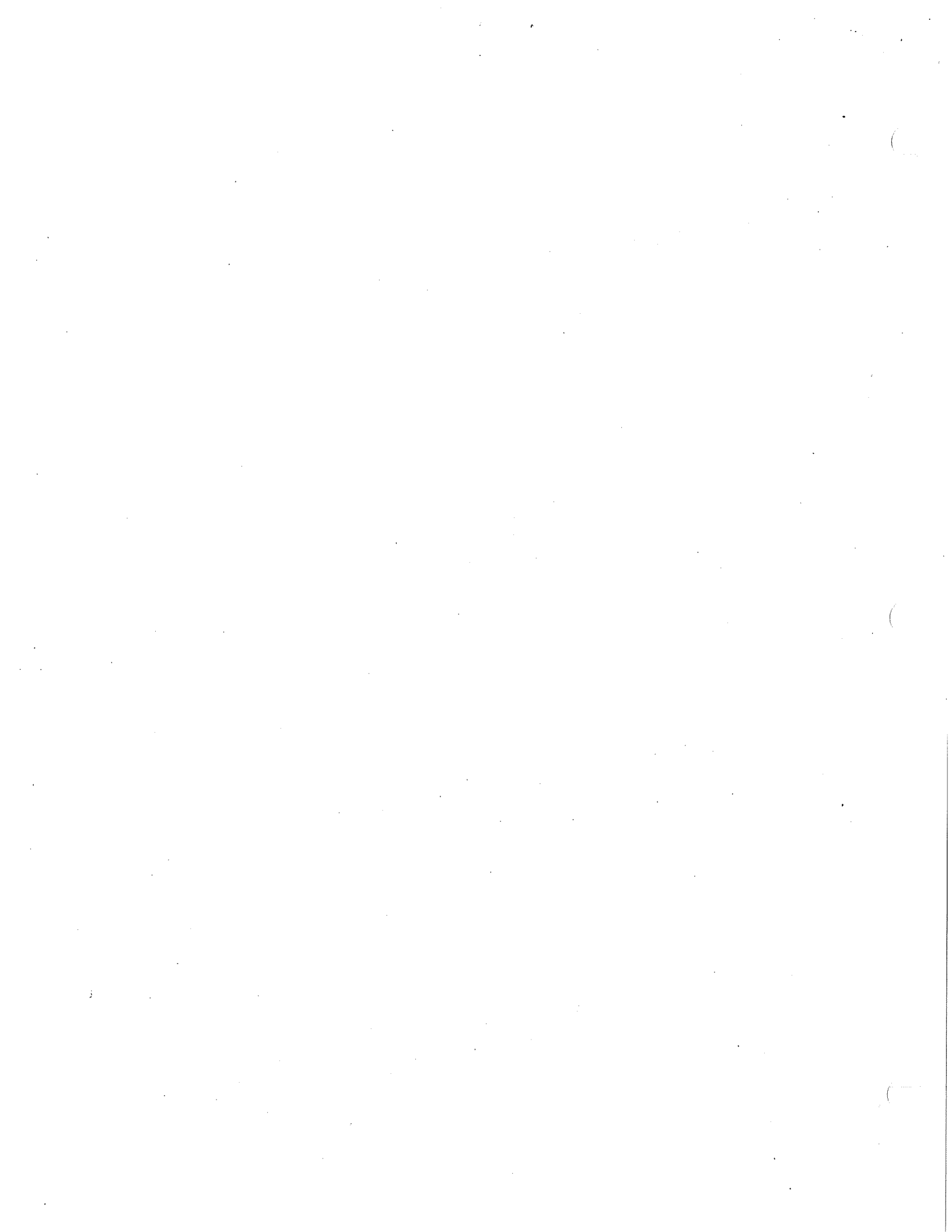
22 Debtors have served the complete copy of the Settlement
23 Agreement attached hereto to the persons originally served the
24 Notice of Hearing on March 29, 1993, in a supplemental notice

25
26 1. Debtors expected all the States to submit their executed
27 signature pages and Synopses by March 27, 1993, so that the
28 complete Settlement Agreement would be mailed on March 29, 1993.
However, several of the States were unable to timely submit their
executed signature pages and Synopses, and did not do so until
April 7, 1993.

APPENDIX A

Circle K Rejected Leased Gasoline Sites

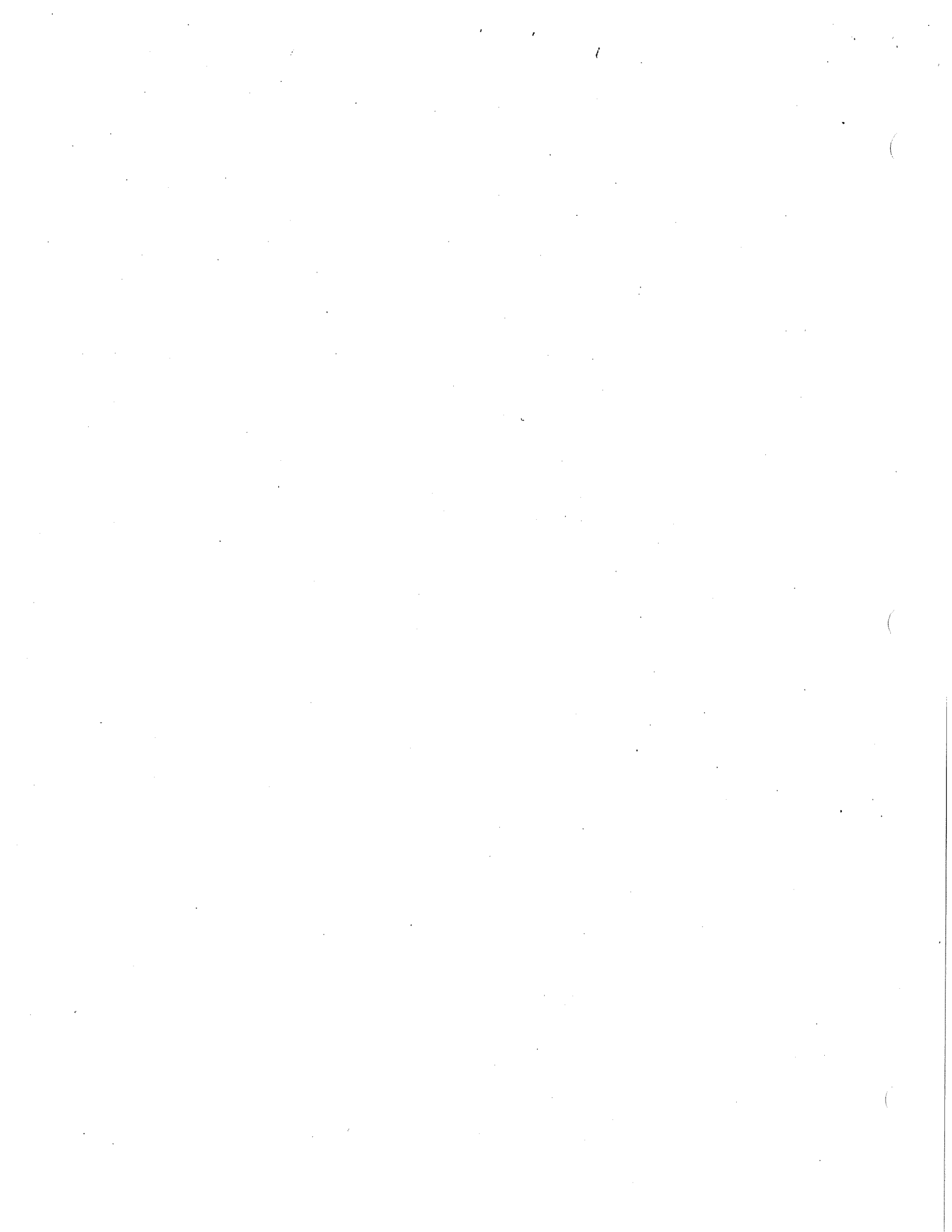
**(including sites with leases which
expired by their own terms
after May 15, 1990)**



.DATE 26 MAR 93 16 :24 RID 795C 26 MAR 9 ESPERSON
 .APPENDIX A: REJECTL (INKRUPTCY EXPIRED GASOLINE) ES (1075)
 *STORE

* #	STATE ID #	ADDRESS	CITY	ST	ZIP	REJECT DATE
84728		SEVENTH TEXAS STREET	TEXARKANA	TX	99999	920407
00948	4000176	8155 SOUTH + 1700 WE	WEST JORDAN	UT	84070	900531
01201	9000020	877 W MAIN	VERNAL	UT	84078	900531
01450	1200021	4795 S 1900 W	ROY	UT	84067	900731
01607	4000169	4098 S REDWOOD RD	SALT LAKE CI	UT	84119	920303
01924	4001350	8969 S 1300 W	WEST JORDAN	UT	84084	900731
01963	1200356	414 E GENTILE ST	LAYTON	UT	84041	901130
01965	3000258	665 N MAIN	CLEARFIELD	UT	84015	930106
07951	3000117	495 W 500 S	BOUNTIFUL	UT	84101	901130
08670	4000574	5290 S STATE ST	MURRAY	UT	84107	930315
08684	4000649	3290 S 1300 E	SALT LAKE CI	UT	84106	900731
08859	4000690	702 E 3300 S	SALT LAKE CI	UT	84119	900731
01458	005756	23003 56TH AVE S	MT LAKE TERR	WA	98034	920402
01459	005755	15209 SE 272ND W	KENT	WA	98031	930315
01461	005754	2350 24TH AVE E	SEATTLE	WA	98112	900731
01464	005762	10207 16TH AVE SW	SEATTLE	WA	98146	920902
01465	005750	11005 35TH AVE NE	SEATTLE	WA	98125	920902
01478	005747	14605 1ST AVE S	SEATTLE	WA	98166	930315
01829	012642	1114 RIVER RD N	PUYALLUP	WA	98371	920402
05078		1346 W PIONEER WAY	OAK HARBOR	WA	98277	910201
08565	100024	12248 AURORA AVE NOR	SEATTLE	WA	98133	930106
08588	097645	1214 S 1ST ST	YAKIMA	WA	98901	910201
08631	010139	4557 BROOKLYN AVE NE	SEATTLE	WA	98105	910301
08738	100020	10515 PACIFIC HWY S	TACOMA	WA	98444	910201
08752	097669	1822 S JACKSON	TACOMA	WA	98466	900731
08794	100019	6352 35TH AVE SW	SEATTLE	WA	98126	920402
08797		2401 W KNOBHILL	YAKIMA	WA	98901	900731
08799		4031 COLBY AVE	EVERETT	WA	98201	910201
08880	097637	905 N BROADWAY	EVERETT	WA	98201	901130
08884	009216	800 NW 85TH	SEATTLE	WA	98117	901130

