

**United States  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**



**Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the Fiscal Year Ended April 30, 2020**

**OR**



**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the transition period from February 1, 2020 to April 30, 2020**

**Commission File Number 001-34700**

**CASEY'S GENERAL STORES, INC.**

**(Exact name of registrant as specified in its charter)**

**Iowa**  
**(State or other jurisdiction of  
incorporation or organization)**

**42-0935283**  
**(I.R.S. Employer  
Identification Number)**

**ONE SE 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**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value per share	CASY	The NASDAQ Global Select Market

**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  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

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  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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

The aggregate market value of the registrant's common stock held by non-affiliates as of October 31, 2019, was approximately \$6.3 billion based on the closing sales price (\$170.81 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.

<u>Class</u>	<u>Outstanding at June 9, 2020</u>
<b>Common Stock, no par value per share</b>	<b>36,849,324 shares</b>

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Certain information called for by Items 10, 11, 12, 13 and 14 of Part III is hereby incorporated by reference from the definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission not later than 120 days after April 30, 2020.

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**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 names "Casey's" and "Casey's General Store" (hereinafter referred to as "Casey's Store" or "Stores") in 16 Midwestern states, primarily in Iowa, Missouri, and Illinois. The Company also operates two stores under the name "Tobacco City", selling primarily tobacco and nicotine products, one liquor store, and one grocery store. The Casey's Stores carry a broad selection of food (including freshly prepared foods such as pizza, donuts, and sandwiches), beverages, tobacco and nicotine products, health and beauty aids, automotive products, and other nonfood items. In addition, all but three 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, 2020, there were a total of 2,207 stores in operation. There were 60 stores newly constructed in fiscal 2020. We closed 13 stores in fiscal 2020. We also acquired 18 additional stores in fiscal 2020; 11 of those stores were opened in fiscal 2020, and seven will be opened during the 2021 fiscal year. Finally, we opened three acquisitions purchased in the prior year. Two distribution centers are in operation (in Ankeny, Iowa adjacent to the Store Support Center and in Terre Haute, Indiana) from which grocery and general merchandise items are supplied to our stores. Additionally, the Company is currently constructing a third distribution center in Joplin, Missouri. Casey's, with the Store Support Center located at One SE Convenience Blvd., Ankeny, Iowa 50021-8045 (telephone 515-965-6100), was incorporated in Iowa in 1967.

Approximately 56% of all our stores were opened in areas with populations of fewer than 5,000 persons, while approximately 19% of our stores were opened 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, product offerings, and quality of service.

The Company's internet address is [www.caseys.com](http://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. In the event of a waiver to the Code of Conduct, any required disclosure will be posted to our website.

**General**

We seek to meet the needs of residents of smaller towns through quality products at competitive prices with courteous service in clean stores at convenient locations. Smaller communities often are not served by national-chain convenience stores. We have succeeded at operating Casey's 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 substantially all of our stores, both distribution centers, a construction and support services facility, and the Store Support Center 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) relative to the third and fourth fiscal quarters (November through April). In warmer weather, guests tend to purchase greater quantities of fuel and certain convenience items such as beer, isotonic drinks, water, soft drinks, and ice.

**Corporate Subsidiaries**

Casey's Marketing Company (the "Marketing Company") and Casey's Services Company (the "Services Company") were organized as Iowa corporations in March 1995. Casey's Retail Company (the "Retail Company") was organized as an Iowa corporation in April 2004. CGS Stores, LLC was organized in April 2019 as an Iowa limited liability company. Heartland Property Company, LLC was organized in September 2019 as a Delaware limited liability company. The Marketing Company, Services Company, and Retail Company are wholly-owned subsidiaries of Casey's. CGS Stores, LLC and Heartland Property Company, LLC are wholly-owned subsidiaries of the Marketing Company.

Casey's Retail Company owns and operates stores in Illinois, Kansas, Minnesota, Nebraska, North Dakota, South Dakota and Michigan; it also holds the rights to the Company's trademarks, service marks, trade names, and other intellectual property. The Marketing Company owns and operates stores in Arkansas, Indiana, Iowa, Kentucky, Missouri, Ohio, Oklahoma, and

Wisconsin, and until May 2019, stores in Tennessee. The Marketing Company also has responsibility for all of our wholesale operations, including both distribution centers. As of May 2019, CGS Stores, LLC owns and operates stores in Tennessee. The Services Company provides a variety of construction and transportation services for all stores.

