

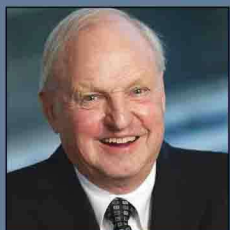
## FAST FACT



Mobile payment saw a massive leap in usage at convenience store chains in just one year. Slightly less than one-quarter of chains report now offering this form of payment to customers, compared to just 7.8 percent of chains last year.

— *Convenience Store News* 2015 Technology Study (page 68)

## QUOTABLES



"Our co-workers are the greatest asset we have. They truly are. The 40-percent profit sharing makes them part of the company. Good customer service, clean stores and clean bathrooms don't happen without our co-workers taking pride in their company."

— Don Zietlow, Kwik Trip Inc. (page 22)

# CST Moves Into Southeast With Flash Foods Deal

The 164-store acquisition will be the Corner Store parent's largest to date

CST Brands Inc. is continuing its acquisition journey across the United States, this time targeting the Southeast. San Antonio-based CST entered into a definitive agreement to purchase 100 percent of the outstanding shares of Flash Foods Inc. and certain related assets from The Jones Co. This will mark CST's largest acquisition in its history.

Included in the \$425-million transaction are 164 Flash Foods convenience stores in Georgia and Florida; 21 branded quick-service restaurants; a land bank of 13 real estate sites to build new-to-industry stores; a merchandise distribution company operating a 90,000-square-foot distribution center in Georgia; and fuel supply operations.

According to CST, this acquisition will allow the company to extensively grow its network.

"With our largest network purchase to date, we are excited to work with the great people at Flash Foods," said Kim Lubel, chairman and CEO of CST Brands. "The Jones family, along with its accomplished leadership team, has built a strong company with a customer-focused culture that aligns perfectly with CST's core values and strategic vision for growth. We are looking forward to entering this new market with such a solid foundation in Flash Foods."

CST Brands sought out Waycross, Ga.-based Flash Foods specifically because



its c-stores are mostly 3,000 square feet or more, allowing the parent of Corner Stores to implement its highly successful made-to-order foodservice program, Lubel explained during the company's 2015 fiscal third-quarter earnings call on Nov. 4.

The Jones Co. was happy to select CST from a "formidable group of potential buyers," said Jimmy Jones, chairman and CEO of Flash Foods. "We believe the service culture at CST Brands and its attitude toward both customers and team members makes CST a great fit for the Flash Foods team. We are excited to work together on finalizing this transaction."

Once the deal is completed, Lubel said she is excited to implement several practices CST can learn from Flash Foods. Most notable is its top-notch information technology department. "There is a lot of innovation that we will look at differently across our network," Lubel said.

CST currently operates approximately 1,900 c-stores in the United States and Canada.