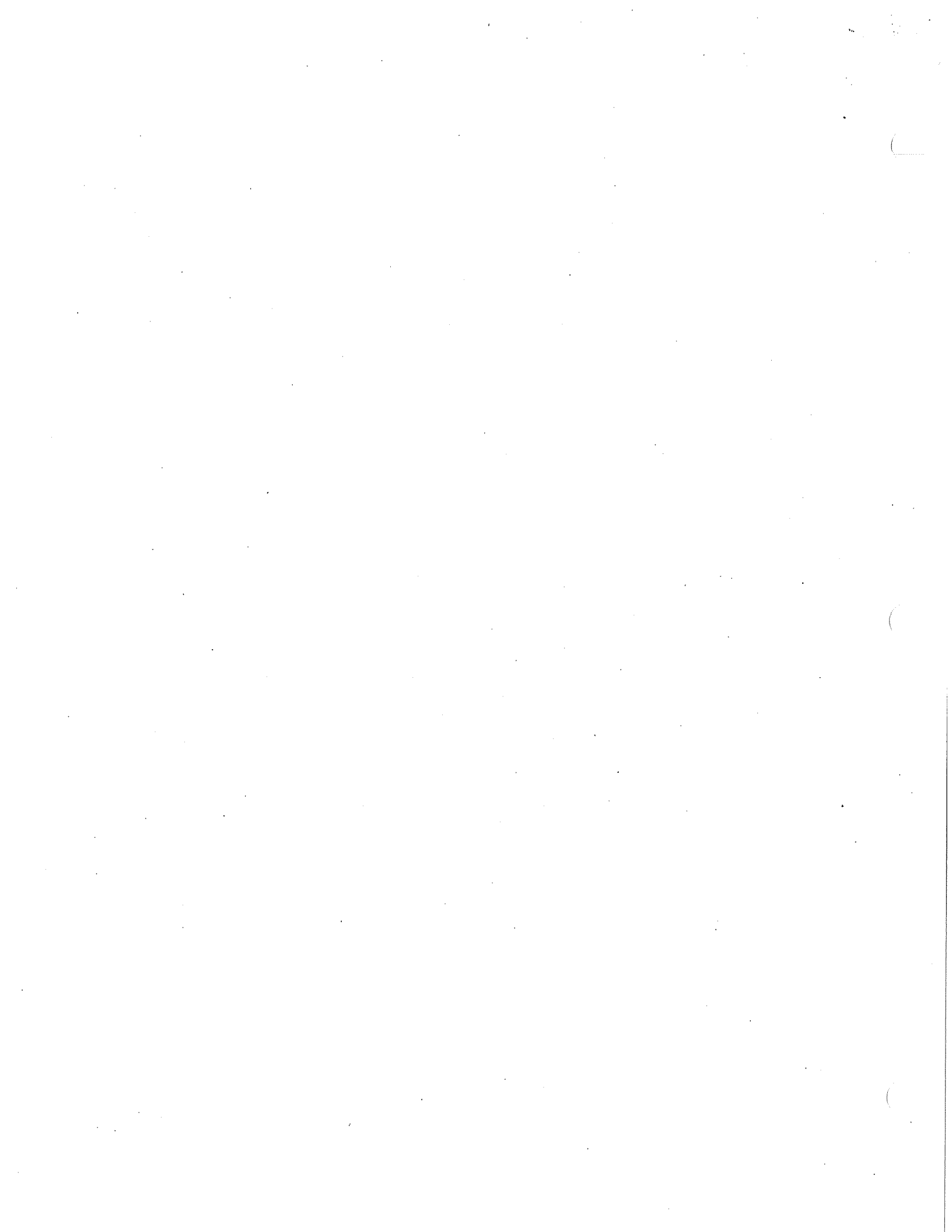
..... END REPORT



APPENDIX B

Circle K Orphan Sites

**(Sites which the Debtors ceased to own
or lease prior to May 15, 1990)**

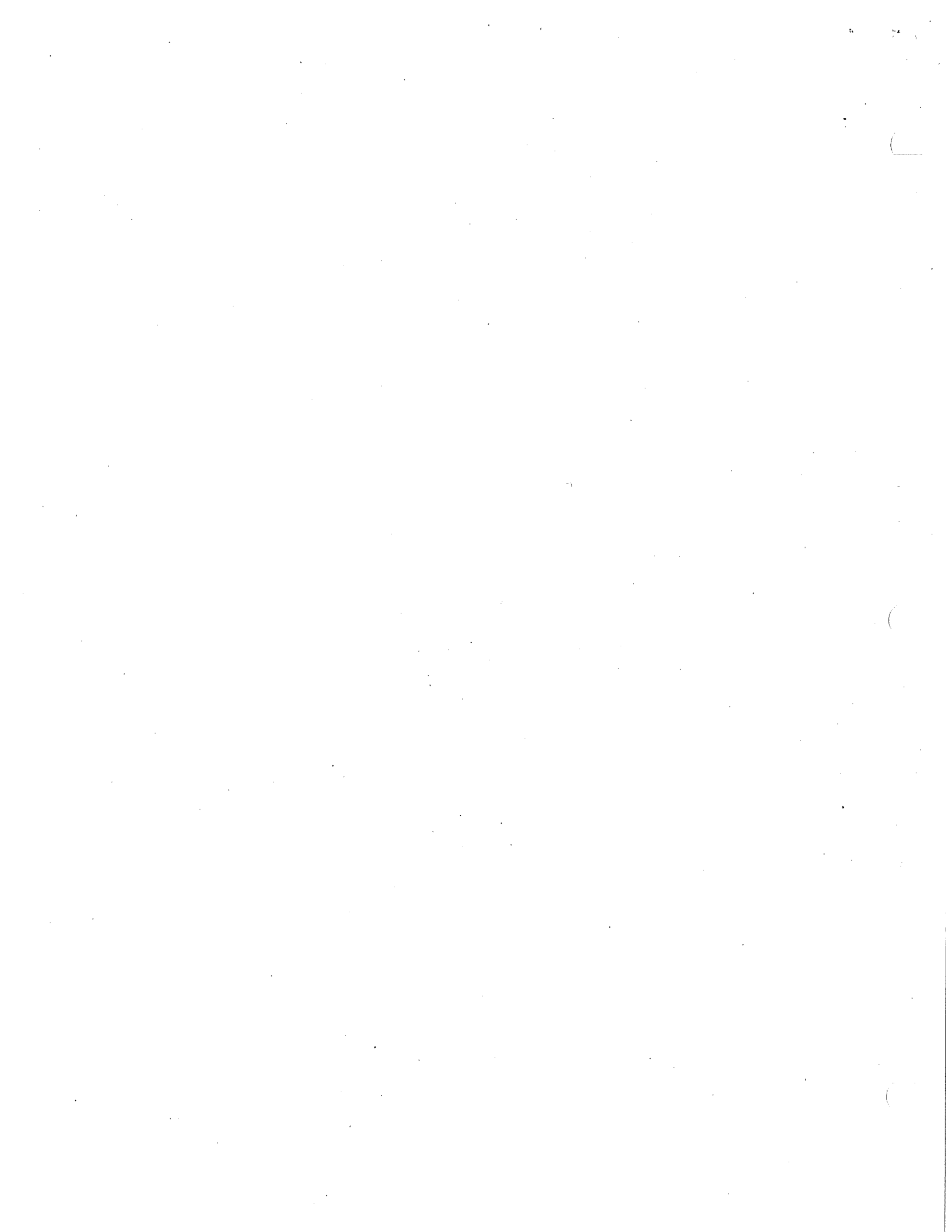


.APPENDIX B: ORPHAN SITES

* **

* STORE #	AFFL #	AFFL CODE	ST	CITY	ADDRESS
08660			TX	CARROLLTON	1000 E ROSEMEADE PKWY # 100
08728			TX	DALLAS	19090 MARSH LN
00082			UT	Kaysville	270 N Main
00949			UT	SANDY	9155 S STATE ST
00999			UT	KEARNS	4649 S 4800 W
01009			UT	Bountiful	3211 South Orchard Drive
01139			UT	N SALT LAKE	3151 S HWY 91
01258			UT	KEARNS	5400 S 3500 W
01516			UT	SANDY	7783 S 700 E
01836			UT	SALT LAKE CITY	4800 W 3500 S
07845			UT	KEARNS	3705 W 5400 S
	00451		VA	Norfolk	2515 Monticello Avenue
	00454		VA	Salem	1416 Colorado Street
	00455		VA	Salem	1111 Main Street
	00456		VA	Roanoke	1204 Hamilton Terrace, SE
	00457		VA	Richmond	5321 Hull State Road
	00461		VA	Lynchburg	2500 Lakeside Drive
	00462		VA	Richmond	3221 Jefferson Davis Highway
	00463		VA	Big Stone Gap	East 5th Street & 3rd Avenue
	00464		VA	Lynchburg	8504 Timberlake Road
	00466		VA	Virginia Beach	1777 Virginia Beach Boulevard
	00467		VA	Norfolk	2628 Tidewater Drive
	00468		VA	Lynchburg	1518 - 12th Street
	00469		VA	Richmond	6011 Broad Street
	07883		VA	BEDFORD	N/A
	01076		WA	CLARKSTON	2315 Appleside Street
	01462		WA	TACOMA	7508 40TH ST W
	01467		WA	SEATTLE	15058 1ST AVE S
	00951		WV	MANINGTON	N/A
	00953		WV	Princeton	1200 Stanford Drive
	00954		WV	Bluewell	U.S. Route 52 North
	07790		WV	Bluefield	Route 2 (Bluefield - Princeto

..... END REPORT



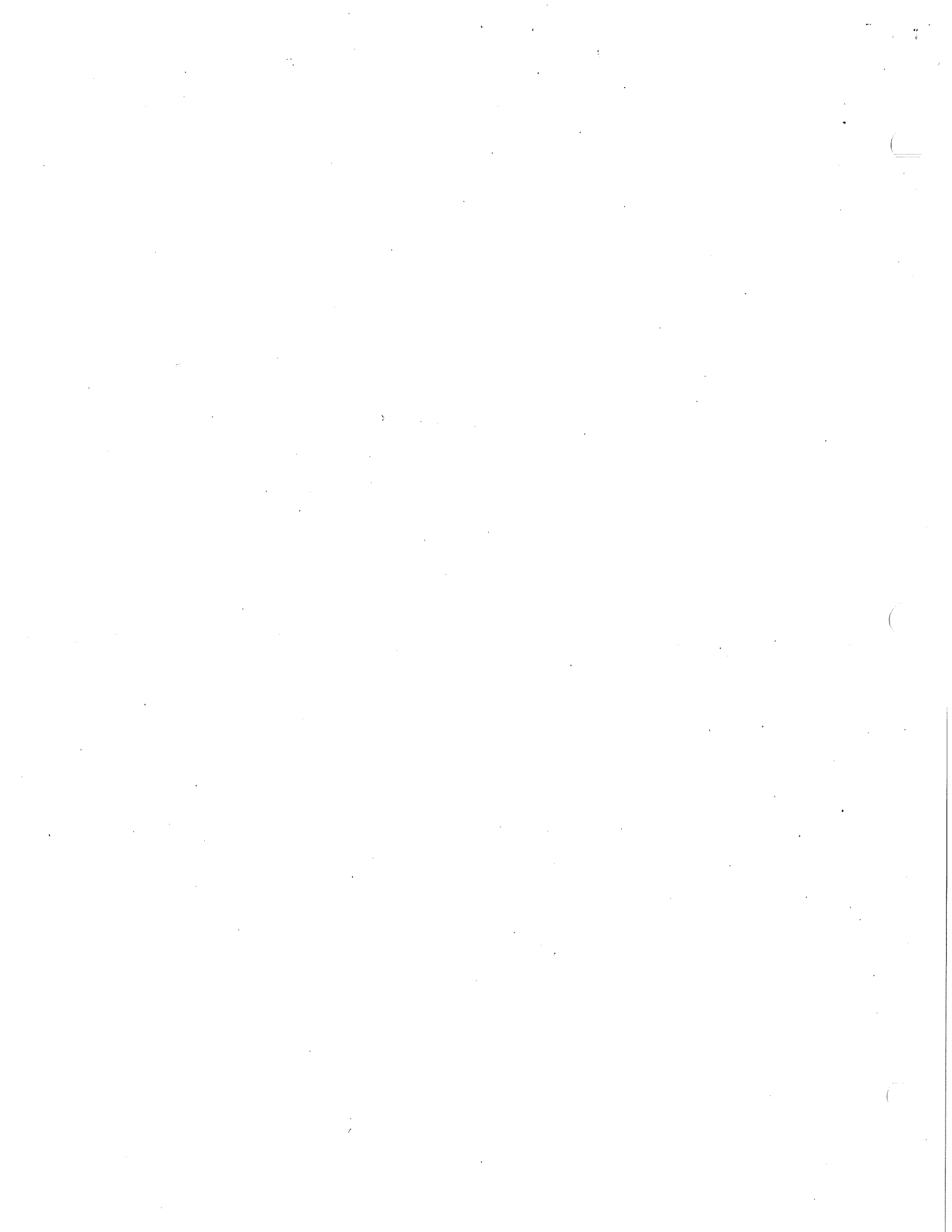
APPENDIX C

**Allocation of Settlement Amount
Among Participating States**



ALLOCATIONS

State	Reject	CK Clean	Orphan	% Orphan	Total	% Total	Amount
AL	26	1	49	4.9	31.9	2.52	0.756
AR	6	0	4	0.4	6.4	0.51	0.152
AZ	59	4	81	8.1	71.1	5.62	1.685
CA	152	5	84	8.4	165.4	13.06	3.919
CO	17	0	10	1	18	1.42	0.427
CT	6	7	3	0.3	13.3	1.05	0.315
FL	142	3	161	16.1	161.1	12.73	3.818
GA	101	4	55	5.5	110.5	8.73	2.618
HI	0	0	18	1.8	1.8	0.14	0.043
ID	8	0	6	0.6	8.6	0.68	0.204
IN	1	0	2	0.2	1.2	0.09	0.028
KY	0	0	32	3.2	3.2	0.25	0.076
LA	83	7	82	8.2	98.2	7.76	2.327
MA	11	23	14	1.4	35.4	2.80	0.839
MS	54	0	97	9.7	63.7	5.03	1.509
MO	1	0	2	0.2	1.2	0.09	0.028
MT	12	0	8	0.8	12.8	1.01	0.303
NC	40	1	33	3.3	44.3	3.50	1.050
NM	44	0	22	2.2	46.2	3.65	1.095
NH	0	2	2	0.2	2.2	0.17	0.052
OH	1	0	2	0.2	1.2	0.09	0.028
OK	60	1	44	4.4	65.4	5.17	1.550
SC	8	1	20	2	11	0.87	0.261
TN	13	0	21	2.1	15.1	1.19	0.358
TX	202	7	320	32	241	19.04	5.711
UT	11	0	9	0.9	11.9	0.94	0.282
VA	0	0	14	1.4	1.4	0.11	0.033
WA	18	2	1	0.1	20.1	1.59	0.476