## **Store Operations**

### **Products Offered**

Each Casey's 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 food products are nationally advertised brands, and we also have an assortment of Casey's proprietary branded products. Stores sell regional brands of dairy and bakery products, and 1,887 (85.5%) of the stores offer beer. Our nonfood items include tobacco and nicotine products, health and beauty aids, school supplies, housewares, pet supplies, and automotive products.

All but three Casey's Stores offer retail motor fuel products for sale on a self-service basis. Gasoline and diesel fuel are sold under the Casey's name.

It is our practice 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 kitchens, which now are in the majority of stores. The kitchens sell sandwiches, fountain drinks, and other items that have gross profit margins higher than those of general staple goods. As of April 30, 2020, the Company was selling donuts in 2,199 (99.6%) of our stores in addition to cookies, brownies, and other bakery items. The Company installs donut-making equipment in all newly constructed stores.

We began marketing made-from-scratch pizza in 1984, and it was available in 2,198 stores (99.6%) as of April 30, 2020. Although pizza is our most popular prepared food offering, we continue to expand our prepared food product line, which currently includes ham and cheese sandwiches, pork, chicken, and sausage sandwiches, chicken tenders, pizza bites, popcorn chicken, breakfast croissants and biscuits, breakfast pizza, hash browns, quarter-pound hamburgers and cheeseburgers, potato cheese bites and other seasonal items. 1,553 (70.4%) stores currently 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 39% of our total revenue, but they have resulted in approximately 75% of our revenue less cost of goods sold (excluding depreciation and amortization). Revenue less cost of goods sold (excluding depreciation and amortization) as a percentage of revenue on prepared food items averaged approximately 61% during the three fiscal years ended April 30, 2020—substantially higher than the impact of retail sales of fuel, which averaged approximately 9%.

### **Store Design**

Casey's Stores are primarily freestanding and, with a few exceptions to accommodate local conditions, conform to standard construction specifications. The current larger store design measures 46 feet by 130 feet with approximately 3,000 square feet devoted to sales area, 600 square feet to kitchen space, 400 square feet to storage, and 2 large public restrooms. There is also a smaller store design that is generally designated for smaller communities that measures 39 feet by 86 feet, with approximately 1,550 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 5 to 10 islands of fuel dispensers and storage tanks with capacity for 60,000 to 70,000 gallons of fuel. The merchandising display follows a standard layout designed to encourage a flow of guest 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 sign which displays Casey's name and service mark.

All Casey's Stores remain open at least sixteen hours per day, seven days a week. Hours of operation may be adjusted on a store-by-store basis to accommodate guest traffic patterns. As of April 30, 2020, we operated 38 stores on a 24-hour basis, and another 307 that have expanded hours. Store hours as of year-end reflect temporarily adjusted hours in response to the COVID-19 pandemic. Prior to the COVID-19 pandemic, we operated 633 stores on a 24-hour basis and another 1,407 stores with expanded hours. All stores maintain a bright, clean interior and provide prompt checkout service.

### **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 Store provides a service generally 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. We can operate effectively at a highway location in a community with a population of as few as 400.

### **Fuel Operations**

Fuel sales are an important part of our revenue and earnings. Approximately 60% of Casey's total revenue for the year ended April 30, 2020 was derived from the retail sale of fuel. The following table summarizes (dollars and gallons in thousands) fuel sales for the last three fiscal years ended April 30:

	<b>Year ended April 30,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Number of gallons sold	<b>2,293,609</b>	2,296,030	2,198,600
Total retail fuel sales	<b>\$ 5,517,412</b>	\$ 5,848,770	\$ 5,145,988
Percentage of total revenue	<b>60.1%</b>	62.5%	61.3%
Percentage of revenue less cost of goods sold (excluding depreciation and amortization and credit card fees)	<b>11.1%</b>	8.0%	7.9%
Average retail price per gallon	<b>\$ 2.41</b>	\$ 2.55	\$ 2.34
Average revenue less cost of goods sold per gallon (excluding depreciation and amortization and credit card fees)	<b>26.81¢</b>	20.30¢	18.50¢
Average number of gallons sold per store*	<b>1,055</b>	1,097	1,087

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

Retail prices of fuel during the year decreased 5.5% from prior year. The total number of gallons we sold during this period decreased by 0.1%. Over the course of the last year, the Company, as part of its evolving strategy around fuel price optimization, has been more proactive and balanced to grow profitability, which has partially contributed to higher fuel margins and lower same-store fuel gallons sold during that time. Additionally, shelter in place restrictions due to the COVID-19 pandemic diminished overall demand during the last two months of the fiscal year.

