CASEYS GENERAL STORES INC
Form 10-K/A
December 10, 2014
Table of Contents

United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

Annual Report pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

For the Fiscal Year Ended April 30, 2014

Commission File Number 001-34700

CASEY S GENERAL STORES, INC.

(Exact name of registrant as specified in its charter)

IOWA	**42-0935283**
(State or other jurisdiction of	**(I.R.S. Employer**

incorporation or organization)	**Identification Number)**

ONE CONVENIENCE BLVD., ANKENY, IOWA

(Address of principal executive offices)

50021

(Zip Code)

(515) 965-6100

(Registrant s telephone number, including area code)

Securities Registered pursuant to Section 12(b) of the Act

COMMON STOCK	**NASDAQ**
(Title of Class)	**(Name of Exchange on which Registered)**

Securities Registered pursuant to Section 12(g) of the Act

NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No x

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value of the registrant s common stock held by non-affiliates as of October 31, 2013, was approximately $ 2.6 billion based on the closing sales price ($72.88 per share) as quoted on the NASDAQ Global Select Market.

Indicate the number of shares outstanding of each of the issuer s class of common stock, as of the latest practicable date.

Class	**Outstanding at June 23, 2014**
Common Stock, no par value per share	37,882,157 shares

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Item 5 of Part II and Items 10, 11, 12, 13 and 15 of Part III is hereby incorporated by reference from the definitive Proxy Statement filed with the Securities and Exchange Commission in connection with the Annual Meeting of Shareholders, which was filed with the Securities and Exchange Commission not later than 120 days after April 30, 2014.

Table of Contents

EXPLANATORY NOTE

Casey s General Stores, Inc. (the Company) is filing this Amendment No. 1 on Form 10-K/A to its Annual Report on Form 10-K for the fiscal year ended April 30, 2014, originally filed with the Securities and Exchange Commission (SEC) on June 27, 2014 (the Original Filing), to make the following changes:

1. To amend Item 1A. Risk Factors to add an additional risk factor regarding the potential adverse impact the material weakness could have on our timely reporting of financial results, investor confidence, and stock price.

2. To amend Item 8. Financial Statements, Report of Independent Registered Public Accounting Firm, in relation to the independent registered public accounting firm s report on our internal control over financial reporting; and

3. To make revisions for immaterial errors in the consolidated financial statements for the three-year period ended April 30, 2014 previously issued in the Original Filing in Item 1. Business, Item 6. Selected Financial Data, and Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

4. To amend Item 9A. Controls and Procedures related to the effectiveness of our disclosure controls and procedures and internal control over financial reporting;

In the second quarter of fiscal year 2015, through a routine Internal Revenue Service (IRS) examination, management became aware that an inadvertent accounting and reporting error occurred during the fiscal years 2012, 2013, and 2014 and the first quarter of fiscal year 2015. A control deficiency was identified with regards to the review and approval of quarterly federal excise tax returns by management with the requisite skill and knowledge, and recognition of the corresponding liability and expense. The internal controls in place during this time were not responsive to changes in circumstances. While the control deficiency did not result in a material misstatement to the Company s consolidated financial statements for any periods through and including the fiscal year ended April 30, 2014, or unaudited condensed consolidated financial statements for the first fiscal quarter of fiscal year 2015, it did represent a material weakness as of April 30, 2014, since there existed a reasonable possibility that a material misstatement of the Company s annual or interim financial statements would not be prevented or detected on a timely basis. The correction of these immaterial errors is being recognized in revisions to our consolidated financial statements for the fiscal year ended April 30, 2014 in this Amendment No. 1 and in revisions to the unaudited condensed consolidated financial statements for the fiscal quarter ended July 31, 2014, included on Form 10-Q/A dated December 9, 2014 to be filed concurrently with this Form 10K/A.

Pursuant to Rule 12b-15 under the Securities Exchange act of 1934, as a result of this Amendment No. 1, the certifications pursuant to Rules 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as amended and Section 906 of the Sarbanes-Oxley Act of 2002 have been re-executed and refiled as of the date of this Amendment No. 1. As a result, the Exhibit Index in Part IV; Item 15 of the Annual Report is also being amended to reflect the inclusion of the aforementioned updates.

Accordingly, we hereby amend Items 1, 1A, 6, 7, 8, 9A, and 15 in the Original Filing. Except as described in this Explanatory Note, the Original Filing is unchanged. In particular, except for the events described above, this Amendment No. 1 speaks only as of the date the Original Filing was filed, and has not been updated, amended, or supplemented to give effect to any subsequent events. Accordingly, forward-looking statements included in this Amendment No. 1 represent management s views as of the date the Original Filing was filed and should not be assumed to be accurate as of any date thereafter. This Amendment No. 1 should be read in conjunction with the Original Filing, and any of Company s other filings with the SEC subsequent to the Original Filing, together with any amendments to those filings.

FORM 10-K/A

TABLE OF CONTENTS

Table of Contents

PART I

ITEM 1. BUSINESS

The Company

Casey s General Stores, Inc. (Casey s) and its wholly owned subsidiaries (Casey s, together with its subsidiaries, are referred to herein as the Company or we) operate convenience stores under the name Casey s General Store (hereinafter referred to as Casey s Store or Stores) in fourteen Midwestern states, primarily in Iowa, Missouri, and Illinois. The Company also operates one stand-alone pizza delivery and carry-out store. The stores carry a broad selection of food (including freshly prepared foods such as pizza, donuts, and sandwiches), beverages, tobacco products, health and beauty aids, automotive products, and other nonfood items. In addition, all but one Casey s stores offer fuel for sale on a self-service basis. Our fiscal year runs from May 1 through April 30 of each year. On April 30, 2014, there were a total of 1,808 stores in operation. There were 44 stores newly constructed and we closed 12 stores in fiscal 2014. We also acquired 28 additional stores in fiscal 2014, and 25 of those were opened in 2014, one was permanently closed and two will be opened during the 2015 fiscal year. We operate a central warehouse, Casey s Distribution Center, adjacent to our corporate headquarters in Ankeny, Iowa, through which we supply grocery and general merchandise items to our stores.

Approximately 58% of all our stores are located in areas with populations of fewer than 5,000 persons, while approximately 16% of our stores are located in communities with populations exceeding 20,000 persons. The Company competes on the basis of price as well as on the basis of traditional features of convenience store operations such as location, extended hours, and quality of service.

Casey s, with executive offices at One Convenience Blvd., Ankeny, Iowa 50021-8045 (telephone 515-965-6100) was incorporated in Iowa in 1967. One of our subsidiaries, Casey s Marketing Company (Marketing Company) also operates from the Corporate Headquarters facility and was incorporated in Iowa in March 1995. A second subsidiary, Casey s Services Company (Services Company) operates from a nearby facility and was also incorporated in Iowa in March 1995. A third subsidiary, Casey s Retail Company, was incorporated in Iowa in 2004 and a fourth subsidiary, CGS Sales Corp., was incorporated in 2008 and both also operate from the Corporate Headquarters facility.

The Company s Internet address is www.caseys.com. Each year we make available through our website all of our SEC filings, including current reports on Form 8-K, quarterly reports on Form 10-Q, our annual report on Form 10-K, and amendments to those reports, free of charge as soon as reasonably practicable after they have been electronically filed with the Securities and Exchange Commission. Additionally, you can go to our website to read our Financial Code of Ethics, Corporate Governance Guidelines, Code of Conduct, and committee charters. We intend to post disclosure of any waivers to the Code of Conduct on our website.

General

We seek to meet the needs of residents of smaller towns by combining features of both general store and convenience store operations. Smaller communities often are not served by national-chain convenience stores. We have succeeded at operating Casey s General Stores in smaller towns by offering, at competitive prices, a broader selection of products than does a typical convenience store. We have also succeeded in meeting the needs of residents in larger communities with these offerings. We currently own most of our real estate, including the Casey s Distribution Center, the Services Company facility, and the Corporate Headquarters facility.

The Company derives its revenue primarily from the retail sale of fuel and the products offered in our stores. Our sales historically have been strongest during the first and second fiscal quarters (May through October) and relatively weaker during the third and fourth (November through April). In warmer weather, customers tend to purchase greater quantities of fuel and certain convenience items such as beer, pop, and ice.

Table of Contents

Corporate Subsidiaries

The Marketing Company and the Services Company were organized as Iowa corporations in March 1995, and both are wholly owned subsidiaries of Casey s. Casey s Retail Company was organized as an Iowa corporation in April 2004, CGS Sales Corp. was organized as an Iowa corporation in 2008, and Tobacco City, Inc. was organized as an Iowa corporation in 2014. All such entities are wholly-owned subsidiaries of Casey s.