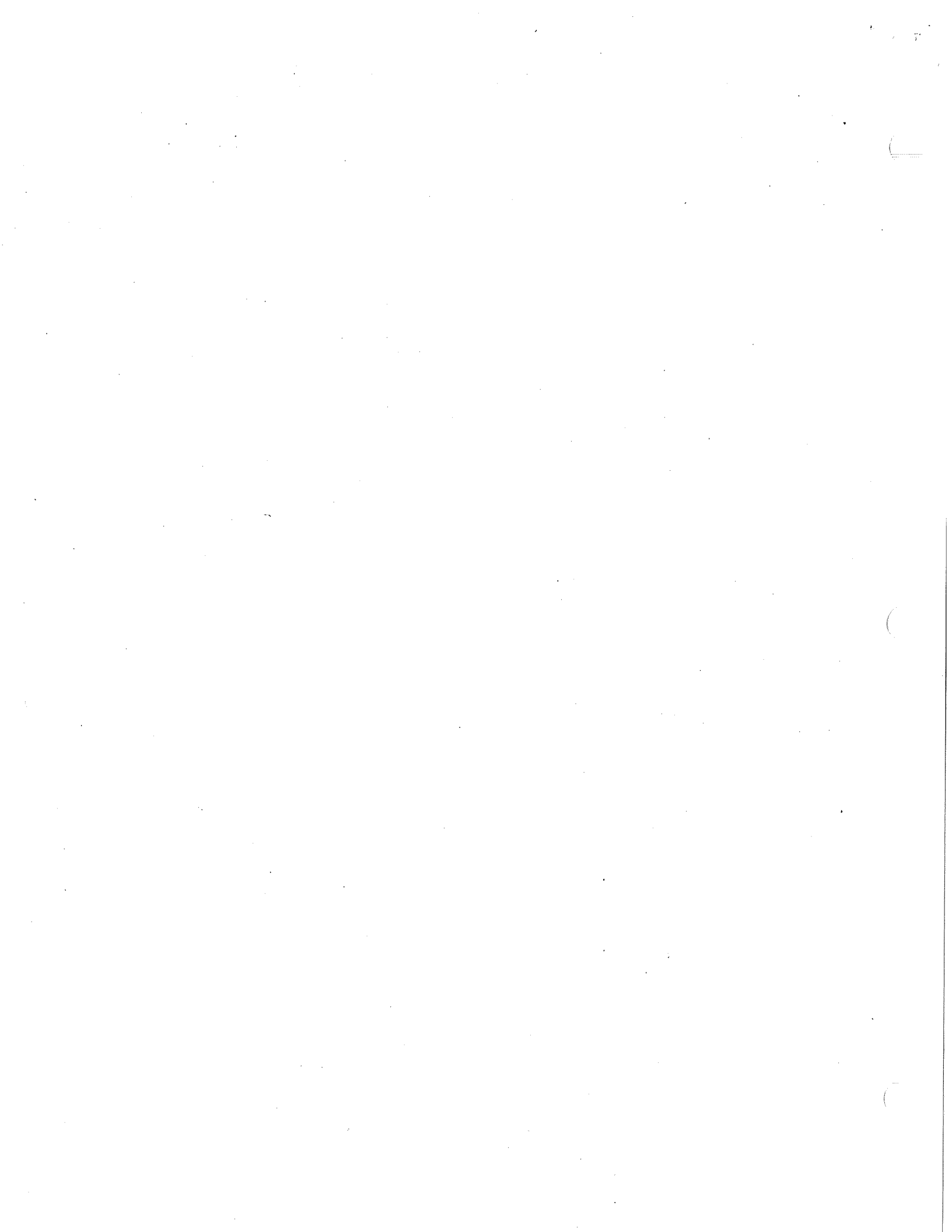


WV	0	0	4	0.4	0.4	0.03	0.009
FED	2	0	0	0	2	0.16	0.047
	1078	68	1200	120	1266	100.00	30.000

[Formula: Each rejected store counts as 1; each orphan site for which Circle K was performing a clean-up at or during the time of the bankruptcy counts as 1; all other orphan sites are counted at 10%, to take into account the likelihood that they have already been cleaned up, that other parties have taken them over and retained liability, etc. The Circle K clean-ups have been taken from a list (No. 614C) furnished by the Debtor, and dated 1/25/93, unless a state has provided information about additional clean-ups not listed on that compilation.]

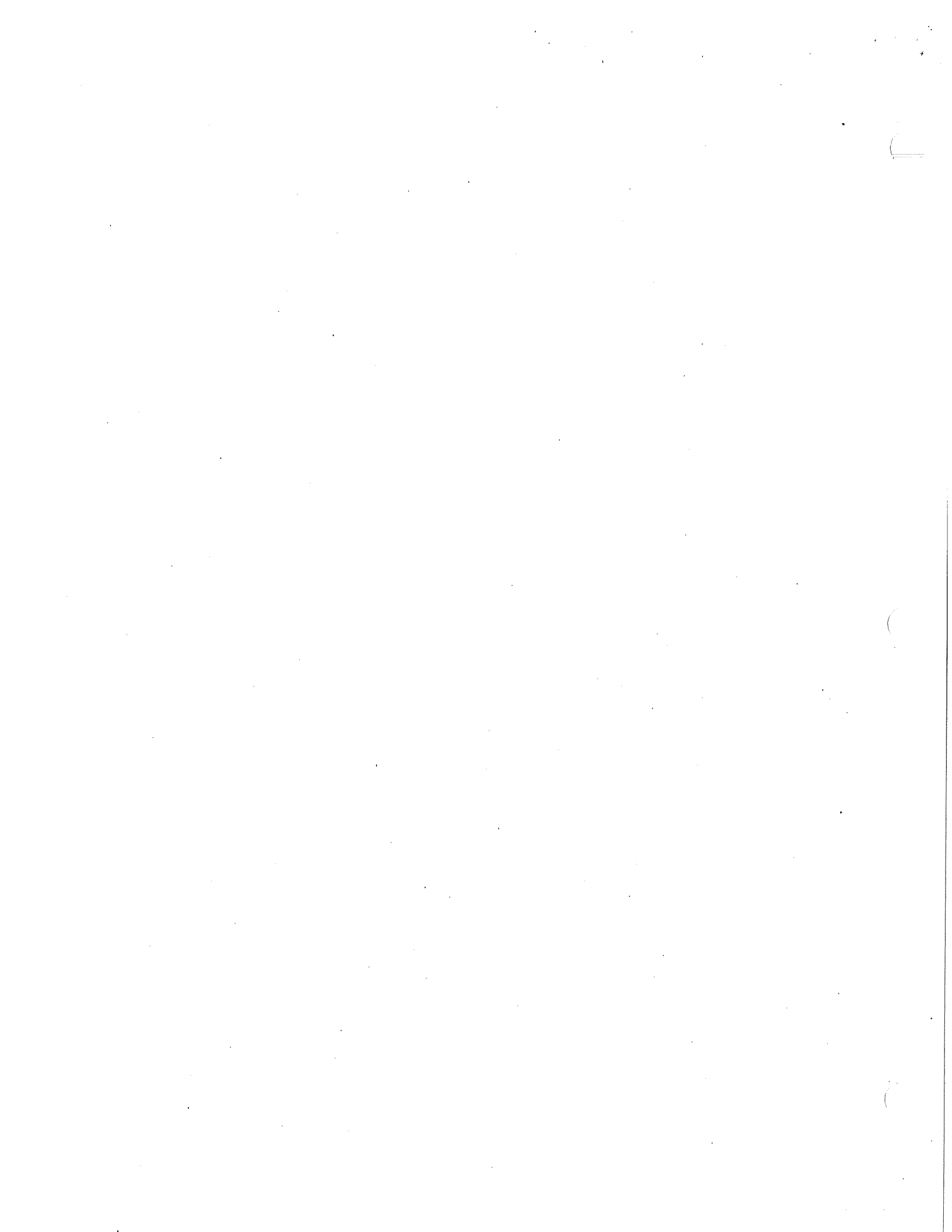
NB: This allocation has been based on the Debtor's latest revision of its rejected store list (reducing the total number of sites to 1078). In addition, numerous stores on the original Orphan Sites list have been deleted, when it was determined that they duplicated rejected sites, were owned stores, or were the subject of sale-leaseback transactions. Further corrections were made after the filing of the settlement agreement on March 29, 1993, and has resulted in the revised Appendix B, and this revised Appendix C. It should be recognized, however, that it is possible there are still sites which Circle K may continue to own and or operate that still appear, by mistake, on the Orphan List in Appendix B. The fact that any such site appears in Appendix B or is counted in this allocation in Appendix C shall not be construed to override the requirements of the Settlement Agreement with respect to the continuing responsibility of the Debtors and the reorganized Circle K for any such sites.

NB: The two federal sites, provided for in this allocation, are listed in Appendix A in the Arizona group of sites in Appendix A. They are sites number 1002 and 1068.



WASHINGTON STATE SYNOPSIS FOR ALLOCATION OF MONIES RECEIVED FROM THE CIRCLE K BANKRUPTCY SETTLEMENT

1. The Washington State Department of Ecology (Ecology) manages a Program (Program) to regulate underground storage tanks (UST) and to identify and remediate leaking underground storage tank (LUST) sites throughout the State. Ecology requires Site Hazard Assessments (SHA) to be conducted on suspected LUST sites to confirm releases of contamination or threatened releases of contamination, identify site characteristics, assess exposure potential, and provide information for hazard ranking. Using the data from the SHA, the Washington Ranking Method (WARM) is applied. WARM is a quantitative method for ranking contaminated sites which relies on available information to assess the potential for risks posed by those sites. The ranking of sites provides a basis for program planning and priority assessment from those sites identified as potential threats to human health or the environment. Sites are selected for further remediation based in part on their relative ranking.
2. In allocating Circle K's settlement monies, Ecology, in its discretion, will consider the criteria used for site ranking; Program policies, plans, and priorities; and other relevant factors.
3. Owners and/or operators of the UST systems and/or Circle K sites listed in Appendices A and B to this Settlement (Owners/Operators) and neighboring landowners whose property has been contaminated as a result of operations at Circle K sites (Neighbors) may be eligible for funding from the Circle K bankruptcy settlement.
4. Washington State will establish a Settlement Account (Account) that will hold the amounts received under the Debtor's Plan (Plan) during the installment payment period. The State will make payments from the Account in accordance with the procedures set forth below.
5. Within six (6) months of the effective date of the Plan, any Owner/Operator or Neighbor who intends to make a claim for money from the Account must submit a statement of his/her intent to Dale Jensen, UST/LUST Program Manager, PO Box 47600, Olympia, WA 98504-7600, (206) 459-6272. This statement should include the following information, where applicable:
 - a) Where a cleanup of the site has occurred or is ongoing, submit the following: (i) a description of the nature of the cleanup activities; (ii) the status of the cleanup activities; (iii) the cost to date; and (iv) documentation supporting the cost.