Percentage of revenue less cost of goods sold (excluding depreciation and amortization and credit card fees) represents the fuel gross profit divided by the gross fuel sales dollars. As retail fuel prices fluctuate in a period of consistent gross margin per gallon, the percentage will also fluctuate in an inverse relationship to fuel price. For additional information concerning the Company's fuel operations, see Item 7 herein.

### **Distribution and Wholesale Arrangements**

The Marketing Company supplies all stores with groceries, food, health and beauty aids, and general merchandise from the distribution centers. The stores place orders for merchandise electronically to the Store Support Center in Ankeny, and the orders are filled with shipments in Company-operated delivery trucks from one of the distribution centers, based on route optimization for the fleet network. All of our existing and most of our proposed stores are within the two distribution centers' optimum efficiency range—a radius of approximately 500 miles around each distribution center.

In fiscal 2020, a majority of the food and nonfood items supplied to stores from the distribution centers were purchased directly from manufacturers. With few exceptions, long-term supply contracts are not entered into with the suppliers of products sold by Casey's Stores. We believe the practice enables us to respond to changing market conditions with minimal impact on margins.

### **Personnel**

On April 30, 2020, we had 17,282 full-time team members and 19,871 part-time team members. We have not experienced any work stoppages. There are no collective bargaining agreements between the Company and any of its team members.

### **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 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, quick serve restaurants, expanded fuel stations, supermarkets, discount food stores, and traditional convenience stores. Examples of convenience store chains competing in the larger towns served by Casey's Stores include Quik Trip, Kwik Trip, Kum & Go, and other 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.

### **Trademarks and Service Marks**

The names "Casey's" and "Casey's General Store" and the marks consisting of the Casey's design logos (with the words "Casey's General Store") and the weathervane are registered trademarks and service marks under federal law. We believe these marks are of material importance in promoting and advertising the Company's business. The Company has a number of other registered and unregistered trademarks and service marks that are significant to the Company from an operational and branding perspective (e.g. "Casey's Pizza", "Casey's Famous for Pizza", "Casey's Here for Good", etc.).

### **Government Regulation (dollars in thousands)**

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 record keeping. Since 1984, our new stores have been equipped with noncorroding fiberglass USTs, including some with double-wall construction, overfill protection, and electronic tank monitoring. We currently have 5,025 USTs, 4,152 of which are fiberglass and 873 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. For the years ended April 30, 2020 and 2019, we spent approximately \$718 and \$774, respectively, for assessments and remediation. Substantially all of these expenditures were submitted for reimbursement from state-sponsored trust fund programs. As of April 30, 2020, approximately \$23,695 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, 2020, we had an accrued liability of \$328 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**

**Pandemics or disease outbreaks, such as the novel coronavirus ("COVID-19"), responsive actions taken by governments and others to mitigate their spread, and guest behavior in response to these events, have, and may in the future, adversely affect our business operations, supply chain and financial results.**

Pandemics or disease outbreaks such as COVID-19 have, and may continue to have, adverse impacts on the Company's business. These include, but are not limited to, decreased store traffic and changed guest behavior, decreased demand for our fuel, prepared food and other convenience offerings, decreased or slowed unit/store growth, issues with our supply chain, including difficulties obtaining certain items sold at our stores or that our guests may demand, issues with respect to our team members' health, working hours and/or ability to perform their duties, and increased costs to the Company in response to these changing conditions and to protect the health and safety of our team members and guests.

In addition, the general economic and other impacts related to responsive actions taken by governments and others to mitigate the spread of COVID-19, including but not limited to "stay-at-home," "shelter-in-place" and other travel restrictions,

social distancing requirements, limitations on certain businesses' hours and operations, limits on public gatherings and other events, and restrictions on how certain products can be sold and offered to our guests, have, and may continue to, result in similar declines in store traffic and overall demand, increased operating costs, and decreased or slower unit/store growth. Further, although the Company's business has been deemed an "essential service" by many public authorities, allowing our operations to continue (in some cases in a modified manner), there are no guarantees the designation will continue, or be applied during a future pandemic or COVID-19 outbreak, which would require us to reduce our operations and potentially close stores for an undetermined period of time.

We cannot predict the extent and duration of the COVID-19 pandemic or the severity and duration of its impact to the general economy, our guests or our operating results; however, its effects could be material and last for an extended period of time.

**Our business and our reputation could be adversely affected by a data security incident or the failure to protect sensitive guest, team member or supplier data, or the failure to comply with applicable regulations relating to data security and privacy.**

In the normal course of our business, we obtain and have access to large amounts of personal data, including but not limited to credit and debit card information, personally identifiable information and other data from and about our guests, team members, and suppliers. While we invest significant resources and have engaged professional advisers in the protection of such data and information, our IT systems, and incident response programs, and maintain what we believe are adequate security controls, a compromise or a breach in our systems, or other data security or privacy incident that results in the loss, unauthorized release, disclosure or acquisition of such data or information, or other sensitive data or information, could nonetheless occur and have a material adverse effect on our reputation, operating results and financial condition.