Casey s Retail Company operates stores in Illinois, Kansas, Minnesota, Nebraska, North Dakota and South Dakota; it also holds the rights to the Casey s trademark and trade name. The Marketing Company owns and has responsibility for the operation of stores in Arkansas, Indiana, Iowa, Kentucky, Missouri, Oklahoma, Tennessee and Wisconsin. The Marketing Company also has responsibility for all of our wholesale operations, including the Distribution Center. The Services Company provides a variety of construction and transportation services for all stores. CGS Sales Corp. operates one store in Iowa and one in Nebraska.

Store Operations

Products Offered

Each Casey s General Store typically carries over 3,000 food and nonfood items. Many of the products offered are those generally found in a supermarket. The selection is generally limited to one or two well-known brands of each item stocked. Most of our staple foodstuffs are nationally advertised brands. Stores sell regional brands of dairy and bakery products, and approximately 88% of the stores offer beer. Our nonfood items include tobacco products, health and beauty aids, school supplies, housewares, pet supplies, and automotive products.

All but one Casey s General Stores offer gasoline or diesel for sale on a self-service basis. The gasoline and diesel generally are sold under the Casey s name.

It is our policy to continually make additions to the Company s product line, especially products with higher gross profit margins. As a result, we have added various prepared food items to our product line over the years, facilitated by the installation of snack centers, which now are in the majority of stores. The snack centers sell sandwiches, fountain drinks, and other items that have gross profit margins higher than those of general staple goods. As of April 30, 2014, the Company was selling donuts prepared on store premises in approximately 98% of our stores in addition to cookies, brownies, and Danish. The Company installs donut-making equipment in all newly constructed stores.

We began marketing made-from-scratch pizza in 1984, and it is available in 1,768 stores (98%) as of April 30, 2014. Although pizza is our most popular prepared food offering, we continue to expand our prepared food product line, which now includes ham and cheese sandwiches, pork and chicken fritters, sausage sandwiches, chicken tenders, pizza rolls, popcorn chicken, breakfast croissants and biscuits, breakfast pizza, hash browns, quarter-pound hamburgers and cheeseburgers, and potato cheese bites. The newly constructed stores and many of the remodeled stores now offer made-to-order sub sandwiches.

The growth in our proprietary prepared food program reflects management s strategy to promote high-margin products that are compatible with convenience store operations. In the last three fiscal years, retail sales of nonfuel items have generated about 28% of our total revenue, but they have resulted in approximately 78% of our gross profits. Gross profit margins on prepared food items averaged approximately 61% during the three fiscal years ended April 30, 2014 substantially higher than the gross profit margin on retail sales of fuel, which averaged approximately 5%.

Table of Contents

Store Design

Casey s General Stores are freestanding and, with a few exceptions to accommodate local conditions, conform to standard construction specifications. The latest store design (O2 style) measures 39 feet by 103 feet with approximately 2,500 square feet devoted to sales area, 500 square feet to kitchen space, 400 square feet to storage, and 2 large public restrooms. The latest store design for smaller communities (P style) measures 43 feet by 75 feet with approximately 1,600 square feet devoted to sales area with the remaining areas similar in size. Store lots have sufficient frontage and depth to permit adequate drive-in parking facilities on one or more sides of each store. Each new store typically includes 4 to 8 islands of fuel dispensers and storage tanks with capacity for 30,000 to 50,000 gallons of fuel. The merchandising display follows a standard layout designed to encourage a flow of customer traffic through all sections of every store. All stores are air-conditioned and have modern refrigeration equipment. Nearly all the store locations feature our bright red and yellow pylon sign which displays Casey s name and service mark.

All Casey s General Stores remain open at least sixteen hours per day, seven days a week. Many store locations are open from 6:00 a.m. to 11:00 p.m., although hours of operation may be adjusted on a store-by-store basis to accommodate customer traffic patterns. We also currently operate approximately 725 stores on a 24-hour basis. We require that all stores maintain a bright, clean interior and provide prompt checkout service. It is our policy not to install electronic games or sell adult magazines on store premises.

Store Locations

The Company traditionally has located its stores in smaller towns not served by national-chain convenience stores. Management believes that a Casey s General Store provides a service not otherwise available in small towns and that a convenience store in an area with limited population can be profitable if it stresses sales volume and competitive prices. Our store-site selection criteria emphasize the population of the immediate area and daily highway traffic volume. Where there is no competing store, we can often operate profitably at a highway location in a community with a population of as few as 400.

Table of Contents

Fuel Operations

Fuel sales are an important part of our revenue and earnings. Approximately 71% of Casey s total revenue for the year ended April 30, 2014 was derived from the retail sale of fuel. The following table summarizes (dollars and gallons in thousands) fuel sales for the three fiscal years ended April 30, 2014:

	Year ended April 30, 2014	2013	2012
Number of gallons sold	**1,665,600**	1,535,140	1,476,154
Total retail fuel sales	**$ 5,554,580**	$ 5,229,157	$ 5,092,311
Percentage of total revenue	**70.8%**	72.1%	72.9%
Gross profit percentage** (excluding credit card fees)	**4.8%**	4.2%	4.4%
Average retail price per gallon	**$ 3.33**	$ 3.41	$ 3.45
Average gross profit margin per gallon** (excluding credit card fees)	**16.08¢**	14.42¢	15.11¢
Average number of gallons sold per store*	**932**	883	870

* Includes only those stores in operation at least one full year on April 30 of the fiscal year indicated.

** Due to the immaterial error discussed in this Amendment No. 1, the numbers for Gross profit percentage and Average gross profit margin per gallon have been revised. On average, the revision reduced Average gross profit margin per gallon by seven-tenths of one cent ($0.007).

Retail prices of fuel decreased slightly during the year ended April 30, 2014. The total number of gallons we sold during this period increased, primarily because of the higher number of stores in operation, our continued efforts to price our retail fuel to compete in local market areas, the growth in our fuel saver program, and the growth in expanded hour stores. For additional information concerning the Company s fuel operations, see Item 7 herein.

Table of Contents

Distribution and Wholesale Arrangements

The Marketing Company supplies all stores with groceries, food, health and beauty aids, and general merchandise from our Distribution Center. The stores place orders for merchandise electronically to our headquarters in Ankeny, and we fill the orders with weekly shipments in Company-owned delivery trucks. All of our existing and most of our proposed stores are within the Distribution Center s optimum efficiency range a radius of approximately 500 miles. In April 2014, we announced plans to build a second distribution center in Terre Haute, Indiana. This second distribution center will enable us to expand our territory while at the same time provide a more efficient distribution system to our existing stores.

In fiscal 2014, we purchased directly from manufacturers a majority of the food and nonfood items sold from our Distribution Center. It is our practice, with few exceptions, not to enter into long-term supply contracts with any of the suppliers of products sold by Casey s General Stores. We believe the practice enables us to respond flexibly to changing market conditions.

Personnel

On April 30, 2014, we had 12,098 full-time employees and 17,651 part-time employees. We have not experienced any work stoppages. There are no collective bargaining agreements between the Company and any of its employees.

Competition

Our business is highly competitive. Food, including prepared foods, and nonfood items similar or identical to those sold by the Company are generally available from various competitors in the communities served by Casey s General Stores. We believe our stores located in smaller towns compete principally with other local grocery and convenience stores, similar retail outlets, and, to a lesser extent, prepared food outlets, restaurants, and expanded fuel stations offering a more limited selection of grocery and food items for sale. Stores located in more heavily populated communities may compete with local and national grocery and drug store chains, expanded fuel stations, supermarkets, discount food stores, and traditional convenience stores. Convenience store chains competing in the larger towns served by Casey s General Stores include Quik Trip, Kwik Trip, and regional chains. Some of the Company s competitors have greater financial and other resources than we do. These competitive factors are discussed further in Item 7 of this Form 10-K/A.

Service Marks

The name Casey s General Store and the service mark consisting of the Casey s design logo (with the words Casey s General Store) are our registered service marks under federal law. We believe these service marks are of material importance in promoting and advertising the Company s business.

Table of Contents

Government Regulation

The United States Environmental Protection Agency and several states, including Iowa, have established requirements for owners and operators of underground fuel storage tanks (USTs) with regard to (i) maintenance of leak detection, corrosion protection, and overfill/spill protection systems; (ii) upgrade of existing tanks; (iii) actions required in the event of a detected leak; (iv) prevention of leakage through tank closings; and (v) required fuel inventory recordkeeping. Since 1984, new stores have been equipped with noncorroding fiberglass USTs, including some with double-wall construction, overfill protection, and electronic tank monitoring. We currently have 4,215 USTs, 3,308 of which are fiberglass and 907 are steel, and we believe that all capital expenditures for electronic monitoring, cathodic protection, and overfill/spill protection to comply with the existing UST regulations have been completed. Additional regulations or amendments to the existing UST regulations could result in future expenditures.