- b) If no cleanup activities have occurred, but there has been a suspected or verified release from an underground storage tank, provide the following:
 - (i) a description of the nature of the release;
 - (ii) the approximate quantity of the release;
 - (iii) the date the release occurred; (iv) the information on which you rely to determine that a release has occurred; (v) the cost estimate to conduct cleanup activities at the site; and
 - (vi) documents supporting cost estimates.

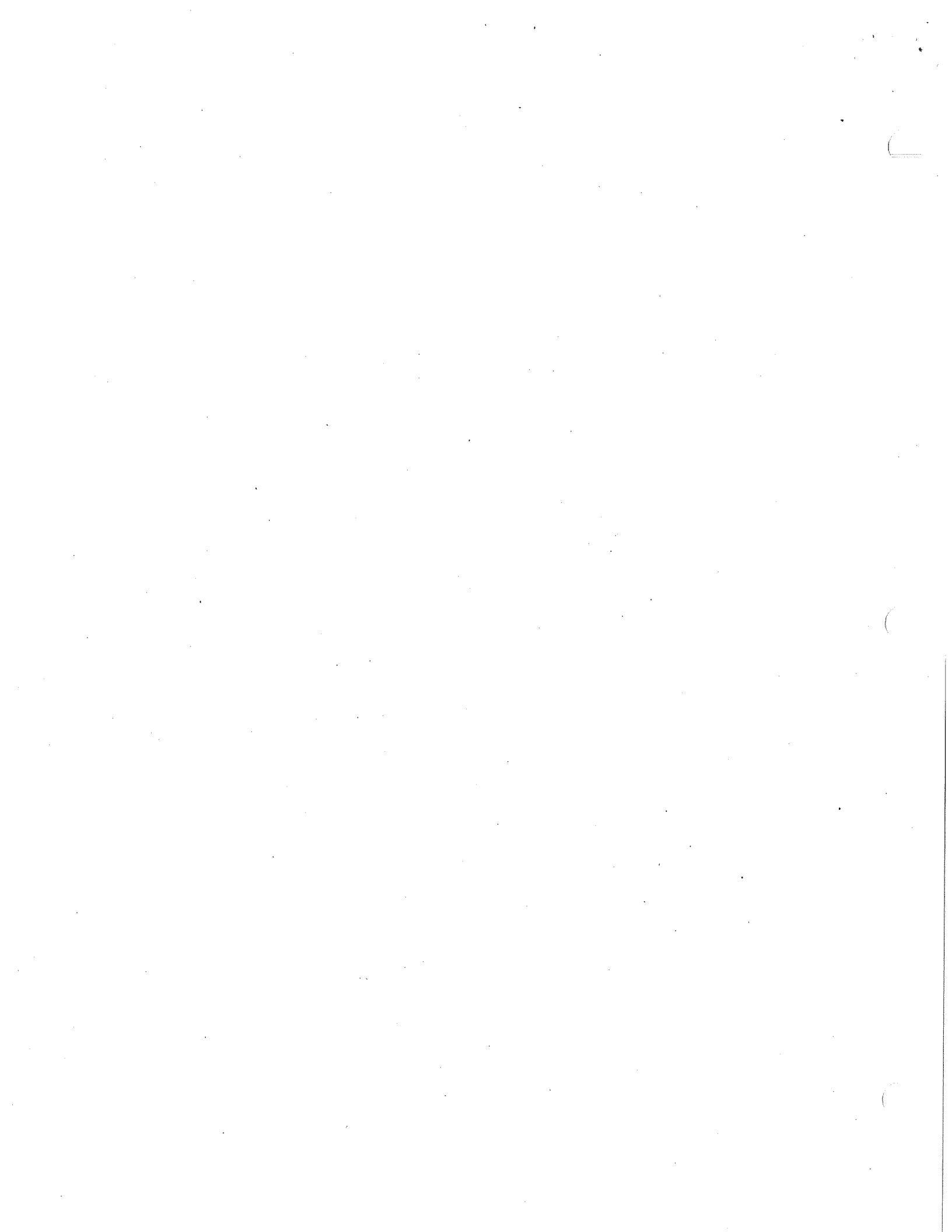
- c) If no cleanup activity has occurred at the site and there has been no suspected or verified release, but the Owner/Operator or Neighbor would like to make an assessment as to whether a release has occurred, and/or close underground storage tanks, the following should be submitted: (i) a statement of an intent to conduct a site hazard assessment and/or tank closure; (ii) the cost estimate of the site hazard assessment and/or tank closure; and (iii) documents supporting the cost estimates.

6. Based upon the information received and the criteria stated in Paragraphs 1 and 2 of this synopsis, Ecology will determine, in its discretion, how money from the Circle K bankruptcy Settlement Account may be allocated among the Owners/Operators and Neighbors. However, Ecology reserves the right to reevaluate and revise its determinations regarding allocations.

7. Any Owner/Operator who does not act in a timely fashion to opt out of the Settlement Agreement shall be bound by the terms of the Agreement and this accompanying description of the State's synopsis for use of the funds received pursuant to the Debtor's plan of reorganization.

8. This Agreement and State synopsis does not provide any guarantee of funds to any person or entity and may not be used as the basis for attempting to assert a claim against the State.

9. It is expressly understood that in administering these funds the State retains the right to assert all defenses which could have been asserted by the Debtor to the merits of a claim outside of bankruptcy law, and that a party which could not have established its right to recovery against the Debtor outside of bankruptcy law, for any reason including causation, statute of limitations, contributory negligence, etc., may also be denied recovery from these funds. The State also retains the right to deny any claim against the Settlement Account, if in its



discretion, allocation of monies from the Account would be inconsistent with Ecology's Program planning, priorities, and policies.

10. The State reserves the right to use money from the Settlement Account to conduct emergency remedial activities, to carry out activities at sites where other parties are not available or are unwilling to conduct the remediation, to oversee remedial activities conducted by Owners/Operators or Neighbors, or to ensure that certain other activities are carried out in a timely fashion.

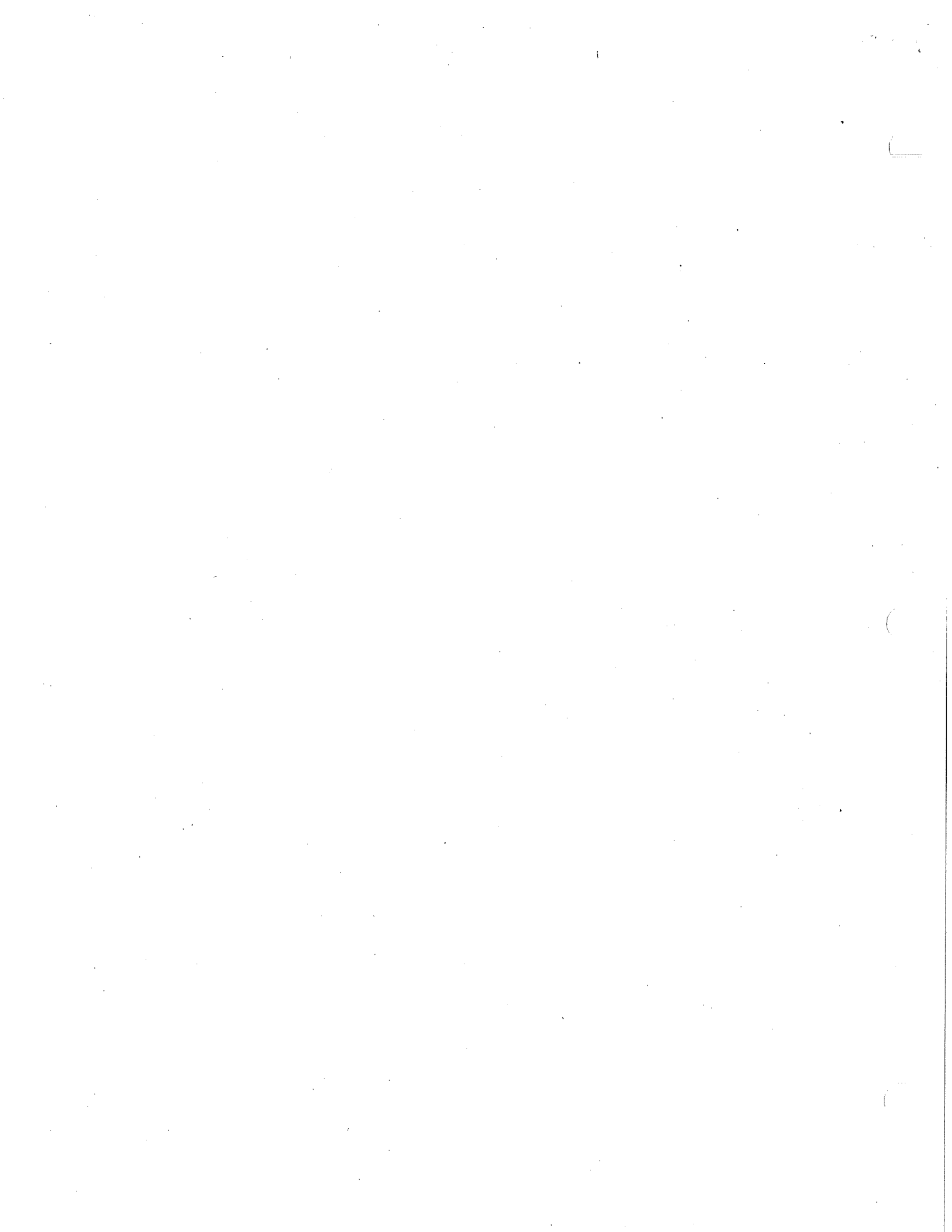
11. The State reserves the right to use a reasonable amount of the money from the Settlement Account for costs to administer and disburse funds from the Account.

12. Any Owner/Operator or Neighbor electing to receive payment under these provisions shall be responsible for completing remediation of any contamination at the site in accordance with, and to the extent required, by applicable State law.

13. Payment under these provisions will not automatically preclude an Owner/Operator or Neighbor from applying for other funding sources to pay for remedial activities.

14. Funds not allocated to Owners/Operators or Neighbors by Ecology in accordance with the procedures set forth in this synopsis may be used by Ecology generally for the purposes of regulating underground storage tanks and remediating leaking underground storage tank sites.

15. The State reserves the right to issue further guidance, consistent with this synopsis, regarding the procedures for receiving monies from the Settlement Account.



SETTLEMENT AGREEMENT

Settlement Agreement dated as of March 26, 1993 (this "Settlement Agreement") among (i) CK Acquisition Corp. ("the Purchaser"), (ii) The Circle K Corporation and its affiliated debtors (collectively, the "Debtors") in bankruptcy case numbers 90-5052 PHX-GBN to 90-5075 PHX-GBN (the "Cases") pending in the U.S. Bankruptcy Court for the District of Arizona (the "Court"), (iii) the Official Committee of Unsecured Creditors of The Circle K Corporation (the "Committee"), (iv) the States of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Idaho, Indiana, Kentucky, Louisiana, Massachusetts, Mississippi, Missouri, Montana, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, and West Virginia (with respect to certain environmental claims, as more fully described below in Paragraphs 1 and 3) (collectively, the "Participating States"), (v) the United States, on behalf of the U.S. Environmental Protection Agency (the "United States"), (vi) the National Association of Attorneys General ("NAAG"), and (vii) any other holders of Environmental Lease Rejection Claims (as defined herein) ("ELRCs") or Environmental Orphan Site Claims (as defined herein) ("EOSCs") who choose not to opt out of this Settlement Agreement the ("Settling Claimants");

WITNESSETH

WHEREAS, the Debtors have received Court approval of a Disclosure Statement with respect to a plan of reorganization (the "Plan"; unless otherwise noted, capitalized terms used herein shall have the meaning ascribed to such terms in the Plan) under Chapter 11, title 11 of the United States Code dated January 15, 1993, and have solicited votes in respect thereof;

WHEREAS, pursuant to the Plan, on the Effective Date, the Disbursing Agent shall establish the Environmental Reserve, which shall be funded in accordance with the Plan;

WHEREAS, the Plan requires as a precondition to effectiveness of confirmation that the Environmental Reserve, as determined by Final Order of the Court, is sufficient in amount to satisfy all Allowed Environmental Lease Rejection Claims and Settled Environmental Lease Rejection Claims;

WHEREAS, (i) the Purchaser, (ii) the Debtors, (iii) the Committee, (iv) the Participating States, (v) the United States, (vi) NAAG, and (vii) the Settling Claimants desire to settle all ELRCs and EOSCs in connection with those sites listed in Appendices A and B, which are incorporated herein by reference, in accordance with the terms of this Settlement Agreement;

WHEREAS, several of the Participating States and the United States have filed various pleadings with the Court, the U.S. District Court for the District of Arizona and the U.S. Court of Appeals for the Ninth Circuit disputing the Debtors' ability, absent the occurrence of certain specified conditions, to reject leases of sites the rejection of which give rise to ELRCs under the terms prescribed by the Debtors' Plan, and contesting the legal status of ELRCs and EOSCs in these Cases;

WHEREAS, the Court has established bar dates with respect to the filing of ELRCs and the Debtors have provided notice of such bar dates to the potential holders of ELRCs under the Debtors' plan;

WHEREAS, the Debtors have identified neighbors of sites which may give rise to ELRCs and whose property may be affected and have provided notice, including publication notice, of the bar dates in these Cases to such parties; and

WHEREAS, the Court has established Bar Dates with respect to the filing of EOSCs and the Debtors have provided notice of such bar dates to the potential holders of EOSCs under the Debtors' Plan.