A data security or privacy incident of any kind could expose us to risk in terms of the loss, unauthorized release, disclosure or acquisition of sensitive guest, team member or supplier data, and could result in litigation or other regulatory action being brought against us and damages, monetary and other claims made by or on behalf of the payment card brands, guests, team members, shareholders, financial institutions and governmental agencies. Such claims could give rise to substantial monetary damages and losses which are not covered, or in some instances fully covered, by our insurance policies and which could adversely affect our reputation, results of operations, financial condition and liquidity. Moreover, a data security or privacy incident could require that we expend significant additional resources on mitigation efforts and to further upgrade the security and other measures that we employ to guard against, and respond to, such incidents.

**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, and a variety of other retail companies, including retail gasoline companies that have more extensive retail outlets, greater brand name recognition and established fuel supply arrangements. Several non-traditional retailers such as supermarkets, club stores, and mass merchants have affected the convenience store industry by entering the retail fuel business. These non-traditional fuel retailers have obtained a significant share of the motor fuels market, and their market share is expected to grow. Certain of these non-traditional retailers may use more extensive promotional pricing or discounts, both at the fuel pump and in the store, to encourage in-store merchandise sales and gasoline sales. 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 have a greater ability to bear the economic risks inherent in our industry, and may be able to respond better to changes in the economy and new opportunities within the industry. This intense competition could adversely affect our revenues and profitability, and have a material adverse impact on our business and results of operations.

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

Our net income is significantly affected by changes in the margins we receive on our retail fuel sales. Over the past three fiscal years, on average our fuel revenues accounted for approximately 61% of total revenue and our fuel revenue less cost of goods sold excluding depreciation and amortization accounted for approximately 25% of the total revenue less cost of goods sold excluding depreciation and amortization. Crude oil and domestic wholesale petroleum markets are, and in the recent past have been, marked by significant volatility. The overall economic impact of the COVID-19 pandemic, general political conditions, threatened or actual acts of war or terrorism, instability or other changes in oil producing regions, particularly in the Middle East and South America, and trade, economic or other disagreements between oil producing nations, can, and recently

have, significantly affected crude oil supplies and wholesale petroleum costs. In addition, the supply of fuel and 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 level of fuel contracts that we have that guarantee an uninterrupted, unlimited supply of fuel. 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 in future periods. Any significant change in one or more of these factors could materially affect the number of fuel gallons sold, fuel revenue less cost of goods sold excluding depreciation and amortization and overall guest traffic, which in turn could have a material adverse effect on our business, financial condition and results of operations.

**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, including those resulting from the COVID-19 pandemic, higher interest rates, higher fuel and other energy costs, inflation, increases or fluctuations in commodity prices such as cheese and coffee, higher levels of unemployment, higher consumer debt levels and lower consumer discretionary spending, higher tax rates and other changes in tax laws or other economic factors may affect input costs and consumer spending or buying habits, and could adversely affect the costs of the products we sell in our stores and the consumer demand for such products. Unfavorable economic conditions, especially those affecting the agricultural industry, higher fuel prices, and unemployment levels can affect consumer confidence, spending patterns, and miles driven, and can cause guests to "trade down" to lower priced products in certain categories when these conditions exist. These factors can lead to sales declines, and in turn have an adverse impact on our business, financial condition and results of operations.

**Governmental action and campaigns to discourage tobacco and nicotine use and other tobacco products 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 and nicotine 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 and regulations to discourage tobacco and nicotine use and limit the sale of such products, including but not limited to certain actions taken to increase the minimum age in order to purchase such products, have resulted or may in the future result in, reduced industry volume and consumption levels, and could materially affect the retail price of cigarettes, unit volume and revenues, gross profit, and overall guest traffic, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Also, increasing regulations for e-cigarettes and vapor products could offset some of the revenue growth we have experienced from selling these types of products.

**Consumer or other litigation could adversely affect our financial condition and results of operations.**

Our retail operations are characterized by a high volume of guest 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 personal injury, bad fuel, product liability, accessibility, data security and privacy 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, industry-specific business practices or other operational matters. Our defense costs and any resulting damage awards or settlement amounts may not be covered, or in some instances 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.