Several states in which we do business have trust fund programs with provisions for sharing or reimbursing corrective action or remediation costs incurred by UST owners, including the Company. In the years ended April 30, 2014 and 2013, we spent approximately $1,224,000 and $899,000, respectively, for assessments and remediation. Substantially all of these expenditures were submitted for reimbursement from state-sponsored trust fund programs. As of April 30, 2014, approximately $16,899,000 has been received from such programs since inception. The payments are typically subject to statutory provisions requiring repayment of the reimbursed funds for noncompliance with upgrade provisions or other applicable laws. None of the reimbursements received are currently expected to be repaid by the Company to the trust fund programs. At April 30, 2014, we had an accrued liability of approximately $300,000 for estimated expenses related to anticipated corrective actions or remediation efforts, including relevant legal and consulting costs. We believe we have no material joint and several environmental liability with other parties.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described in this report before making a decision to invest in our securities. If any of such risks actually occur, our business, financial condition, and/or results of operations could be materially adversely affected. In that case, the trading price of our securities could decline and you might lose all or part of your investment.

Risks Related to Our Industry

The convenience store industry is highly competitive.

The convenience store and retail fuel industries in which we operate are highly competitive and characterized by ease of entry and constant change in the number and type of retailers offering the products and services found in our stores. We compete with many other convenience store chains, gasoline stations, supermarkets, drugstores, discount stores, club stores, fast food outlets, and mass merchants. In recent years, several nontraditional retailers such as supermarkets, club stores, and mass merchants have affected the convenience store industry by entering the fuel retail business. These nontraditional fuel retailers have obtained a significant share of the motor fuels market, and their market share is expected to grow. In some of our markets, our competitors have been in existence longer and have greater financial, marketing, and other resources than we do. As a result, our competitors may be able to respond better to changes in the economy and new opportunities within the industry. To remain competitive, we must constantly analyze consumer preferences and competitors offerings and prices to ensure we offer convenience products and services consumers demand at competitive prices. We must also maintain and upgrade our customer service levels, facilities, and locations to remain competitive and attract customer traffic. These competitive pressures could materially and adversely affect our fuel and merchandise sales and gross profit margins, and therefore could have a material adverse effect on our business, financial condition and results of operations.

Table of Contents

The volatility of wholesale petroleum costs could adversely affect our operating results.

Over the past three fiscal years, on average our fuel revenues accounted for approximately 72% of total revenue and our fuel gross profit accounted for approximately 22% of total gross profit. Crude oil and domestic wholesale petroleum markets are marked by significant volatility. General political conditions, acts of war or terrorism, and instability in oil producing regions, particularly in the Middle East and South America, can significantly affect crude oil supplies and wholesale petroleum costs. In addition, the supply of fuel and our wholesale purchase costs could be adversely affected in the event of a shortage, which could result from, among other things, lack of capacity at United States oil refineries or, in our case, the absence of fuel contracts that guarantee an uninterrupted, unlimited supply of gasoline. Significant increases and volatility in wholesale petroleum costs have resulted and could in the future result in significant increases in the retail price of petroleum products and in lower gasoline average margin per gallon. Increases in the retail price of petroleum products have resulted and could in the future adversely affect consumer demand for fuel. This volatility makes it difficult to predict the impact that future wholesale cost fluctuations will have on our operating results and financial condition. These factors could adversely affect our fuel gallon volume, fuel gross profit, and overall customer traffic, which in turn would affect our sales of grocery and general merchandise and prepared food products.

Changing consumer preferences for alternative motor fuel and improvements in fuel efficiency could adversely impact our business.

Technological advancement, regulatory changes, or changes in consumer preferences toward alternative motor fuels or more fuel-efficient vehicles could reduce demand for the fuel products we currently sell. In addition, a shift toward electric, hydrogen, natural gas or other alternative fuel-powered vehicles could fundamentally change the shopping habits of our customers or lead to new forms of fueling destinations or new competitive pressure. New technologies developed to improve the fuel efficiency of automobiles, or further governmental mandates to improve fuel efficiency, may result in decreased demand for conventional fuel. Any of these outcomes could potentially result in fewer customer visits to our stores, decreases both in fuel and general merchandise sales revenue or reduce profit margins, which could have a material adverse effect on our business, financial condition and results of operations.

Increased credit card expenses could increase operating expenses.

A significant percentage of our fuel sales are made with the use of credit cards. Since the interchange fees we pay when credit cards are used to make purchases are based on transaction amounts, higher fuel prices at the pump result in higher credit card expenses. These additional fees increase operating expenses. Higher operating expenses that result from higher credit card fees may decrease our overall profit and have a material adverse effect on our business, financial condition and results of operations. Total credit card fees paid in fiscal 2014, 2013, and 2012, were approximately $95 million, $85 million, and $80 million, respectively.

Wholesale cost and tax increases relating to tobacco products could affect our operating results.

Sales of tobacco products have averaged approximately 9% of our total revenue over the past three fiscal years, and our tobacco gross profit accounted for approximately 12% of total gross profit for the same period. Any significant increases in wholesale cigarette costs or tax increases on tobacco products may have a materially adverse effect on unit demand for cigarettes domestically. Currently, major cigarette manufacturers offer significant rebates to retailers, although there can be no assurance that such rebate programs will continue. We include these rebates as a component of cost of goods sold, which affects our gross margin from sales of cigarettes. In the event these rebates are no longer offered or decreased, our wholesale cigarette costs will increase accordingly. In general, we attempt to pass price increases on to our customers. Due to competitive pressures in our markets, however, we may not always be able to do so. These factors could adversely affect our retail price of cigarettes, cigarette unit volume and revenues, merchandise gross profit, and overall customer traffic, and in turn have a material adverse effect on our business, financial condition and results of operations.

Governmental action and campaigns to discourage smoking may have a material adverse effect on our revenues and gross profit.

Congress has given the Food and Drug Administration (FDA) broad authority to regulate tobacco products, and the FDA has enacted numerous regulations restricting the sale of such products. These governmental actions, as well as national, state and local campaigns to discourage smoking and other factors, have resulted in reduced industry volume and consumption levels, and could materially affect the retail price of cigarettes, unit volume and revenues, gross profit, and overall customer traffic, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Future consumer or other litigation could adversely affect our financial condition and results of operations.

Our retail operations are characterized by a high volume of customer traffic and by transactions involving a wide array of product selections, including prepared food. These operations carry a higher exposure to consumer litigation risk when compared to the operations of companies operating in many other industries. Consequently, we may become a party to individual personal injury, bad fuel, product liability and other legal actions in the ordinary course of our business. While these actions are generally routine in nature, incidental to the operation of our business and immaterial in scope, if our assessment of any action or actions should prove inaccurate, our financial condition and results of operations could be adversely affected.

Additionally, we are occasionally exposed to industry-wide or class-action claims arising from the products we carry or industry-specific business practices. For example, various petroleum marketing retailers, distributors and refiners are currently defending class-action claims alleging that the sale of unadjusted volumes of fuel at temperatures in excess of 60 degrees Fahrenheit violates various state consumer protection laws due to the expansion of the fuel with the increase of fuel temperatures. In addition, certain retailers have experienced data breaches resulting in exposure of sensitive customer data, including payment card information. Any such breach of our systems, or any failure to secure our systems against such a breach, could expose us to customer litigation, as well as sanctions from the payment card industry. Certain claims asserted in these lawsuits, if resolved against us, could give rise to substantial damages. Our defense costs and any resulting damage awards or settlement amounts may not be fully covered by our insurance policies. Thus, an unfavorable outcome or settlement of one or more of these lawsuits could have a material adverse effect on our financial position, liquidity and results of operations in a particular period or periods.

Our business and our reputation could be adversely affected by the failure to protect sensitive customer, employee or vendor data, whether as a result of cybersecurity attacks or otherwise, or to comply with applicable regulations relating to data security and privacy.

In the normal course of our business as a motor fuel and merchandise retailer, we obtain large amounts of personal data, including credit and debit card information from our customers. While we have invested significant amounts in the protection of our IT systems and maintain what we believe are adequate security controls over individually identifiable customer, employee and vendor data provided to us, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur and have a material effect on our reputation, operating results and financial condition.

Cyberattacks are rapidly evolving and becoming increasingly sophisticated. A successful cyberattack resulting in the loss of sensitive customer, employee or vendor data could adversely affect our reputation, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. Moreover, a security breach could require that we expend significant additional resources to further upgrade the security measures that we employ to guard against cyberattacks.

Table of Contents

General economic conditions that are largely out of the Company s control may adversely affect the Company s financial condition and results of operations.