WHEREAS, the parties hereto wish expeditiously to achieve confirmation of a plan of reorganization of the Debtors without incurring the delay and expense required to

obtain a Final Order in respect of the objections that have been or could be raised by the Participating States, NAAG, the United States, or the Settling Claimants to the Debtors' Plan;

NOW, therefore, in consideration of the premises and the mutual covenants and agreements, herein contained, and subject to the conditions hereinafter set forth, and for the purpose of prescribing the terms and conditions of settlement of the Allowed Amount and legal status in the Cases of ELRCs and EOSCs, the parties hereto hereby agree as follows:

1. Scope of the Settlement Agreement.

(a) This Settlement Agreement resolves certain liabilities, only to the extent set forth below, of the Debtors, the Purchaser, New Circle K (as defined below in subparagraph (d)) and any shareholders, corporate parents, subsidiaries, affiliates (as defined in Appendix "F" which is incorporated into this Settlement Agreement by reference), partners, or successors in interest of the foregoing (collectively, the "Company"), and, under the Debtors' Plan, the Disbursing Agent for the Unsecured Distribution Fund, in respect of ELRCs and EOSCs, as those terms are defined below. Notwithstanding the above, this Settlement Agreement shall be deemed to resolve the

liabilities of the shareholders, corporate parents, subsidiaries, affiliates, partners, or successors of the Debtors, Purchaser, or New Circle K only to the extent that the alleged liability of such shareholder, parent, subsidiary, affiliate, partner, or successor is based solely on its status and its acts or omissions in its capacity as a shareholder, parent, subsidiary, affiliate, partner, or successor, and not to the extent that its liability arose independent of the alleged liability of the Debtors.

(b) The term "Environmental Lease Rejection Claims" as defined in the Plan shall be amended to read as follows:

"Environmental Lease Rejection Claim" means (i) a Claim, whether for payment or for injunctive or equitable relief, relating to, inter alia, (x) the investigation, removal, remediation, cleanup or corrective action, and/or property damage due to any actual, alleged, threatened or suspected releases into the environment of petroleum (including oil, gasoline, diesel fuel and/or their respective components) in connection with UST System and service bay drain operations, arising as a result of conduct or omissions or conditions existing prior to the Effective Date with respect to any properties leased by Debtors or (y) the removal, closure or repair of all or any part of any UST

System, in each case where the lease has been rejected or is deemed rejected under section 365 of the Bankruptcy Code;

(ii) the cost of (x) investigating, removing or remediating any threatened release, release and/or contamination or (y) removing, closing or repairing all or any part of any UST System where such actions are necessary for the lease to be rejected or deemed rejected pursuant to section 365 of the Bankruptcy Code; or (iii) any claim, whether for payment or for injunctive or equitable relief, relating to, inter alia, the investigation, removal, remediation, cleanup or corrective action, and/or property damage, due to any actual, alleged, threatened or suspected releases into the environment of petroleum (including oil, gasoline, diesel fuel and/or their respective components) in connection with UST System and service bay drain operations, arising as a result of conduct or omissions or conditions existing prior to the Effective Date, brought by third parties for damage to property in connection with a lease that has been rejected or is deemed rejected under section 365 of the Bankruptcy Code. The term "ELRC" specifically excludes Claims for nonpayment of rent, Claims arising pursuant to section 502(b)(6) of the Bankruptcy Code as a result of the rejection of such leases, and Claims for other sums due under such leases. For purposes of treatment under the

Plan, an Environmental Lease Rejection Claim may be an Environmental Lease Rejection Administrative Claim or a General Unsecured Claim, as may be determined by the Court, or may be a Settled Environmental Lease Rejection Claim. This definition shall not be interpreted to, or be deemed to, limit in any way the limitation on damages provided for in section 502(b)(6) of the Bankruptcy Code.

(c) For the purposes hereof, the term "Environmental Orphan Site Claim" shall mean:

(i) a Claim, whether for payment or for injunctive or equitable relief, relating to, inter alia, (x) the investigation, removal, remediation, cleanup or corrective action, and/or property damage due to any actual, alleged, threatened or suspected releases into the environment of petroleum (including oil, gasoline, diesel fuel and/or their respective components) in connection with UST System and service bay drain operations, arising as a result of conduct or omissions or conditions existing prior to the Effective Date with respect to any properties which the Debtors ceased to own, lease or operate prior to May 15, 1990 or (y) the removal, closure or repair of all or any part of any UST System, in each case at the site of a property which the Debtors ceased to own, lease, or operate prior to May 15, 1990; (ii) the cost of (x) investigating, removing or

remediating any threatened release, release and/or contamination or (y) removing, closing or repairing all or any part of any UST System; or (iii) any Claim, whether for payment or for injunctive or equitable relief, relating to, inter alia, the investigation, removal, remediation, cleanup or corrective action, and/or property damage, due to any actual, alleged, threatened or suspected releases into the environment of petroleum (including gasoline, oil, diesel fuel and/or their components) in connection with UST System and service bay drain operations, arising as a result of conduct or omissions or conditions existing prior to the Effective Date, brought by third parties for damage to property in connection with a site which the Debtors ceased to own, lease or operate prior to May 15, 1990.

(d) For the purposes of this Settlement Agreement, the term "New Circle K" means New Circle K as defined in the Plan, and its successors or assigns.

2. Contribution to the Settlement

(a) Subject to adjustments as provided in Paragraph 4, below, the following amount (each payment a "Settlement Payment"; collectively, the "Settlement Amount") with an aggregate value of \$30,000,000 (less the amount allocated to the United States in Appendix C) shall be paid

by Disbursing Agent and New Circle K to NAAG, as agent for the Participating States in the following manner:

<u>Funding Dates</u>	<u>Amount</u>	<u>Source of Funds</u>
Effective Date (as defined in the Plan)	\$4.34 Million	Unsecured Distribution Fund
First Anniversary of the Effective Date	\$4.33 Million	Unsecured Distribution Fund
Second Anniversary of the Effective Date	\$4.33 Million	Unsecured Distribution Fund
Third Anniversary of the Effective Date	\$4.00 Million	New Circle K
Fourth Anniversary of the Effective Date	\$3.50 Million	New Circle K
Fifth Anniversary of the Effective Date	\$3.50 Million	New Circle K
Sixth Anniversary of the Effective Date	\$6.00 Million	New Circle K
Total:	\$30.00 Million	

3. Covenant Not to Sue, Waiver of Objections and Agreement to Vote.

In consideration for the payments made in accordance with Paragraph 2, above:

(a) Subject to subparagraph (c) below, the United States hereby covenants not to sue the Company or Disbursing Agent on any civil or administrative causes of action under the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §6901 et seq., in connection with UST Systems and service bay drain operations and, agrees that Debtors or New Circle K will not be considered owners or

operators of UST Systems as those terms are defined in RCRA, in connection with any of the sites listed in Appendices A and B. The Participating States and all Settling Claimants, (being holders of ELRCs or EOSCs who fail to timely opt out pursuant to Paragraph 8, below), covenant not to sue the Company or Disbursing Agent on civil and administrative causes of action with respect to any ELRC or EOSC in connection with the sites listed in Appendices A and B. The United States, the Participating States and all Settling Claimants agree that their proofs of claim are deemed withdrawn and expunged upon the approval of this Settlement Agreement and entry of the Confirmation Order giving effect to this Settlement Agreement by the Court. Subject to subparagraph 3(c) and paragraph 17 below, nothing in this Settlement Agreement will preclude the Debtors from obtaining a discharge as broad as permitted under the Bankruptcy Code.

(b) In view of the terms of this Settlement Agreement, the Participating States and all Settling Claimants further agree to waive all objections to provisions of a Confirmation Order which provides for the discharge of all ELRCs and all EOSCs in connection with the sites listed in Appendices A and B, and includes a finding of fact and conclusion of law that all such ELRCs and EOSCs

are claims within the meaning within section 101(5) of the Bankruptcy Code. This Settlement Agreement does not, however, constitute an admission by the Participating States that the liabilities defined herein as ELRCs and EOSCs are, as a matter of law, "claims" within the meaning of section 101(5) of the Bankruptcy Code. This covenant not to sue and discharge shall not operate with respect to any person or entity other than the Company and the Disbursing Agent.

(c) Nothing in this Settlement Agreement shall preclude any governmental unit from asserting its full police and regulatory powers, or other legal rights with respect to any site covered by this Settlement Agreement against any person or entity other than the Company and Disbursing Agent. Moreover, the covenant not to sue and waiver of objections to discharge in this paragraph 3 shall not preclude any governmental unit from exercising its full range of police and regulatory authority against New Circle K with respect to any liability arising at any site covered by this Settlement Agreement should the New Circle K ever recommence ownership and/or operations at such site following entry of the Confirmation Order in the Cases.

(d) This Settlement Agreement does not resolve the criminal liability of any party.

(e) The parties agree that at such time as the Confirmation Order becomes a Final Order, then all Participating States will withdraw all pending requests for hearings on the status of individual rejected sites, and that the Participating States and the United States will withdraw their notice of appeal of the District Court's December 29, 1992 decision concerning the environmental objections to the rejection of leases, and the Court's February 17, 1993 decision with respect to the Environmental Reserve provisions in the Debtor's Plan. The parties will promptly request that all proceedings related to these hearings and appeals be stayed during the time that this Settlement Agreement remaining in effect. If Foxley Corporation and Robert A. Waller agree to be bound by this Settlement Agreement and agree to withdraw their pending appeals to the Ninth Circuit of the District Court's decision in In re The Circle K Corporation, Civ. 91-1000 (D. Ariz. Dec. 29, 1992), and if no Participating State opts out of this Agreement pursuant to Paragraph 18 below, then the Debtors, the Committee, and the Purchaser, further agree that at such time as the Confirmation Order becomes a Final Order under the Plan, they will join in a motion with the Participating States and the United States to vacate the Court's April 5, 1991 decision, Docket No. 3643, and the

District Court's December 29, 1992 decision, in In re The Circle K Corporation, Civ. 91-1000 (D. Ariz. Dec. 29, 1992), overruling environmental objections to the rejection of leases, as having been mooted by the settlement of the parties herein, which makes it unnecessary to resolve the issues contained in those decisions.

(f) The Participating States, the United States, and the Settling Claimants agree not to object to any provisions of the Confirmation Order which specify that all leases were rejected and UST Systems abandoned as of the date of the applicable lease rejection order entered by the Court. Subject to subparagraph (c) above, the Participating States and Settling Claimants agree that New Circle K shall not be considered to be the owner or operator of any such UST System affected by the lease rejection orders, following approval of the Settlement Agreement and the confirmation of Debtors' Plan by a Final Order.