**Increased credit card expenses could increase operating expenses.**

A significant percentage of our sales are made with the use of credit cards. Because the interchange fees we pay when credit cards are used to make purchases are based on transaction amounts, higher fuel prices at the pump and higher gallon movement 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 2020, 2019, and 2018, were approximately \$145 million, \$140 million, and \$123 million, respectively.

**Developments related to fuel efficiency, fuel conservation practices, climate change, and changing consumer preferences may decrease the demand for motor fuel.**

Technological advances and consumer behavior in reducing fuel use and governmental mandates to improve fuel efficiency could lessen the demand for our largest revenue product, petroleum-based motor fuel, which may have a material adverse effect on our business, financial condition, and results of operation. Changes in our climate, including the effects of greenhouse gas emissions in the environment, may lessen demand or lead to additional government regulation. In addition, a shift toward electric, hydrogen, natural gas or other alternative fuel-powered vehicles, including driverless motor vehicles, could fundamentally change the shopping and driving habits of our guests or lead to new forms of fueling destinations or new competitive pressure. Any of these outcomes could potentially result in fewer guest visits to our stores, decreases in sales revenue across all categories or lower profit margins, which could have a material adverse effect on our business, financial condition and results of operations.

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

Sales of tobacco and nicotine products have averaged approximately 11% of our total revenue over the past three fiscal years, and our tobacco and nicotine revenue less cost of goods sold excluding depreciation and amortization accounted for approximately 10% of the total revenue less cost of goods sold excluding depreciation and amortization for the same period. Any significant increases in wholesale cigarette and related product costs or tax increases on tobacco or nicotine products may have a materially adverse effect on unit demand for cigarettes (or related products). Currently, major cigarette and tobacco and nicotine 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 and related products. In the event these rebates are no longer offered or decreased, our wholesale cigarette and related product costs will increase accordingly. In general, we attempt to pass price increases on to our guests. 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 and related products, cigarette or related product unit volume and revenues, merchandise revenue less cost of goods sold excluding depreciation and amortization, and overall guest traffic, and in turn have a material adverse effect on our business, financial condition and results of operations.

**Risks Related to Our Business**

**Food-safety issues and food-borne illnesses, whether actual or reported, or the failure to comply with applicable regulations relating to the transportation, storage, preparation or service of food, could adversely affect our business and reputation.**

Instances or reports of food-safety issues, such as food-borne illnesses, food tampering, food contamination or mislabeling, either during growing, manufacturing, packaging, transportation, storage, preparation or service, have in the past significantly damaged the reputations and impacted the sales of companies in the food processing, grocery, quick service and “fast casual” restaurant sectors, and could affect us as well. Any instances of, or reports linking us to, food-borne illnesses or food tampering, contamination, mislabeling or other food-safety issues could damage the value of our brand and severely hurt sales of our prepared food products and possibly lead to product liability and personal injury claims, litigation (including class actions), government agency investigations and damages. In addition, guest preferences and store traffic could be adversely impacted by food-safety issues, health concerns or negative publicity about the consumption of our products, which could cause a decline in demand for those products and adversely impact our sales.

**Any failure to anticipate and respond to changes in consumer preferences, or to introduce and promote innovative technology for guest interaction, could adversely affect our financial results.**

Our continued success depends on our ability to remain relevant with respect to consumer needs and wants, attitudes toward our industry, and our guests’ preferences for ways of doing business with us, particularly with respect to digital engagement, contactless delivery, curbside pick-up and other non-traditional ordering and delivery platforms. We must continually work to develop, produce and market new products, maintain and enhance the recognition of our brands, offer a favorable mix of products, and refine our approach as to how and where we market, sell and deliver our products. This risk 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.

**We rely on our information technology systems, and a number of third-party vendor platforms, 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, and a number of third-party vendor platforms, to manage and operate numerous aspects of our business, provide analytical information to management and serve as a platform for our business continuity plan. Our IT systems, and the technology platforms provided by our vendors, are an essential component of our business and growth strategies, and a serious disruption to these 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, or loss of access to, data and information, security breaches or other security incidents, and computer viruses or attacks. Any disruption could cause our business and competitive position to suffer and cause our operating results to be reduced.

**A significant disruption to our distribution network, to the capacity of the distribution centers, or timely receipt of inventory could adversely impact our sales or increase our transaction costs, which could have a material adverse effect on our business.**

We rely on our distribution and transportation network, and the networks of our direct store delivery partners, to provide products to our stores in a timely and cost-effective manner. Products are either moved from supplier locations to our distribution centers, or delivered directly to our stores. Deliveries to our stores occur from the distribution centers or directly from our suppliers. Any disruption, unanticipated or unusual expense or operational failure related to this process could affect our store operations negatively.