Current economic conditions, higher interest rates, higher fuel and other energy costs, inflation, increases in commodity prices, higher levels of unemployment, higher consumer debt levels, higher tax rates and other changes in tax laws or other economic factors may affect consumer spending or buying habits, and could adversely affect the demand for products the Company sells in its stores. Economic conditions, higher fuel prices, and unemployment levels have affected consumer confidence, spending patterns, and miles driven, with many customers trading down to lower priced products in certain categories. These factors can lead to sales declines in both fuel and general merchandise, and in turn have an adverse impact on our business, financial condition and results of operations.

Risks Related to Our Business

The prices of RINs and certain commodities fluctuate widely.

The market prices paid to the Company for its renewable identification numbers , or RINs , as well as the wholesale costs paid by the Company for certain commodities such as cheese, coffee and meat, can fluctuate widely from period to period and have a significant impact on the Company s financial results for a particular period or periods. The market prices of RINs have increased significantly in fiscal 2014 relative to fiscal 2013, with a corresponding benefit to the Company s gross profits from the retail sales of fuel. Due to the inherent price volatility of RINs, there can be no assurance that the Company will be able to sell its RINs in the future at any particular price. Any significant decline in the market price of RINs, as well as any increases in the wholesale costs of commodities such as cheese and coffee, could have a material adverse effect on the Company s results of operations in a particular period or periods.

Unfavorable weather conditions can adversely affect our business.

All of our stores are located in the Midwest region of the United States, which is susceptible to tornadoes, thunderstorms, extended periods of rain, flooding, ice storms, and heavy snow. Inclement weather conditions could damage our facilities or could have a significant impact on consumer behavior, travel, and convenience store traffic patterns as well as our ability to operate our locations. In addition, we typically generate higher revenues and gross margins during warmer weather months, which fall within our first and second fiscal quarters. When weather conditions are not favorable during a particular period, our operating results and cash flow from operations could be adversely affected.

Our inability to anticipate and respond to market trends and changes in consumer preferences could adversely affect our financial results.

Our continued success depends on our ability to anticipate, gauge and react in a timely and cost-effective manner to changes in consumer tastes, their attitudes toward our industry and brands, as well as to where and how consumers shop for those products. We must continually work to develop, produce and market new products, maintain and enhance the recognition of our brands, achieve a favorable mix of products, and refine our approach as to how and where we market and sell our products. While we devote considerable effort and resources to shape, analyze and respond to consumer preferences, we recognize that consumer tastes cannot be predicted with certainty and can change rapidly. The issue is compounded by the increasing use of social and digital media by consumers and the speed by which information and opinions are shared. If we are unable to anticipate and respond to sudden challenges that we may face in the marketplace, trends in the market for our products and changing consumer demands and sentiment, it could have a material adverse effect on our business, financial condition and results of operations.

12

Table of Contents

We may not be able to identify, acquire, and integrate new stores, which could adversely affect our ability to grow our business.

An important part of our recent growth strategy has been to acquire other convenience stores that complement our existing stores or broaden our geographic presence. From May 1, 2013 through April 30, 2014 we acquired and opened 25 convenience stores. We expect to continue pursuing acquisition opportunities.

Acquisitions involve risks that could cause our actual growth or operating results to differ materially from our expectations or the expectations of securities analysts. These risks include:

- The inability to identify and acquire suitable sites at advantageous prices;
- Competition in targeted market areas;
- Difficulties during the acquisition process in discovering some of the liabilities of the businesses that we acquire;
- Difficulties associated with our existing financial controls, information systems, management resources and human resources needed to support our future growth;
- Difficulties with hiring, training and retaining skilled personnel, including store managers;
- Difficulties in adapting distribution and other operational and management systems to an expanded network of stores;
- Difficulties in obtaining governmental and other third-party consents, permits and licenses needed to operate additional stores;
- Difficulties in obtaining the cost savings and financial improvements we anticipate from future acquired stores;
- The potential diversion of our senior management s attention from focusing on our core business due to an increased focus on acquisitions; and
- Challenges associated with the consummation and integration of any future acquisition.

We are subject to federal and state environmental and other regulations.

Our business is subject to extensive governmental laws and regulations that include but are not limited to environmental and employment laws and regulations; health care; legal restrictions on the sale of alcohol, tobacco, and lottery products; requirements related to minimum wage, working conditions, public accessibility, and citizenship. A violation of or change in such laws and/or regulations could have a material adverse effect on our business, financial condition, and results of operations.

Under various federal, state, and local laws, regulations, and ordinances, we may, as the owner/operator of our locations, be liable for the costs of removal or remediation of contamination at these or our former locations, whether or not we knew of, or were responsible for, the presence of such contamination. Failure to remediate such contamination properly may make us liable to third parties and adversely affect our ability to sell or lease such property.

Compliance with existing and future environmental laws regulating underground storage tanks may require significant capital expenditures and increased operating and maintenance costs. The remediation costs and other costs required to clean up or treat contaminated sites could be substantial. We pay tank registration fees and other taxes to state trust funds established in our operating areas in support of future remediation obligations.

These state trust funds are expected to pay or reimburse us for remediation expenses less a deductible. To the extent third parties do not pay for remediation as we anticipate, we will be obligated to make these payments, which could materially adversely affect our financial condition and results of operations. Reimbursements from state trust funds will be dependent on the maintenance and continued solvency of the various funds.

In the future, we may incur substantial expenditures for remediation of contamination that has yet to be discovered at existing locations or at locations we may acquire. We cannot assure you that we have identified all environmental liabilities at all of our current and former locations; that material environmental conditions not known to us do not exist; that future laws, ordinances, or regulations will not impose material environmental liability on us; or that a material environmental condition does not otherwise exist at any one or more of our locations. In addition, failure to comply with any environmental laws, regulations, or ordinances or an increase in regulations could adversely affect our operating results and financial condition.

Table of Contents

State laws regulate the sale of alcohol, tobacco, and lottery products. A violation or change of these laws could adversely affect our business, financial condition, and results of operations because state and local regulatory agencies have the power to approve, revoke, suspend, or deny applications for and renewals of permits and licenses relating to the sale of these products or to seek other remedies.

Any appreciable increase in income, overtime pay, or the statutory minimum wage rate or adoption of mandated healthcare benefits would result in an increase in our labor costs. Such cost increases or the penalties for failing to comply with such statutory minimum could adversely affect our business, financial condition, and results of operations. State or federal lawmakers or regulators may also enact new laws or regulations applicable to us that may have a material adverse and potentially disparate impact on our business.

Health care reform legislation could have a negative impact on our business.

The Patient Protection and Affordable Care Act (the PPACA) as well as other healthcare reform legislation being considered by Congress and various State legislatures may have a negative impact on our business. Although many of the rules, reforms and regulations required to implement the PPACA have not yet been adopted, such reforms appear likely to significantly increase our employee healthcare-related costs and therefore our operating expenses. As the provisions of such reform legislation are phased in over time, the resulting changes to our healthcare cost structure could have a material adverse effect on our business, financial condition and results of operations.

The dangers inherent in the storage and transport of motor fuel could cause disruptions and could expose to us potentially significant losses, costs or liabilities.

We store motor fuel in storage tanks at our retail locations. Additionally, we transport a significant portion of our motor fuel in our own trucks, instead of by third-party carriers. Our operations are subject to significant hazards and risks inherent in transporting and storing motor fuel. These hazards and risks include, but are not limited to, fires, explosions, traffic accidents, spills, discharges and other releases, any of which could result in distribution difficulties and disruptions, environmental pollution, governmentally-imposed fines or clean-up obligations, personal injury or wrongful death claims and other damage to our properties and the properties of others. As a result, any such event could have a material adverse effect on our business, financial condition and results of operations.

We may incur costs or liabilities as a result of litigation or adverse publicity resulting from concerns over food quality, health or other issues that could cause customers to avoid our convenience stores.

We may be the subject of complaints or litigation arising from food-related illness or injury in general which could have a negative impact on our business. Additionally, negative publicity, regardless of whether the allegations are valid, concerning food quality, food safety or other health concerns, employee relations or other matters related to our operations may materially adversely affect demand for our food and could result in a decrease in customer traffic to our convenience stores.

It is critical to our reputation that we maintain a consistent level of high quality prepared food offerings at our convenience stores. Health concerns, poor food quality or operating issues stemming from one store or a limited number of stores could materially adversely affect the operating results of some or all of our stores.

Because we depend on our senior management s experience and knowledge of our industry, we could be adversely affected were we to lose key members of our senior management team.

We are dependent on the continued efforts of our senior management team. If, for any reason, our senior executives do not continue to be active in management, our business, financial condition or results of operations could be adversely affected. We also rely on our ability to recruit qualified store managers, supervisors, district managers, regional managers and other store personnel. Failure to continue to attract these individuals at reasonable compensation levels could have a material adverse effect on our business and results of operations.