(g) Subject to this Settlement Agreement remaining in force, each of the Participating States and the United States agree not to vote against the Plan.

4. Opt-Outs and Adjustments to Settlement Amount.

(a) The Settlement Amount shall be reduced by the aggregate amount required by the Court to be placed in the Environmental Reserve or maintained in the Contested

Claims Reserve, as appropriate to the claim, with respect to the ELRCs and EOSCs of land owners and third party holders of such claims in connection with the sites listed in Appendices A and B who opt out of this Settlement Agreement (each such person being an "Opt-Out") in accordance with Paragraph 8, below. The amounts required to be placed in the Environmental Reserve for ELRCs shall be deducted proportionately from each of the Settlement Payments specified in Paragraph 2, above, and from the portion thereof allocated in Appendix C, incorporated herein by reference, to the State in which the site that is the subject of the ELRC is located. The amounts required to be placed in the Contested Claims Reserve for EOSCs shall be deducted proportionately from each of the Settlement Payments being paid out of the Unsecured Distribution Fund only and from the portion thereof allocated in Appendix C to the State in which the site that is the subject of the EOSC is located.

(b) The parties acknowledge the settlement agreement between the Debtors and L&H Investments, Inc. of March 9, 1993 with respect to 27 rejected leased sites (the "L&H Settlement"), and agree that the ELRC claims of L&H Investments, Inc. shall be treated as Opt-Out claims that have been settled pursuant to the L&H Settlement, and that

the \$68,800 payable to fund that settlement shall be deducted in equal amounts from each Settlement Payment in the manner specified in subparagraph 4(a) above without the need for an estimation hearing with regard to those claims. These amounts will be deducted from the allocation to each State with jurisdiction over sites covered by the L&H Settlement Agreement, in proportion to the number of such sites located in each state.

5. Assignment of Insurance Proceeds.

The Debtors and New Circle K also hereby agree to assign the Participating States the proceeds of all comprehensive general liability and environmental impairment insurance policies applicable to ELRCs and EOSCs. Such assignment shall be without any representation or warranty of any kind, express or implied. The Debtors and New Circle K shall cooperate in any action brought by any Participating State to collect such proceeds. However, the consent of the Debtors or New Circle K, as appropriate, shall be required for any settlement of claims under the comprehensive general liability policies. Such consent will not be unreasonably withheld.

6. State Synopses.

Each Participating State will provide for inclusion in this Settlement Agreement, a short synopsis of

the proposed use of its allocated portion of the Settlement Amount for UST System removal, assessment and remediation activities in connection with UST Systems and service bay drain operations, and administrative costs attendant thereto, at the sites listed in Appendices A and B, including, (i) the amounts to be made available to land owners or other third party holders of ELRCs or EOSCs who establish under applicable state or federal law that they have incurred remediation costs, or otherwise have valid claims to such monies, (ii) a general description of the terms for handling such claims, and (iii) the name and telephone number of a State representative who may be contacted by land owners and such third party claimants for further information. These synopses are hereby incorporated and made part of the Settlement Agreement as Appendix D, which is incorporated into this Settlement Agreement by reference, so that each land owner or third party holder of an ELRC or EOSC will be able to determine whether or not to opt-out of this Settlement Agreement, and pursue its own independent claim against the Debtors' estates. The synopses prepared by each Participating State shall be binding on that State at such time as the Confirmation Order is entered. No Participating State may make any change in the criteria determining the amounts allocated to the

landowners and third party claimants under the synopses after this Settlement Agreement is submitted to the Court for its approval. Any Participating State which fails to provide its own synopsis for inclusion in the Settlement Agreement and Motion shall be bound by the Default Synopsis attached hereto as Appendix E, and incorporated into this Settlement Agreement by reference.

7. Use of Settlement Amount and Jurisdiction.

(a) Each Participating State agrees to use any portion of the Settlement Amount received under this Settlement Agreement, as specified in the State synopsis, for activities in connection with UST System removals, assessments and remediation activities in connection with UST Systems and service bay drain operations, and administrative expenses attendant thereto, in connection with the sites listed in Appendices A and B. Once any portion of the Settlement Amounts is distributed to the Participating States subsequent to the Court's approval of this Settlement Agreement and the entry of the Confirmation Order, the Bankruptcy Court shall have no further jurisdiction to determine any disputes concerning the distribution of any such portion of the Settlement Agreement funds for the purposes set forth above. Rather, any such disputes shall be resolved pursuant to applicable State or

federal law and the terms of the applicable synopsis, in the appropriate state or federal court.

(b) Any funds due and owing to the United States shall remain with the Disbursing Agent and shall be distributed in accordance with the directions of the United States.

(c) All land owners or third party holders of an ELRC or EOSC, regardless of whether such party is a Settling Claimant or an Opt-Out, remain subject to the full police and regulatory authority under federal and state law of the United States and the State with jurisdiction over the site that is the subject of the claim. As appropriate under federal and state law, the United States and the applicable State may bring actions against all ELRC and EOSC claimants and all other responsible parties other than the Company. The United States and applicable States may issue appropriate directives to any responsible party, review proposed remediation activities, and monitor environmental compliance at such sites.

8. Motion to Approve Settlement Agreement and to Set Opt-Out Deadline.

The Debtors shall file a motion seeking approval of this Settlement Agreement ("Motion") with the Court as promptly as practicable and notice of this Motion shall be given to all States, the United States, and all land owners

and potential third-party holders of ELRCs and EOSCs at the sites listed in Appendices A and B, except those who have failed to file a timely proof of claim. The Court will be asked to set a deadline for such holders of ELRCs and EOSCs to elect to opt out of this Settlement Agreement, and to pursue their claims independently against the Debtors. The Motion shall further request that the Court order any party considering opting-out of the Settlement Agreement to make reasonable efforts to first meet and confer in good faith with the designated representative of the Participating State in which the affected site is located prior to making its decision to become an Opt-Out. The Participating States shall use their respective best efforts to make such a representative available. The Motion shall further request that the Court order any land owner or third party holder of an ELRC or EOSC who elects to become an Opt-Out to: (1) timely file a notice of opting out on the Debtors, the Purchaser, the Creditors Committee, each of the Participating States, the United States, and NAAG; (2) provide notice of the amount of its claim, the status of the claim (whether general unsecured or entitled to administrative expense priority), and the legal and factual basis of its claim; and (3) provide responses to discovery

requests specified by the Debtors, at the time of electing to become an Opt-Out.

9. Failure to Become an Opt-Out.

Any land owners or third party holders of an ELRC or EOSC who fail to timely opt out of this Settlement Agreement shall be considered Settling Claimants and shall be bound by this Settlement Agreement as if they were signatories hereto, and shall be deemed inter alia, to have covenanted not to sue the Company or to assert any claim against the Disbursing Agent, the Unsecured Distribution Fund, the Environmental Reserve or the Contested Claims Reserve, with respect to such claims and to have waived all objections to the discharge of the Debtors with respect to such claims, as specified in Paragraph 3(c), above. Such land owners or third party holders of ELRCs and EOSCs shall have recourse for the satisfaction of their claims only to the Settlement Amount, and only in such respects as the relevant Participating State shall provide under the terms of its synopsis, described above in Paragraph 6. Nothing in this Settlement Agreement shall impair the rights, if any, that any such Settling Claimants may have to proceed against parties other than the Company and the Disbursing Agent.

(2) by New Circle K's (certification delivered to NAAG, forty-five (45) prior fiscal quarter of

(b) To the Unsecured Distribution Agreement, the Disbursing Agent for the Participating States Unsecured Disbursement the Settlement Payments Distribution Fund; providing be automatically reduced Settlement Payments are Distribution Fund, pursuant Agreement.

12. NAAG as Liquidator

(a) The within five business days Paragraph 2(a), to NAAG Participating States. NAAG checks to each Participating State allocations set forth in Participating States who Agent established under the

the last Settlement Payment Date"), the Disbursing Agent NAAG for distribution to allotments were reduced and refunds shall be made on in accordance with the amount contributed to the Reserve

(c) The Trust Agreement provides that, except as to land owner, receiving no unclaimed future costs for ordered by the Court to such purposes.

(d) At such time as will have the right to sue under Section 502(b)(6) of the Bankruptcy Code, about the status of such claims administrative, and to a possible trust fund reinstate the amounts of such claims arguments and defenses to

the last Settlement Payment to the States (the "Deadline Date"), the Disbursing Agent shall forward such amounts to NAAG for distribution to the Participating States whose allotments were reduced because of such Opt-Outs. The refunds shall be made on a pro-rata basis to those States, in accordance with the amount each such State originally contributed to the Reserve(s).

(c) The Debtors shall propose an Order which provides that, except as provided in the L&H Settlement, any land owner, receiving monies under the Plan with respect to claimed future costs for environmental remediation shall be ordered by the Court to use such monies only for such purposes.

(d) At such an estimation hearing, any party will have the right to seek to have any ELRC or EOSC limited under Section 502(b)(6) or disallowed under Section 502(e) of the Bankruptcy Code, as well as to raise any arguments about the status of such claims as general unsecured or administrative, and to assert any other matters, such as possible trust fund reimbursements, which may serve to limit the amounts of such claims. The parties may raise all other arguments and defenses to disallow or reduce such claims.

11. Security Obligation of New Circle K and the Unsecured Distribution Fund.

(a) Amounts due and owing hereunder by New Circle K shall be paid as and when provided herein; provided, however, that if, at any time, the consolidated net worth of New Circle K and its subsidiaries determined in accordance with Generally Accepted Accounting Principals shall be less than \$75,000,000; then New Circle K shall promptly arrange the issuance for the benefit of NAAG, as agent for the Participating States, of a letter of credit of an institutional lender reasonably acceptable to NAAG and the United States in the amount of New Circle K's obligation to pay the amounts agreed to hereunder. The letter of credit shall contain such other terms as New Circle K, NAAG, and the United States shall agree are necessary to enable NAAG to satisfy, by drawings on such letter of credit, New Circle K's obligations hereunder. Compliance by New Circle K with the minimum consolidated net worth condition stated herein shall be determined by certification of such compliance (1) by New Circle K's Chief Financial Officer, based on audited financial statements of New Circle K, including a copy of the audited statements, which certification statement shall be delivered to the Disbursing Agent, with a copy to NAAG, not later than ninety (90) days after the end of each prior fiscal year of New Circle K, and

(2) by New Circle K's Chief Financial Officer in a certification delivered to the Disbursing Agent, with a copy to NAAG, forty-five (45) days after the end of each other prior fiscal quarter of New Circle K.

(b) To secure the contribution of funds from the Unsecured Distribution Fund for the Settlement Agreement, the Disbursing Agent shall grant NAAG, as agent for the Participating States, a lien on that portion of the Unsecured Disbursement Fund equal to the aggregate amount of the Settlement Payments to be made from the Unsecured Distribution Fund; provided, however, that such lien shall be automatically reduced when, and to the extent that, Settlement Payments are made to NAAG from the Unsecured Distribution Fund, pursuant to the terms of this Settlement Agreement.

12. NAAG as Distribution Agent.

(a) The Settlement Payments shall be paid, within five business days after the dates set forth above in Paragraph 2(a), to NAAG as agent for distribution to the Participating States. NAAG will promptly prepare separate checks to each Participating State in accordance with the allocations set forth in Appendix C, except to those Participating States who have designated the Disbursing Agent established under the Debtors' Plan of Reorganization

to administer its allocated share of the Settlement Amount in its State synopsis (described above in Paragraph 6). In such instances, NAAG shall forward to the Disbursing Agent those Participating States' allocated amount of the Settlement Amount, with notice to the affected Participating States. Such amounts shall be held by the Disbursing Agent for the account of such States, to be used as each such State will instruct. Any Participating States receiving less than \$30,000 as its total allocation of the Settlement Amount will be paid in full out of the first allocation, and the succeeding distributions will be recalculated by NAAG without the inclusion of those Participating States.

(b) The parties hereto agree that NAAG is not acting, and will not act, as agent for the Company, the Committee or the United States, and none of the Company, the Committee, the Disbursing Agent (except as provided in subparagraph (a) above) or the United States, shall (i) be bound or affected by any action taken by NAAG with respect to any monies received by NAAG pursuant to this Settlement Agreement or under the Plan; or (ii) have liability for any actions or omissions by NAAG, including, without limitation, any recalculations or apportionments of any monies received by NAAG hereunder.