We also depend on regular deliveries of products to and from our facilities and stores that meet our specifications. In addition, we may have a single supplier or limited number of suppliers for certain products. While we believe there are adequate reserve quantities and alternative suppliers, shortages or interruptions in the receipt or supply of products caused by unanticipated demand, problems in production or distribution, financial or other difficulties of suppliers, inclement weather or other economic conditions could adversely affect the availability, quality and cost of products, and our operating results.

**We may experience difficulties implementing and realizing the results of our strategic plan.**

In January 2020, Casey's unveiled an updated, long-term/strategic plan, centered around four strategic objectives: reinvigorate hospitality and the guest experience; be where the guest is; best-in-class efficiencies; and, invest in our people and culture. While we have invested, and will continue to invest, significant resources in our team and in planning, development, project management, and implementation of the plan, it is possible that we may experience significant delays, increased costs and other difficulties that are not presently contemplated. Further, the intended results of the plan may not be realized as anticipated. Any such issues could adversely affect our operations and negatively impact our business, results of operations and financial condition.

**Unfavorable weather conditions can adversely affect our business.**

All of our stores are located in the central region of the United States, which is susceptible to tornadoes, thunderstorms, extended periods of rain or unseasonably cold temperatures, 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.

**Because we depend on our management's and other team members' experience and knowledge of our industry, we could be adversely affected were we to lose, or experience difficulty in recruiting and retaining, any such members of our team.**

We are dependent on the continued knowledge and efforts of our management team and other key team members. If, for any reason, our executives do not continue to be active in management, or we lose such persons, or other key team members, or we fail to identify and/or recruit for current or future positions of need, our business, financial condition or results of operations

could be adversely affected. We also rely on our ability to recruit qualified drivers, store and field management 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.

**We may experience increased costs, disruptions or other difficulties with the implementation, operation and functionality of our enterprise resource planning system.**

We are engaged in a phased implementation of an enterprise resource planning (ERP) system, which will replace or enhance certain internal financial and operating systems that are critical to our business operations. The implementation, operation, and functionality of the ERP system has and will continue to require a significant investment of human, technological, and financial resources. While we have invested, and continue to invest, significant resources in planning, project management, consulting, and training, it is possible that significant implementation, operational, and functionality issues may arise during the course of implementing and utilizing the ERP system, and it is further possible that we may experience significant delays, increased costs, and other difficulties that are not presently contemplated. Any significant disruptions, delays, deficiencies, or errors in the design, implementation, and utilization of the ERP system could adversely affect our operations, prevent us from accurately and timely reporting our financial results, and negatively impact our business, results of operations and financial condition. Additionally, if we do not effectively implement and utilize the ERP system as planned or the system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or our ability to assess it adequately could be delayed.

**Control deficiencies could prevent us from accurately and timely reporting our financial results.**

Our internal control over financial reporting constitutes a process, including controls, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles. 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 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.

**Our operations present hazards and risks which may not be fully covered by insurance, if insured.**

The scope and nature of our operations present a variety of operational hazards and risks that must be managed through continual oversight and control. As protection against hazards and risks, we maintain insurance against many, but not all, potential losses or liabilities arising from such risks. Uninsured losses and liabilities from operating risks could reduce the funds available to us for capital and investment spending and could have a material adverse impact on the results of operations.

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

An important part of our growth strategy has been to purchase properties on which to build our stores, and in certain instances, acquire other convenience stores that complement our existing stores or broaden our geographic presence. We expect to continue pursuing acquisition opportunities, which 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, but are not limited to, 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; difficulties in adapting distribution and other operational and management systems to an expanded network of stores; difficulties in adopting, adapting to or changing the business practices, models or processes of stores or chains we acquire; 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 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.

**Covenants in our senior notes and credit facility agreements require us to comply with certain covenants and meet financial maintenance tests. Failure to comply with these requirements could have a material impact to us.**

We are required to comply with certain financial and non-financial covenants under our existing senior notes and credit facility agreements. A breach of any covenant could result in a default under such agreements, which could, if not timely cured, permit lenders to declare all amounts outstanding to be immediately due and payable, and to terminate such instruments, which in turn could have a material adverse effect on our business, financial condition and results of operation.

**Compliance with and changes in tax laws could adversely affect our performance.**

We are subject to extensive tax liabilities imposed by multiple jurisdictions, including but not limited to income taxes, indirect taxes (excise, sales/use, and gross receipts taxes), payroll taxes, property taxes, and tobacco taxes. Tax laws and regulations are dynamic and subject to change as new laws are passed and new interpretations of existing laws are issued and applied. The activity could result in increased expenditures for tax liabilities in the future. Many of these liabilities are subject to periodic audits by the respective taxing authorities. Subsequent changes to our tax liabilities as a result of these audits may subject us to interest and penalties.