Table of Contents

We rely on our information technology systems to manage numerous aspects of our business, and a disruption of these systems could adversely affect our business.

We depend on our information technology (IT) systems to manage numerous aspects of our business transactions and provide analytical information to management. Our IT systems are an essential component of our business and growth strategies, and a serious disruption to our IT systems could significantly limit our ability to manage and operate our business efficiently. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches and computer viruses. Any disruption could cause our business and competitive position to suffer and cause our operation results to be reduced. Also, our business continuity plan could fail.

Additional control deficiencies could prevent us from accurately and timely reporting our financial results.

As previously disclosed, management of the Company, in consultation with the Audit Committee, has identified a material weakness in its internal control over financial reporting concerning the review of quarterly federal excise tax returns filed with the IRS relating to the Company s ethanol blending activities when the tax regulations changed. The Company has completed or is in the process of completing steps, and plans to take additional steps, to remediate the underlying causes of the material weakness and ineffective disclosure controls and procedures, and to further strengthen its internal controls. For further information on the material weakness and our remediation efforts, see Item 9A herein.

Our internal control over financial reporting constitutes a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. We have in the past and may in the future identify deficiencies in our internal control over financial reporting, including significant deficiencies and material weaknesses. Failure to identify and remediate additional deficiencies in our internal control over financial reporting in a timely manner could prevent us from accurately and timely reporting our financial results, which could cause us to fail to meet our reporting obligations, lead to a loss of investor confidence and have a negative impact on the trading price of our common stock.

Other Risks

Any issuance of shares of our common stock in the future could have a dilutive effect on your investment.

We could issue additional shares for investment, acquisition, or other business purposes. Even if there is not an immediate need for capital, we may choose to issue securities to sell in public or private equity markets if and when conditions are favorable. Raising funds by issuing securities would dilute the ownership interests of our existing shareholders. Additionally, certain types of equity securities we may issue in the future could have rights, preferences, or privileges senior to the rights of existing holders of our common stock.

Iowa law and provisions in our charter documents may have the effect of preventing or hindering a change in control and adversely affecting the market price of our common stock.

Our articles of incorporation give the Company s board of directors the authority to issue up to one million shares of preferred stock and to determine the rights and preferences of the preferred stock without obtaining shareholder approval. The existence of this preferred stock could make it more difficult or discourage an attempt to obtain control of the Company by means of a tender offer, merger, proxy contest, or otherwise. Furthermore, this preferred stock could be issued with other rights, including economic rights, senior to our common stock, thereby having a potentially adverse effect on the market price of our common stock.

Our articles of incorporation were amended in 2011 to stagger the terms of the Company s board of directors, as a result of amendments to the Iowa Business Corporation Act. Our staggered board, along with other provisions of our articles of incorporation and bylaws and Iowa corporate law, could make it more difficult for a third party to acquire us or remove our directors by means of a proxy contest, even if doing so would be beneficial to our shareholders. For example, Section 409.1110 of the Iowa Business Corporation Act prohibits publicly held Iowa corporations to which it applies from engaging in a business combination with an interested shareholder for a period of three years after the date of the transaction in which the person became an interested shareholder unless the business combination is approved in a prescribed manner. Further, Section 490.1108A of the Iowa Business Corporation Act permits a board of directors, in the context of a takeover proposal, to consider not only the effect of a proposed transaction on shareholders, but also on a corporation s employees, suppliers, customers, creditors, and on the communities in which the corporation operates. These provisions could discourage others from bidding for our shares and could, as a result, reduce the likelihood of an increase in our stock price that would otherwise occur if a bidder sought to buy our stock.

We may, in the future, adopt other measures (such as a shareholder rights plan or poison pill) that could have the effect of delaying, deferring, or preventing an unsolicited takeover, even if such a change in control were at a premium price or favored by a majority of unaffiliated shareholders. These measures may be adopted without any further vote or action by our shareholders.

The market price for our common stock has been and may in the future be volatile, which could cause the value of your investment to decline.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility could significantly affect the market price of our common stock without regard to our operating performance. In addition, the price of our common stock could be subject to wide fluctuations in response to these and other factors:

- A deviation in our results from the expectations of public market analysts and investors;
- Statements by research analysts about our common stock, company, or industry;
- Changes in market valuations of companies in our industry and market evaluations of our industry generally;
- Additions or departures of key personnel;
- Actions taken by our competitors;
- Sales of common stock by the Company, senior officers, or other affiliates; and
- Other general economic, political, or market conditions, many of which are beyond our control.

The market price of our common stock will also be affected by our quarterly operating results and monthly same store sales results, which may be expected to fluctuate. The following are factors that may affect our quarterly results and same store sales: general, regional, and national economic conditions; competition; unexpected costs; changes in retail pricing, consumer trends, and the number of stores we open and/or close during any given period; costs of compliance with corporate governance and Sarbanes-Oxley requirements. Other factors are discussed throughout Management s Discussion and Analysis of Financial Condition and Results of Operations. You may not be able to resell your shares of our common stock at or above the price you pay.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Table of Contents

ITEM 2. PROPERTIES

We own our corporate headquarters and Distribution Center. Located on an approximately 45-acre site in Ankeny, Iowa, these adjacent facilities and our vehicle service and maintenance center occupy a total of approximately 375,000 square feet. The original complex was completed in February 1990 and placed in full service at that time. In fiscal 2007, we added 98,000 square feet to the Distribution Center, 20,000 square feet of office space, additional paving for truck parking, and necessary drainage and landscaping improvements. In fiscal 2013, we purchased a nearby service building, which consists of approximately 60,000 square feet of warehouse space and approximately 14,000 square feet of office space.

In March 2014, we initiated further expansion of our distribution center with a projected 38,000 additional square feet of warehouse space for our distribution center.

In April 2014, we announced plans to build a second distribution center, to be located in Terre Haute, Indiana. This second distribution center is projected to have approximately 250,000 square feet of warehouse space.

On April 30, 2014, we also owned the land at 1,787 store locations and the buildings at 1,792 locations and leased the land at 21 locations and the buildings at 16 locations. Most of the leases provide for the payment of a fixed rent plus property taxes, insurance, and maintenance costs. Generally, the leases are for terms of ten to twenty years with options to renew for additional periods or options to purchase the leased premises at the end of the lease period.

ITEM 3. LEGAL PROCEEDINGS

The information required to be set forth under this heading is incorporated by reference from Note 11, Contingencies, to the Consolidated Financial Statements included in Part II, Item 8.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

Casey s common stock trades on the Nasdaq Global Select Market under the symbol CASY. The 38,507,387 shares of common stock outstanding at April 30, 2014 had a market value of approximately $2.6 billion. On that date there were 1,793 shareholders of record.

Common Stock Market Prices

Calendar 2012	High	Low	Calendar 2013	High	Low	Calendar 2014	High	Low
Q1	$ 56.44	$ 49.52	Q1	$ 59.00	$ 51.45	Q1	$ 70.95	$ 64.84
Q2	$ 60.60	$ 51.81	Q2	$ 63.89	$ 52.84			
Q3	$ 63.00	$ 55.20	Q3	$ 74.08	$ 60.47			
Q4	$ 57.66	$ 46.15	Q4	$ 77.58	$ 67.80			

Dividends

We began paying cash dividends during fiscal 1991.The dividends declared in fiscal 2014 totaled $0.72 per share. The dividends paid in fiscal 2013 totaled $0.66 per share. On June 6, 2014, the Board of Directors declared a quarterly dividend of $0.20 payable August 15, 2014 to shareholders of record on August 1, 2014. The Board expects to review the dividend every year at its June meeting.