13. Payment of Expenses.

(a) If the Plan is consummated, and such Plan gives effect to this Settlement Agreement, the Company will not oppose, and the Committee will support, a motion for substantial contribution on behalf of NAAG pursuant to Section 503(b)(3) of the Bankruptcy Code for an amount not to exceed \$30,000.

(b) All reasonable and necessary fees and expenses directly attributable to, or incurred in connection with (i) the Settlement Payments made by the Disbursing Agent, and (ii) the establishing and maintenance of the reserve of the portion of the Settlement Amount funded by the Unsecured Distribution Fund, shall be payable solely out of such portion of the Settlement Amount and any interest accruing thereon. For the purpose of discharging the Disbursing Agent's duties and obligations hereunder, the Disbursing Agent shall have all of the rights, obligations and duties set forth under Article IX of the Debtors' Plan.

14. Compromise and Settlement.

It is understood that the payments set forth herein are based on a compromise of numerous claims and contentions among the parties to this Settlement Agreement. This Settlement Agreement does not constitute an admission by any party of the validity of any of the claims or

arguments made by any other party, or of the prior decisions of the Court or the District Court in these Cases, and is purely agreed to in the interest of reaching a confirmable plan and avoiding litigation costs. The terms herein shall not be considered to be a precedent for the amounts awarded to any other party not participating in this Settlement Agreement.

15. Contribution Protection.

It is the express intention of the parties that the Company and Disbursing Agent shall not be required to pay any amounts in addition to the Settlement Amount in contribution for ELRCs and EOSCs in connection with sites listed in Appendices A and B, over and above the undertakings agreed to herein. It is the further intent of the parties (i) that the Company's liability to others for any claim for contribution arising out of such environmental liabilities under RCRA shall be governed by federal law; (ii) that, in determining the appropriate federal rule of decision to establish the effect of this Settlement Agreement on possible rights of contribution under RCRA, the principles set forth in Section 4 of the Uniform Contribution Among Tortfeasors Act shall apply because they comply with the purposes embodied in the RCRA and related federal policies and the objectives of this Settlement

Agreement; and (iii) that the Company may raise this contribution protection provision as a defense in any estimation proceeding with respect to such ELRCs and EOSCs held by land owner or third party claimants who opt out of this Settlement Agreement.

16. No Effect on New Circle K's Eligibility for Participation and Reimbursement from UST Trust Funds.

The Participating States agree that the Debtors' actions in rejecting any lease and abandoning any UST System pursuant to an order of the Court shall not be grounds to deny reimbursement to the Debtors or New Circle K under state trust fund and insurance programs for amounts which would otherwise qualify for reimbursement from the Participating States. This Paragraph shall not preclude the Participating States from applying any criteria generally applicable to all UST owners or operators in determining the eligibility of the Debtors and New Circle K for reimbursement.

17. Liability of New Circle K at Sites Owned or Operated by New Circle K.

Nothing in this Settlement Agreement, or in the Plan or Confirmation Order, affects or diminishes the continuing liability of New Circle K to comply fully with all state and federal environmental laws with respect to any site it continues to own and/or operate at any time

following the entry of the Confirmation Order, which include, without limitations, those liabilities specified in section 1.1 and Schedule II of the Acquisition Agreement incorporated in the Plan, provided, however, that all claims for civil penalties for acts and omissions occurring prior to the confirmation of the Plan, shall be subject to discharge to the extent provided for by the Bankruptcy Code. New Circle K shall retain all defenses to such liabilities which the Debtors may have had under applicable non-bankruptcy law.

18. Termination and Withdrawal.

(a) If the United States files an objection to the Plan or the proposed Confirmation Order thereto, this Settlement Agreement shall be terminated and be null and void and of no force and effect on any party hereto, and each party will be free to pursue its claims against the Debtors independently in accordance with the Plan, unless within three (3) business days of receiving written notice of the United States' objections, the Debtors and the Purchasers shall notify all other signatories to this Settlement Agreement in writing of the waiver of this termination of the Settlement Agreement.

(b) In the event that the Court decides, following the Opt Out estimation hearing, to require that an

amount in excess of three million dollars (\$3,000,000) be placed in the Environmental Reserve for ELRCs and/or set aside in the Contested Claims Reserve for EOSCs held by Opt Outs, then the Purchaser, the Debtors, the Committee, the Participating States (collectively) or the United States, may, by written notice to these other parties within three (3) business days, declare this Settlement Agreement null and void and of no force and effect on any party hereto, whereupon this Settlement Agreement will be terminated.

(c) In addition, following the completion of the estimation hearing on the ELRCs and EOSCs of Opt-Outs, in the event that the amount required by the Court to be reserved in the Environmental Reserve and the Contested Claims Reserve for such claims of ELRCs and EOSCs in any Participating State (1) in the aggregate is greater than fifty percent (50%), or (2) at any single site, in a state with more than twenty-five sites, exceeds twenty-five percent (25%) of that State's allocated portion of the Settlement Amount, as set forth in Appendix C, that Participating State may, by written notice to NAAG, the Debtors, the Purchaser, the Committee and the United States within three (3) business days, elect to withdraw from this Settlement Agreement without prejudice to itself and the other parties hereto will remain bound by the terms hereof.

Upon such withdrawal, the Settlement Amount will be reduced by the amount allocated to that State in Appendix C, and each of the Settlement Payments specified in Paragraph 2 will be reduced proportionately. If a State withdraws pursuant to this subparagraph, all Settling Claimants who hold ELRCs and EOSCs with respect to sites located in that State shall no longer be bound by this Settlement Agreement and may pursue those claims independently against the Debtors in accordance with the Plan.

(d) If Participating States in which are situated more than twenty-five percent (25%) of the total number of sites listed in Appendix A withdraw from this Settlement Agreement pursuant to Paragraph 18(c), then the Debtors, the Purchaser and the Committee shall each have the right to terminate this Settlement Agreement, within three (3) business days of being notified thereof by giving written notice to all other signatories to this Settlement Agreement, in which case every party hereto shall be released from its obligations hereunder, this Settlement Agreement shall be null and void, and all parties hereto shall be free to take whatever action they wish with respect to the treatment of ELRCs and EOSCs pursuant to the Plan.

(e) If the final Confirmation Order does not contain a finding of fact and conclusion of law that ELRCs

and EOSCs in connection with sites listed in Appendices A and B are claims within the meaning of section 101(5) of the Bankruptcy Code, then the Purchaser shall terminate this Settlement Agreement; provided, however, that the Purchaser may waive its right under this subparagraph (e) to terminate the Settlement Agreement.

19. Settlement Agreement Contingent Upon Confirmation.

This Settlement Agreement is contingent upon (i) approval by the Court, (ii) the confirmation of the Debtors' Plan, (iii) a Confirmation Order giving effect to this Settlement Agreement, and (iv) the occurrence of the Effective Date. In the event of failure of the conditions set forth above, the Settlement Agreement shall be null and void, and of no further force and effect.

20. Discovery Documents.

Within twenty (20) days after the Effective Date of the Plan, the United States and the Participating States shall return to counsel for the Debtors all copies of all documents provided to them by Debtors under protective order in response to the discovery requests of the United States and State of Arizona of February 26, 1993. In addition, the Participating States and the United States will obtain the return to the United States or the Participating States of all of Debtors' documents provided in these cases to Viar,

Geraghty & Miller and other contractors. The Debtors shall be free to seek an enlargement of the scope of the protective order and return of documents attendant thereto.

21. Entire Agreement.

This Settlement Agreement and the Schedules and Exhibits hereto constitute the entire agreement of the parties and supersede all prior written or oral and all contemporaneous oral agreements, understandings and negotiations between the parties with respect to the subject matter hereof. Without limitation, none of Debtors, Purchaser, the Committee, Participating States, the United States, NAAG, or any Settling Claimant has relied on any oral or written representations or inducements, other than those which are set forth in this Settlement Agreement, if any, in executing and delivering this Settlement Agreement.

22. Paragraph Headings.

The paragraph headings included in this Agreement are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

23. Counterparts.

This Agreement may be executed in several counterparts, each of which shall be an original as against any party who signed it and all of which shall constitute one and the same documents; provided that Settling Claimants

do not need to manually execute a copy hereof, in order to
be bound by this Settlement Agreement.

THE CIRCLE K CORPORATION
CIRCLE K CONVENIENCE STORES, INC.
CIRCLE K MANAGEMENT COMPANY, LAR-LIN, INC.
FIRST CIRCLE PROPERTIES, INC.
UTOTEM, INC.
UTOTEM MARKETS OF ARIZONA, INC.
U TOTEM OF ALABAMA, INC.
U-TOTE'M OF COLORADO, INC.
U-TOTE'M OF MIAMI, INC.
MONTERRE PROPERTIES, INC.
SHOP & GO, INC.
TIC TOC SYSTEMS, INC.
CIRCLE K GENERAL, INC.
CIRCLE K HAWAII, INC.
COMBINED AVIATION, CO.
CHARTER MARKETING COMPANY (CONNECTICUT)
CHARTER MARKETING COMPANY
MR. B'S OIL CO., INC.
MR. B'S FOOD MART, INC.
NPI CORPORATION
OLD COLONY PETROLEUM COMPANY, INC.
NEW ENGLAND PETROLEUM DISTRIBUTORS, INC.
44TH STREET & CAMELBACK LIMITED PARTNERSHIP
By: CIRCLE K CONVENIENCE STORES, INC., its
GENERAL PARTNER

By *Bart A. Brown, Jr.*
Bart A. Brown, Jr.
Chairman of the Board

CK ACQUISITIONS CORP.

By: 

Name: Savio W. Tung

Title: President

Date: March 26, 1993

UNSECURED CREDITORS COMMITTEE

By: James E. Millstein

Name: James E. Millstein

Title: Counsel to the Committee

Date: March 26, 1993

UNITED STATES OF AMERICA

By:

Myles E. Flint
Myles E. Flint
Acting Assistant Attorney General
Environment and Natural Resources
Division
U.S. Department of Justice
Washington, D.C. 20530

By:

Peter R. Mounsey
Peter R. Mounsey
Senior Counsel
Environmental Enforcement Section
999 18th Street, Suite 945N
Denver, Colorado 80202
(303) 391-6297

By:

Richard Gladstein
Richard Gladstein
Trial Attorney
Environmental Enforcement Section
1425 New York Avenue, N.W.
Room 13037
Washington, D.C. 20005
(202) 514-1711

U.S. ENVIRONMENTAL PROTECTION AGENCY

By:

Scott C. Fulton

Scott C. Fulton
Acting Assistant Administrator
Office of Enforcement
U.S. Environmental Protection Agency
401 M St. S.W.
Washington, D.C. 20460

STATE OF ALABAMA

By: Mort P. Ames

Name: Mort P. Ames

Title: Deputy Attorney General

Date: April 2, 1943

STATE OF ARIZONA

GRANT WOODS
Attorney General

By 

JAMES R. CAIRNS, III
ASSISTANT ATTORNEY GENERAL
Environmental Enforcement Section
Attorneys for the State of Arizona

3/20/93
DATE SIGNED

EDWARD Z. FOX, Director
Arizona Department of
Environmental Quality

By 

STEPHEN A. JOHNSON
ASSISTANT DIRECTOR
Office of Waste Programs

3.21.93
DATE SIGNED

STATE OF ARKANSAS

By: Charles L. Moulton

Name: Charles L. Moulton

Title: Assistant Attorney General

Date: 3/26/33

CALIFORNIA EXECUTION OF CIRCLE K SETTLEMENT AGREEMENT

By this document, the California State Water Resources Control Board and the State of California hereby executes the Settlement Agreement, dated March 26, 1993, among CK Acquisition Corp., Circle K Corporation and affiliated debtors, the Official Committee of Unsecured Creditors, various states, the United States, and the National Association of Attorneys General, which resolves certain environmental claims.

Executed this 26th day of March, 1993 in Sacramento, California.