**We are subject to extensive governmental regulations.**

Our business is subject to extensive governmental laws and regulations that include, but are not limited to, those relating to environmental protection and remediation; the preparation, sale and labeling of food; minimum wage, overtime and other employment laws and regulations; compliance with the Patient Protection and Affordable Care Act and the Americans with Disabilities Act; legal restrictions on the sale of alcohol, tobacco and nicotine products, money orders, lottery/lotto and other age-restricted products; compliance with the Payment Card Industry Data Security Standards and similar requirements; compliance with the Federal Motor Carriers Safety Administration regulations; and, securities laws and Nasdaq listing standards. In addition, during the COVID-19 pandemic, the Company was, and continues to be, subject to responsive actions taken by governments and others to mitigate the spread of COVID-19, which resulted in decreased store traffic and certain changes to how we operate our stores and offer certain products for sale to our guests. The effects created by these, including the costs of compliance with these laws and regulations, is substantial, and 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.

State laws regulate the sale of alcohol, tobacco and nicotine products, lottery/lotto products and other age-restricted 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 certain of these products or to seek other remedies.

Any appreciable increase in wages, overtime pay, or the statutory minimum salary requirements, minimum wage rate, mandatory scheduling or scheduling notification laws, or the adoption of additional mandated healthcare or paid-time-off benefits would result in an increase in our labor costs. Such cost increases, or the penalties for failing to comply, 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.

**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, a significant portion of motor fuel is transported 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.

**Other Risks**

**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 or repurchases of common stock by the Company 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 same store sales results, which may be expected to fluctuate. Some of the factors that may affect our quarterly results and same store sales include 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; and the costs of compliance with corporate governance and other legal 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.

**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.

Although the Company began a phased declassification of its board of directors over a three-year period starting with the Company's 2019 annual shareholders' meeting, its board of directors remains partially staggered. 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, the Iowa Business Corporation Act (the "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, the 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 team members, suppliers, guests, 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.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

**ITEM 2. PROPERTIES**

We own the Store Support Center (built in 1990) and both distribution centers. Located on an approximately 57-acre site in Ankeny, Iowa, the Store Support Center, our first distribution center, and our vehicle service and maintenance center occupy a total of approximately 375,000 square feet. We also own a building near the Store Support Center where our construction and support services departments operate. In February 2016, we opened our second distribution center, located in Terre Haute, Indiana. This second distribution center has approximately 300,000 square feet of warehouse space. We are currently in the process of constructing a third distribution center located in Joplin, Missouri. The new distribution center is expected to provide approximately 230,000 square feet of available space.

On April 30, 2020, we also owned the land at 2,181 store locations and the buildings at 2,189 locations and leased the land at 26 locations and the buildings at 18 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. Additionally, the Company regularly has land held for development, land under construction for new stores, and land held for sale as a result of store closures.

**ITEM 3. LEGAL PROCEEDINGS**

The information required to be set forth under this heading is incorporated by reference from Note 10, Contingencies, to the Consolidated Financial Statements included in Part II, Item 8.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**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 36,806,325 shares of common stock outstanding at April 30, 2020 had a market value of approximately \$5.6 billion. On that date, there were 1,583 shareholders of record.

**Common Stock Market Prices**

Calendar 2018	High	Low	Calendar 2019	High	Low	Calendar 2020	High	Low
Q1	\$ 128.51	\$ 105.45	Q1	\$ 138.45	\$ 122.86	Q1	\$ 181.99	\$ 114.01
Q2	\$ 110.83	\$ 90.42	Q2	\$ 156.82	\$ 127.75			
Q3	\$ 130.74	\$ 102.47	Q3	\$ 173.31	\$ 154.58			
Q4	\$ 137.08	\$ 116.23	Q4	\$ 179.21	\$ 152.05			

**Dividends**

We began paying cash dividends during fiscal 1991. The dividends declared in fiscal 2020 totaled \$1.28 per share. The dividends declared in fiscal 2019 totaled \$1.16 per share. On June 3, 2020, the Board of Directors declared a quarterly dividend of \$0.32 per share payable August 17, 2020, to shareholders of record on August 3, 2020. The Board typically reviews the dividend every year at its June meeting.