The cash dividends declared during the calendar years 2012-14 were as follows:

Calendar 2012	Cash dividend declared	Calendar 2013	Cash dividend declared	Calendar 2014	Cash dividend declared
Q1	$ 0.15	Q1	$ 0.165	Q1	$ 0.18
Q2	0.165	Q2	0.18	Q2	0.20
Q3	0.165	Q3	0.18		
Q4	0.165	Q4	0.18		
	0.645		0.705		

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA*

(In thousands, except per share amounts)

Statement of Income Data*

	Years ended April 30,				
	2014	2013	2012	2011	2010
Total revenue	**$ 7,840,255**	$ 7,250,840	$ 6,987,804	$ 5,635,240	$ 4,637,087
Cost of goods sold	**6,618,239**	6,179,771	5,987,659	4,754,173	3,844,735
Gross profit	**1,222,016**	1,071,069	1,000,145	881,067	792,352
Operating expenses	**857,297**	760,365	688,431	607,628	526,291
Depreciation and amortization	**131,160**	111,823	96,552	82,355	73,546
Interest, net	**39,915**	35,265	35,192	28,497	10,933
Loss on early retirement of debt				11,350	
Income before income taxes	**193,644**	163,616	179,970	151,237	181,582
Federal and state income taxes	**66,824**	59,802	65,276	56,614	64,620
Net income	**$ 126,820**	$ 103,814	$ 114,694	$ 94,623	$ 116,962
Basic earnings per common share	**$ 3.30**	$ 2.71	$ 3.01	$ 2.24	$ 2.30
Diluted earnings per common share	**$ 3.26**	$ 2.69	$ 2.99	$ 2.22	$ 2.29
Weighted average number of common shares outstanding basic	**38,458**	38,297	38,068	42,285	50,899
Weighted average number of common shares outstanding diluted	**38,868**	38,620	38,392	42,567	51,053
Dividends paid per common share	**$ .72**	$ 0.66	$ 0.60	$ 0.505	$ 0.34

Balance Sheet Data

	As of April 30,				
	2014	2013	2012	2011	2010
Current assets	**$ 389,558**	$ 278,967	$ 280,726	$ 293,887	$ 310,085
Total assets	**2,304,876**	1,990,168	1,776,263	1,610,955	1,388,775
Current liabilities	**390,889**	412,806	310,186	294,500	240,886
Long-term debt, net of current maturities	**853,642**	653,081	667,930	678,680	154,754
Shareholders equity	**703,264**	593,387	503,944	403,896	824,319

*

Due to the immaterial error discussed in this Amendment No. 1, the Statement of Income Data and Balance Sheet Data have been revised. See Note 2 to the Consolidated Financial Statements.

Table of Contents

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars and gallons in thousands, except per share amounts)

Please read the following discussion of the Company s financial condition and results of operations in conjunction with the Explanatory Note to this Amendment No. 1 to the Original Filing and in conjunction with selected historical consolidated financial data and consolidated financial statements and accompanying notes presented elsewhere in this Form 10-K/A and presented in the Original Filing.

Overview

The Company operates convenience stores under the name Casey s General Store in fourteen Midwestern states, primarily in Iowa, Missouri and Illinois. On April 30, 2014, there were a total of 1,808 stores in operation. All but one store offer fuel for sale on a self-serve basis and carry a broad selection of food (including freshly prepared foods such as pizza, donuts and sandwiches), beverages, tobacco products, health and beauty aids, automotive products and other non-food items. We derive our revenue from the retail sale of fuel and the products offered in our stores.

Approximately 58% of all Casey s General Stores are located in areas with populations of fewer than 5,000 persons, while approximately 16% of all stores are located in communities with populations exceeding 20,000 persons. We operate a central warehouse, the Casey s Distribution Center, adjacent to our Corporate Headquarters facility in Ankeny, Iowa, through which we supply grocery and general merchandise items to our stores. At April 30, 2014, the Company owned the land at 1,787 store locations and the buildings at 1,792 locations, and leased the land at 21 locations and the buildings at 16 locations.

During the fourth quarter of fiscal 2014, the Company earned $.54 in diluted earnings per share compared to $.56 per share for the same quarter a year ago. Fiscal 2014 diluted earnings per share were $3.26 versus $2.69 for the prior year. The Company s business is seasonal, and generally the Company experiences higher sales and profitability during the first and second fiscal quarters (May-October), when customers tend to purchase greater quantities of fuel and certain convenience items such as beer and soft drinks.

During the 2014 fiscal year, we acquired and opened 25 convenience stores from other parties and completed 44 new store constructions. In addition to this activity, the Company also replaced 20 stores and closed 12 stores during the year.

The fourth quarter results reflected a 1.8% increase in same-store fuel gallons sold, with an average margin of approximately 13.1 cents per gallon. The Company s fourth quarter fuel margin was helped by our ability to sell approximately 12.1 million renewable fuel credits for $5,700. For the fiscal year, same-store gallons increased 3.1% with an average margin of 16.1 cents per gallon. The Company s policy is to price to the competition, so the timing of retail price changes is driven by local competitive conditions.

Same store sales of grocery and other merchandise increased 7.2% and prepared foods and fountain increased 12.1% during the fourth quarter of fiscal 2014.

The Company has several energy initiatives designed to reduce operating expenses associated with energy consumption. The Company believes that reducing energy consumption where feasible is a sound long-term business strategy. While individually and in aggregate the financial impact of these initiatives may not be material, implementing them throughout our operations is a part of our overall expense management. Below is a list of some of the energy initiatives the Company is currently undertaking:

All newly constructed stores use 100 percent high efficiency LED lighting. Also, when we perform a major remodel of an existing store, the fluorescent lighting is replaced with LED lighting. Furthermore, new canopies over the fuel pumps are installed with time systems and photo eyes to help control the canopy lighting.

Multiple paperless initiatives are going on throughout the Company, including going to paperless paystubs and W-2 s where state law allows.

Electric fuel tank heaters have been installed in our fleet of trucks, significantly reducing idle time. Furthermore, timers have been installed that automatically turn off the engine if it is idling for more than ten minutes.

Table of Contents

All of our store managers receive a portion of their pay in the form of incentive compensation. This encourages store managers to efficiently manage operating expenses, including utility expenses. All levels of supervision, including executive officers and supervisory personnel within the store operations department receive some form of incentive compensation, and operating expenses have a direct impact on the amount of annual incentive compensation payments made to these employees.

For further information concerning the Company s operating environment and certain conditions that may affect future performance, see the Forward-looking Statements at the end of this Item 7.

21

Table of Contents

Fiscal 2014 Compared with Fiscal 2013

Total revenue for fiscal 2014 increased 8.1% to $7,840,255, primarily due to an increase in the number of gallons sold (which generated an additional $435,070), and an increase in inside sales (grocery & other merchandise and prepared food & fountain) (a $258,775 increase). This was partially offset by a 2.1% decrease in average fuel prices (amounting to a $109,647 decrease). Retail fuel sales for the fiscal year were $5,554,580, an increase of 6.2%, and gallons sold increased 8.5% to 1,665,600. Inside sales increased 13% to $2,242,410, primarily a result of an $83,454 increase from the rollout and expansion of our operating initiatives in our stores (expanded hours at select locations, stores with pizza delivery, and major remodels), and a $79,743 increase from stores that were built or acquired after April 30, 2012.

Total gross profit margin was 15.6% for fiscal 2014 compared with 14.8% for the prior year. The fuel margin increased to 4.8% in fiscal 2014 from 4.2% in fiscal 2013 primarily due to the increase in the value of the renewable fuel credits sold. The grocery & other merchandise margin decreased to 32.1% in fiscal 2014 from 32.6% in fiscal 2013 primarily due to the cigarette retail price adjustments made during last fiscal year. The prepared food & fountain margin decreased to 61.1% from 61.8% primarily due to the higher costs of cheese and meat during fiscal 2014.

Operating expenses increased 12.7% ($96,932) in fiscal 2014 primarily due to an increase from stores built or acquired after April 30, 2012 ($31,061), and the expansion of our operating initiatives noted above ($29,511). The operating expense ratio also increased to 10.9% of total revenue in fiscal 2014 from 10.5% in the prior year.

Depreciation and amortization expense increased 17.3% to $131,160 in fiscal 2014 from $111,823 in fiscal 2013. The increase was due to capital expenditures made in fiscal 2014.

The effective tax rate decreased 210 basis points to 34.5% in fiscal 2014 from 36.6% in fiscal 2013. The decrease in the effective tax rate was primarily due to out of period adjustments to correct accumulated variances in deferred taxes ($2,760).

Net income increased to $126,820 in fiscal 2014 from $103,814 in fiscal 2013. The increase was due primarily to the increase in inside sales, the increase in the number of fuel gallons sold and the increase in the fuel gross profit margin due to the increase of the renewable fuel credits sold. However, this was partially offset by the decreases in gross profit margins from inside sales, an increase in the operating expenses, and an increase in depreciation and amortization.

Table of Contents

Fiscal 2013 Compared with Fiscal 2012

Total revenue for fiscal 2013 increased 3.8% to $7,250,840, primarily due to an increase in the number of gallons sold (which generated an additional $200,924), and an increase in inside sales (grocery & other merchandise and prepared food & fountain) (a $118,928 increase). This was partially offset by a 1.3% decrease in average fuel prices (amounting to a $64,078 decrease). Retail fuel sales for the fiscal year were $5,229,157, an increase of 2.7%, and gallons sold increased 4% to 1,535,140. Inside sales increased 6.4% to $1,983,635, primarily the result of a $62,608 increase from stores that were built or acquired after April 30, 2011, and a $46,867 increase from the rollout and expansion of our operating initiatives in our stores (expanded hours at select locations, stores with pizza delivery, and major remodels).