Mark J. Urban
Deputy Attorney General
State of California

STATE OF COLORADO

By: *Gale A. Norton*

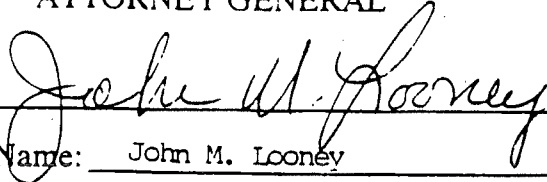
Name: Gale A. Norton

Title: Attorney General

Date: March 28, 1993

STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL
PROTECTION

BY: RICHARD BLUMENTHAL
ATTORNEY GENERAL



Name: John M. Looney

Title: Assistant Attorney General

Date: March 26, 1993

STATE OF FLORIDA

By: Department of Environmental Reuglations

Name: *W. M. Riddell*

Title: Director, Division of Waste Management

Date: 3/26/93

STATE OF GEORGIA

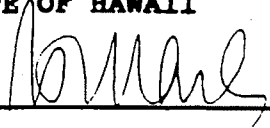
By: Georgia Department of Natural Resources, EPD

Name: Brenda Hill Cole

Title: Assistant Attorney General

Date: March 26, 1993

STATE OF HAWAII

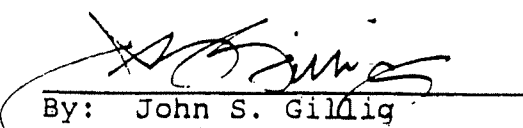
By: 

Name: Robert A. Marks

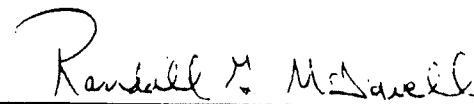
Title: Attorney General

Date: March 25, 1993

STATE OF KENTUCKY


By: John S. Giddig
Assistant Attorney General
Office of the Attorney General
Capitol Building
Frankfort, Kentucky 40601

March 26, 1993
Date


By: Randall G. McDowell
Manager, Waste Legal Branch
Natural Resources and Environmental
Protection Legal Division
Department of Law
Natural Resources and
Environmental Protection Cabinet

STATE OF LOUISIANA

By: *Kai D. Midboe*
KAI D. MIDBOE, SECRETARY
LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY

4/1/93
DATE SIGNED

By: *Richard P. Ieyoub*
RICHARD P. IEYOUB
LOUISIANA ATTORNEY GENERAL

4/1/93
DATE SIGNED

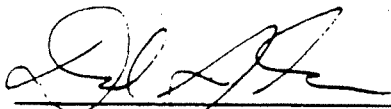
FOR THE COMMONWEALTH OF MASSACHUSETTS

SCOTT HARSHBARGER
ATTORNEY GENERAL



Margaret Arenas Malek
Assistant Attorney General
One Ashburton Place
Boston, Massachusetts 02108

DATE: March 30, 1993




Daniel Greenbaum
Commissioner
Department of Environmental
Protection
One Winter Street
Boston, Massachusetts 02108

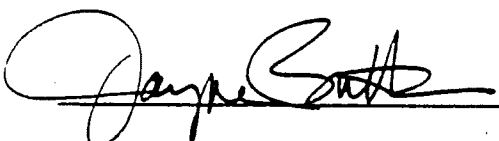
DATE: March 30, 1993

WPPMM19/5

MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY

By: 
Name: James I. Palmer, Jr.
Title: Executive Director
Date: March 26, 1993

MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY

By: 
Name: Jayne L. Buttross
Title: Senior Attorney; Counsel of Record
Date: March 26, 1993

STATE OF MISSOURI

By:  _____

Name: Jeremiah W. (Jay) Nixon

Title: Missouri Attorney General

Date: March 31, 1993

STATE OF MONTANA

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

By:

Cassandra Noble

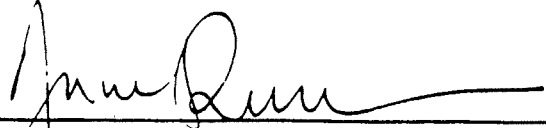
Name: CASSANDRA NOBLE

Title: SPECIAL ASSISTANT ATTORNEY GENERAL

Date: March 29, 1993

THE STATE OF NEW HAMPSHIRE

JEFFREY R. HOWARD
ATTORNEY GENERAL

By: 
Name: Anne E. Renner
Title: Assistant Attorney General
Environmental Protection Bureau
Office of the Attorney General
25 Capitol Street
Concord, New Hampshire 03301
Tel. (603) 271-3679

Dated: March 26, 1993

STATE OF NEW MEXICO

By: Geoffrey Sloan

Name: GEOFFREY SLOAN

Title: Assistant General Counsel
Special Assistant Attorney General
New Mexico Environment Department

Date: 03-26-93

STATE OF NORTH CAROLINA

By: 

Name: Michael F. Easley

Title: Attorney General of North Carolina

Date: March 26, 1993

STATE OF NORTH CAROLINA

By: 

Name: Steven J. Levitas

Title: Deputy Secretary, North Carolina Department of Environment
Health and Natural Resources

Date: March 25, 1993

STATE OF OHIO

By: James J. McNamee

Name: James J. McNamee

Title: State Fire Marshal

Date: March 26, 1993

STATE OF OKLAHOMA

By: *Brita Haugland Cantrell*

Name: BRITA HAUGLAND CANTRELL

Title: ASSISTANT ATTORNEY GENERAL

Date: MARCH 29, 1993

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STATE OF SOUTH CAROLINA

By: R. Lewis Shaw

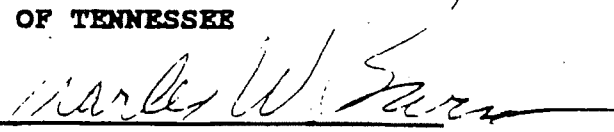
Name: R. Lewis Shaw

Title: Deputy Commissioner for Environmental
Quality Control

Date: March 26, 1993

STATE OF TENNESSEE

By:



Name:

CHARLES W. BURSON

Title:

ATTORNEY GENERAL
AND REPORTER

Date:

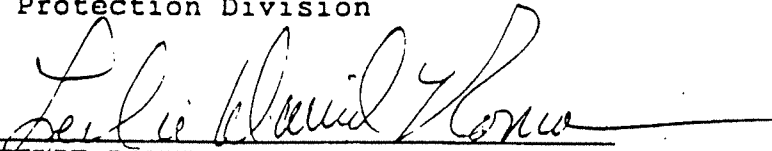
APRIL 2, 1993

DAN MORALES
Attorney General of Texas

WILL PRYOR
First Assistant Attorney General

MARY F. KELLER
Executive Assistant Attorney
General

GREGG A. COOKE
Assistant Attorney General
Chief, Environmental
Protection Division



LESLIE DAVID ROMO
SBN 17225800
Assistant Attorney General
Environmental Protection Division

P. O. Box 12548
Austin, Texas 78711-2548
TEL: (512) 463-2012
FAX: (512) 320-0052

ATTORNEYS FOR THE STATE OF TEXAS

In Re Circle K Corporation, Debtor.
ELRC/EOSC Settlement Agreement

STATE OF UTAH; DEPARTMENT OF ENVIRONMENTAL QUALITY

By: Kent P. Gray

Name: Kent P. Gray

Title: Director DEPR/DEQ

Date: 4-1-93

COMMONWEALTH OF VIRGINIA,
STATE WATER CONTROL BOARD

By: 

STEPHEN D. ROSENTHAL
Attorney General

DENNIS H. TREACY
Assistant Attorney General
101 North Eighth Street
Richmond, Virginia 23219
(804) 786-8522

STATE OF WASHINGTON

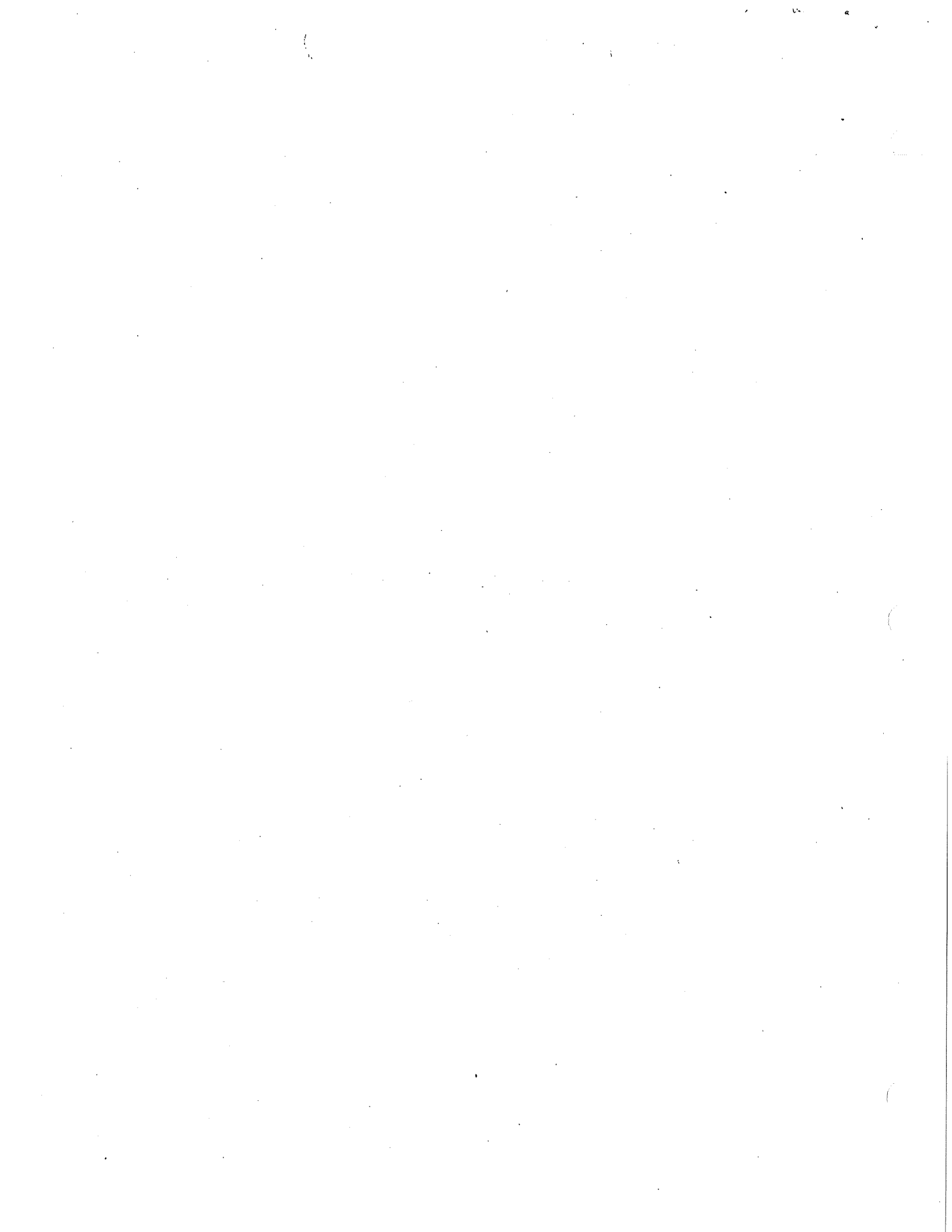
By:



Name: DANIEL J. SILVER

Title: ASSISTANT DIRECTOR

Date: 31 March, 1993



STATE OF IDAHO

By: *J. Nagel*

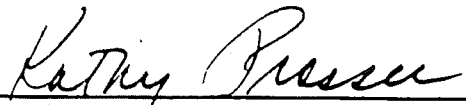
Name: Joe Nagel

Title: Administrator

Department of Health and Welfare
Division of Environmental Quality

Date: March 25, 1993

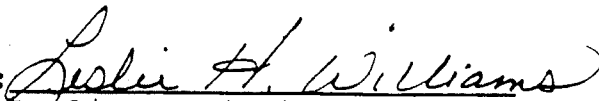
INDIANA DEPARTMENT OF
ENVIRONMENTAL MANAGEMENT



Kathy Prosser, Commissioner

APPROVED AS TO FORM & LEGALITY

PAMELA CARTER
Attorney General of Indiana

By: 

Leslie H. Williams
Deputy Attorney General