Total gross profit margin was 14.8% for fiscal 2013 compared with 14.3% for the prior year. The fuel margin decreased slightly to 4.2% in fiscal 2013 from 4.4% in fiscal 2012 primarily due to the impact of the removal of ethanol blending credits the Company was receiving (approximately $18,000) offset by increases in renewable fuel credits sold (approximately $5,000). The grocery & other merchandise margin increased slightly to 32.6% in fiscal 2013 from 32.5% in fiscal 2012. The prepared food & fountain margin increased to 61.8% from 60.7% primarily due to the lower commodity costs during fiscal 2013.

Operating expenses increased 10.4% ($71,934) in fiscal 2013 primarily due to the expansion of our operating initiatives noted above ($27,996) along with an increase from stores built or acquired after April 30, 2011 ($23,303). The operating expense ratio also increased to 10.5% of total revenue in fiscal 2013 from 9.9% in the prior year.

Depreciation and amortization expense increased 15.8% to $111,823 in fiscal 2013 from $96,552 in fiscal 2012. The increase was due to capital expenditures made in fiscal 2013.

The effective tax rate increased 30 basis points to 36.6% in fiscal 2013 from 36.3% in fiscal 2012. The increase in the effective tax rate was primarily due to lower federal tax credits for the current year.

Net income decreased to $103,814 in fiscal 2013 from $114,694 in fiscal 2012. The decrease was due primarily to the increase in the operating expenses and an increase in depreciation and amortization expenses. However, this was partially offset by an increase in inside sales and an increase in the number of fuel gallons sold.

Table of Contents

COMPANY TOTAL REVENUE AND GROSS PROFIT BY CATEGORY (1)

	Years ended April 30,		
	2014	**2013**	**2012**
Total revenue by category			
Fuel	**$ 5,554,580**	$ 5,229,157	$ 5,092,311
Grocery & other merchandise	**1,583,234**	1,418,711	1,364,995
Prepared food & fountain	**659,176**	564,924	499,712
Other	**43,265**	38,048	30,786
	$ 7,840,255	$ 7,250,840	$ 6,987,804
Gross profit by category (2)			
Fuel	**$ 267,872**	$ 221,422	$ 223,014
Grocery & other merchandise	**507,936**	462,663	443,245
Prepared food & fountain	**402,996**	348,993	303,159
Other	**43,212**	37,991	30,727
	$ 1,222,016	$ 1,071,069	$ 1,000,145

INDIVIDUAL STORE COMPARISONS (3)

	Years ended April 30,		
	2014	**2013**	**2012**
Average retail sales	**$ 4,376**	$ 4,159	$ 4,117
Average retail inside sales	**1,270**	1,152	1,117
Average gross profit on inside items	**512**	467	448
Average retail sales of fuel	**3,105**	3,007	3,000
Average gross profit on fuel (4)	**151**	127	132
Average operating income (5)	**199**	174	189
Average number of gallons sold	**932**	883	870

(1) Due to the immaterial error discussed in this Amendment No. 1, the numbers for Gross profit for fuel and Gross profit total, as well as Average gross profit on fuel and Average operating income have been revised.
(2) Gross profits represent total revenue less cost of goods sold. Gross profit is given before charges for depreciation, amortization, and credit card fees. Cost of goods sold includes the costs we incur to acquire fuel and merchandise, including excise taxes, less vendor allowances and rebates and renewable fuel credits (RINs).
(3) Individual store comparisons include only those stores that had been in operation for at least one full year and remained open on April 30 of the fiscal year indicated.
(4) Retail fuel profit margins have a substantial impact on our net income. Profit margins on fuel sales can be adversely affected by factors beyond our control, including oversupply in the retail fuel market, uncertainty or volatility in the wholesale fuel market, and price competition from other fuel marketers. Any substantial decrease in profit margins on retail fuel sales or the number of gallons sold could have a material adverse effect on our

earnings.

(5) Average operating income represents retail sales less cost of goods sold and operating expenses attributable to a particular store; it excludes federal and state income taxes, Company operating expenses not attributable to a particular store, and our matching contribution paid to the 401(k) Plan.

Table of Contents

SAME STORE SALES GROWTH BY CATEGORY

	Years ended April 30,		
	2014	**2013**	**2012**
Fuel gallons (1)	**3.1%**	0.1%	-1.5%
Grocery & other merchandise (2)	**7.4**	0.8	6.7
Prepared food & fountain (3)	**11.8**	8.6	14.3%

(1) The 3.1% growth in the fuel gallons in 2014 as compared to 2013 was due primarily to the growth in the fuel saver program.
(2) The increase in same store grocery and other merchandise in 2014 is due primarily to the continued rollout of store initiatives, expanded hours and major store remodels. In comparing grocery and other merchandise same store sales growth from 2013 to 2012, the primary reason for the 5.9% decrease was due to a challenging cigarette environment driven by updates to vendor pricing programs and an increase in certain state excise taxes.
(3) The increase in same store prepared food and fountain in 2014 compared to 2013 is due primarily to the continued rollout of the expanded hour, pizza delivery and major store remodel initiatives. In comparing prepared food and fountain from 2013 to 2012, the primary reason for the decrease of 5.7% relates to challenging weather conditions in multiple quarters of 2013 as compared to 2012.

The same store sales comparison includes aggregated individual store results for all stores open throughout both periods presented. When comparing quarterly data the store must be open for each entire quarter. When comparing annual data, the store must be open for each entire fiscal year being compared.

Remodeled stores that remained open or were closed for just a very brief period of time (less than a week) during the period being compared remain in the same store sales comparison. If a store is replaced, either at the same location (razed and rebuilt) or relocated to a new location, it is removed from the comparison until the new store has been open for each entire period being compared. Newly constructed and acquired stores do not enter the calculation until they are open for each entire period being compared as well.

Use of Non-GAAP Measures

We define EBITDA as net income before net interest expense, depreciation and amortization, and income taxes. Adjusted EBITDA further adjusts EBITDA by excluding the gain or loss on disposal of assets as well as impairment charges. Both EBITDA and Adjusted EBITDA are not presented in accordance with generally accepted accounting principles in the United States of America (GAAP).

We believe EBITDA and Adjusted EBITDA are useful to investors in evaluating our operating performance because securities analysts and other interested parties use such calculations as a measure of financial performance and debt service capabilities, and they are regularly used by management for internal purposes including our capital budgeting process, evaluating acquisition targets, and assessing store performance.

EBITDA and Adjusted EBITDA are not recognized terms under GAAP and should not be considered as a substitute for net income, cash flows from operating activities or other income or cash flow statement data. These measures have limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of our results as reported under GAAP. We strongly encourage investors to review our financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Because non-GAAP financial measures are not standardized, EBITDA and Adjusted EBITDA, as defined by us, may not be comparable to similarly titled measures reported by other companies. It therefore may not be possible to compare our use of these non-GAAP financial measures with those used by other companies.

Table of Contents

The following table contains a reconciliation of net income to EBITDA and Adjusted EBITDA for the three months and years ended April 30, 2014 and 2013, respectively (1):

	Three months ended		Years ended	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Net income	$ 20,932	21,604	126,820	103,814
Interest, net	10,320	8,836	39,915	35,265
Depreciation and amortization	35,556	29,910	131,160	111,823
Federal and state income taxes	6,689	12,262	66,824	59,802
EBITDA	$ 73,497	72,612	364,719	310,704
(Gain) loss on disposal of assets and impairment charges	(34)	516	2,846	4,788
Adjusted EBITDA	$ 73,463	73,128	367,565	315,492

(1) Due to the immaterial error discussed in this Amendment No. 1, these numbers have been revised from the Original Filing.

For the three months ended April 30, 2014, EBITDA and Adjusted EBITDA were up 1.2% and .5% respectively, when compared to the same period a year ago. The increase was due to operating 59 more stores than the same period a year ago, the results from the implementation of expanded hours, major remodels and pizza delivery, as well as operating more replacement stores. These gains were offset by a reduction in fuel margin compared to the fourth quarter a year ago. For the year ended, April 30, 2014, EBITDA and Adjusted EBITDA were up 17.4% and 16.5% respectively. The primary reason for the increase was attributable to a higher fuel margin from an increase in renewable fuel credit sales, operating 59 more stores than the same period a year ago, the results from the implementation of expanded hours, major remodels and pizza delivery, as well as operating more replacement stores.

Table of Contents

Critical Accounting Policies

Critical accounting policies are those accounting policies that management believes are important to the portrayal of our financial condition and results of operations and require management s most difficult, subjective judgments, often because of the need to estimate the effects of inherently uncertain factors.

Inventory

Inventories, which consist of merchandise and gasoline, are stated at the lower of cost or market. For fuel, cost is determined through the use of the first-in, first-out (FIFO) method. For merchandise inventories, cost is determined through the use of the last-in, first-out (LIFO) method for financial and income tax reporting applied to inventory values determined primarily by our FIFO accounting system for warehouse inventories.

Vendor allowances include rebates and other funds received from vendors to promote their products. The Company often receives such allowances on the basis of quantitative contract terms that vary by product and vendor or directly on the basis of purchases made. Vendor rebates in the form of rack display allowances (RDAs) are funds that we receive from various vendors for allocating certain shelf space to carry their specific products or to introduce new products in our stores for a particular period of time. The RDAs are treated as a reduction in cost of goods sold and are recognized incrementally over the period covered by the applicable rebate agreement. These funds do not represent reimbursements of specific, incremental, identifiable costs incurred by us in selling the vendor s products. Vendor rebates in the form of billbacks are treated as a reduction in cost of goods sold and are recognized at the time the product is sold. Reimbursements of an operating expense (e.g., advertising) are recorded as reductions of the related expense. The Company takes title to RINs when we purchase clear unleaded gasoline or diesel fuel, and purchase ethanol separately. The ethanol is blended in the tanker during transit to the store and the blending is the event that enables the RIN to be separated from the ethanol it identifies and allows it to be sold to third parties. The RINs are recorded as a reduction in the cost of goods sold in the period when the Company commits to a price and agrees to sell all of the RINs acquired during a specified period.

Long-lived Assets

The Company periodically monitors closed and underperforming stores for an indication that the carrying amount of assets may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, an impairment loss is recognized to the extent the carrying value of the assets exceeds their estimated fair value. The Company bases the estimated net realizable value of property and equipment on its experience in utilizing and/or disposing of similar assets and on estimates provided by its own and/or third-party real estate experts. Fair value is based on management s estimate of the future cash flows to be generated and the amount that could be realized from the sale of assets in a current transaction between willing parties, which are considered Level 3 inputs. The estimate is derived from offers, actual sale or disposition of assets subsequent to year-end, and other indications of fair value. In determining whether an asset is impaired, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets, which for the Company is generally on a store-by-store basis. The Company recorded impairment charges of $2,542 in fiscal 2014, $3,680 in fiscal 2013, and $226 in fiscal 2012, the majority of which was related to replacement store and acquisition activities. Impairment charges are a component of operating expenses.

Self-insurance

We are primarily self-insured for employee healthcare, workers compensation, general liability, and automobile claims. The self-insurance claim liability is determined actuarially at each year end based on claims filed and an estimate of claims incurred but not yet reported. Actuarial projections of the losses are employed due to the high degree of variability in the liability estimates. Some factors affecting the uncertainty of claims include the development time frame, settlement patterns, litigation and adjudication direction, and medical treatment and cost trends. The liability is not discounted. The balances of our self-insurance reserves were $28,429 and $24,039 for the years ended April 30, 2014 and 2013, respectively.

Goodwill

Goodwill and intangible assets with indefinite lives are tested for impairment at least annually. The Company assesses impairment annually at year-end using a market based approach to establish fair value. All of the goodwill assigned to the individual stores is aggregated into a single reporting unit due to the similar economic characteristics of the stores. As of April 30, 2014, there was $120,406 of goodwill and management s analysis of recoverability completed as of the fiscal year-end yielded no evidence of impairment and no events have occurred since the annual test indicating a potential impairment.

Liquidity and Capital Resources

Due to the nature of our business, cash provided by operations is our primary source of liquidity. We finance our inventory purchases primarily from normal trade credit aided by relatively rapid inventory turnover. This turnover allows us to conduct operations without large amounts of cash and working capital. As of April 30, 2014, the Company s ratio of current assets to current liabilities was 1 to 1. The ratio at April 30, 2013 and at April 30, 2012 was .68 to 1 and .91 to 1 respectively. We believe our current bank line of credit and the cash flow from operations will be sufficient to satisfy the working capital needs of our business.

Net cash provided by operating activities increased $27,832 (9.7%) in the year ended April 30, 2014, primarily because of an increase in net income, and larger increases in depreciation and amortization and accrued expenses. This result was partially offset by a smaller increase in deferred income taxes. Cash used in investing activities in the year ended April 30, 2014 increased $5,605 (1.7%) primarily due to the increase in the purchase of property and equipment from the prior year. Cash flows from financing activities increased $72,791 (240.2%), primarily due to the proceeds from long-term debt.

Capital expenditures represent the single largest use of Company funds. We believe that by reinvesting in stores, we will be better able to respond to competitive challenges and increase operating efficiencies. During fiscal 2014, we expended $340,217 for property and equipment, primarily for construction, acquisition, and remodeling of stores compared with $334,828 in the prior year. In fiscal 2015, we anticipate expending between $360,000 and $410,000, primarily from existing cash, funds generated by operations, and recent long-term debt proceeds for our construction, acquisition, and remodeling of stores.

As of April 30, 2014, we had long-term debt, net of current maturities, of $853,642 consisting of $569,000 in principal amount of 5.22% Senior notes, $75,000 in principal amount of 5.72% Senior notes, Series A and B; $150,000 in principal amount of 3.67% Senior Notes, Series A, $50,000 in principal amount of 3.75% Senior Notes, Series B, and $9,642 of capital lease obligations.

Interest on the 5.22% Senior notes is payable on the 9th day of each February and August. Principal on the 5.22% Senior notes is payable in full on August 9, 2020. We may prepay the 5.22% notes in whole or in part at any time in an amount of not less than $2,000 at a redemption price calculated in accordance with the Note Agreement dated August 9, 2010 between the Company and the purchasers of the 5.22% Senior notes.

Interest on the 5.72% Senior notes Series A and Series B is payable on the 30th day of each March and September. Principal on the Senior notes Series A and Series B is payable in various installments beginning September 30, 2012. We may prepay the 5.72% Senior notes Series A and Series B in whole or in part at any time in an amount of not less than $2,000 at a redemption price calculated in accordance with the Note Agreement dated September 29, 2006 between the Company and the purchasers of the 5.72% Senior notes Series A and Series B.

Interest on the 3.67% Senior notes Series A and 3.75% Series B is payable on the 17th day of each June and December. Principal on the Senior notes Series A and Series B is payable in various installments beginning June 17, 2022 (Series A) and December 17, 2022 (Series B). We may prepay the 3.67% and 3.75% Senior notes in whole or in part at any time in an amount of not less than $2,000 at a redemption price calculated in accordance with the Note Agreement dated June 17, 2013, between the Company and the purchasers of the Senior notes Series A and Series B.

To date, we have funded capital expenditures primarily through funds generated from operations, the proceeds of the sale of common stock, issuance of 6.25% convertible subordinated debentures (converted into shares of common stock in 1994), the previously described Senior notes, and a mortgage note. Future capital required to finance operations, improvements, and the anticipated growth in the number of stores is expected to come from cash generated by operations, the bank line of credit, and additional long-term debt or other securities as circumstances may dictate. We do not expect such capital needs to adversely affect liquidity.

Table of Contents

The table below presents our significant contractual obligations, including interest, at April 30, 2014:

Contractual obligations	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Senior notes	$ 1,129,530	41,372	111,456	108,025	868,677
Capital lease obligations	17,471	1,078	1,772	1,746	12,875
Operating lease obligations	3,227	872	1,177	917	261
Unrecognized tax benefits	9,244				
Deferred compensation	16,558				
Total	$ 1,176,030	43,322	114,405	110,688	881,813

Unrecognized tax benefits relate to uncertain tax positions and since we are not able to reasonably estimate the timing of the payments or the amount by which the liability will increase or decrease over time, the related balances have not been reflected in the Payments due by period section of the table.

At April 30, 2014, the Company had a total of $9,244 in gross unrecognized tax benefits. Of this amount, $6,131 represents the amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate. The total amount of accrued interest and penalties for such unrecognized tax benefits was $402 as of April 30, 2014. Interest and penalties related to income taxes are classified as income tax expense in our consolidated financial statements. The federal statute of limitations remains open for the years 2010 and forward. Tax years 2009 and forward are subject to audit by state tax authorities depending on open statute of limitations waivers and the tax code of each state.

A number of years may elapse before an uncertain tax position is audited and ultimately settled. It is difficult to predict the ultimate outcome or the timing of resolution for uncertain tax positions. It is reasonably possible that the amount of unrecognized tax benefits could significantly increase or decrease within the next twelve months. These changes could result from the expiration of the statute of limitations, examinations or other unforeseen circumstances. As of April 30, 2014, the Company has no ongoing federal or state income tax examinations. The Company did not have any outstanding litigation related to tax matters. At this time, management believes it is reasonably possible the aggregate amount of unrecognized tax benefits will decrease by $2,661 within the next 12 months. This expected decrease is due to the expiration of statute of limitations related to certain state income tax filing positions.

Included in long-term liabilities on our consolidated ba