The cash dividends declared during the calendar years 2018 through 2020 were as follows:

Calendar 2018	Cash dividend declared	Calendar 2019	Cash dividend declared	Calendar 2020	Cash dividend declared
Q1	\$ 0.260	Q1	\$ 0.290	Q1	\$ 0.320
Q2	0.290	Q2	0.320	Q2	0.320
Q3	0.290	Q3	0.320		
Q4	0.290	Q4	0.320		
	1.130		1.250		

**Issuer Purchases of Equity Securities**

The following table sets forth information with respect to the Company's repurchases of common stock during the quarter ended April 30, 2020:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)
Fourth Quarter:				
February 1-29, 2020	—	\$ —	—	\$ 300,000,000
March 1-31, 2020	—	—	—	300,000,000
April 1-30, 2020	—	—	—	\$ 300,000,000
<b>Total</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ 300,000,000</b>

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- (1) On March 6, 2017, the Company announced a share repurchase program, wherein the Company was authorized to repurchase up to an aggregate of \$300 million of the Company's outstanding common stock. The share repurchase authorization was valid for a period of two years. The repurchase was completed in May 2018. In March 2018, the Company announced a second share repurchase program with an aggregate \$300 million repurchase authorization, also valid for two years. On March 6, 2020, the authorization was extended through the end of the Company's 2022 fiscal year. The timing and number of repurchase transactions under the program depends on a variety of factors including, but not limited to, market conditions, corporate considerations, business opportunities, debt agreements, and regulatory requirements. The program can be suspended or discontinued at any time. No stock was repurchased in the fourth quarter or fiscal year related to that authorization.

**ITEM 6. SELECTED FINANCIAL DATA**

(In thousands, except per share amounts)

**Statement of Income Data**

	Years ended April 30,				
	2020	2019	2018	2017	2016
Total revenue	\$ 9,175,296	\$ 9,352,910	\$ 8,391,124	\$ 7,506,587	\$ 7,122,086
Cost of goods sold (exclusive of depreciation and amortization, shown separately below)	7,030,612	7,398,186	6,621,731	5,825,426	5,508,465
Operating expenses	1,498,043	1,391,279	1,283,046	1,172,328	1,053,805
Depreciation and amortization	251,174	244,387	220,970	197,629	170,937
Interest, net	53,419	55,656	50,940	41,536	40,173
Income before income taxes	342,048	263,402	214,437	269,668	348,706
Federal and state income taxes	78,202	59,516	(103,466)	92,183	122,724
Net income	\$ 263,846	\$ 203,886	\$ 317,903	\$ 177,485	\$ 225,982
Basic earnings per common share	\$ 7.14	\$ 5.55	\$ 8.41	\$ 4.54	\$ 5.79
Diluted earnings per common share	\$ 7.10	\$ 5.51	\$ 8.34	\$ 4.48	\$ 5.73
Weighted average number of common shares outstanding—basic	36,956	36,710	37,778	39,125	39,016
Weighted average number of common shares outstanding—diluted	37,186	36,975	38,132	39,579	39,422
Dividends declared per common share	\$ 1.28	\$ 1.16	\$ 1.04	\$ 0.96	\$ 0.88

**Balance Sheet Data**

	As of April 30,				
	2020	2019	2018	2017	2016
Current assets	387,250	\$ 410,580	\$ 396,840	\$ 350,685	\$ 325,885
Total assets	\$ 3,943,892	3,731,376	3,469,927	3,020,102	2,726,148
Current liabilities	1,063,428	590,932	507,850	446,546	387,571
Long-term debt, net of current maturities	714,502	1,283,275	1,291,725	907,356	822,869
Shareholders' equity	1,643,205	1,408,769	1,271,141	1,190,620	1,083,463

**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 selected historical consolidated financial data and consolidated financial statements and accompanying notes presented elsewhere in this Form 10-K.

**Overview**

The Company primarily operates convenience stores under the names "Casey's" and "Casey's General Store" in 16 Midwestern states, primarily in Iowa, Missouri and Illinois. On April 30, 2020, there were a total of 2,207 stores in operation. All but three Casey's Stores offer fuel for sale on a self-serve basis and all carry a broad selection of food (including freshly prepared foods such as pizza, donuts and sandwiches), beverages, tobacco and nicotine 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 56% of all Casey's Stores were opened in areas with populations of fewer than 5,000 people, while approximately 19% of all stores were opened in communities with populations exceeding 20,000 persons. The Marketing Company operates two distribution centers, through which grocery and other merchandise, and prepared food and fountain items are supplied to our stores. One is adjacent to the Store Support Center facility in Ankeny, Iowa. The other was opened in February 2016 in Terre Haute, Indiana. At April 30, 2020, the Company owned the land at 2,181 store locations and the buildings at 2,189 locations, and leased the land at 26 locations and the buildings at 18 locations. 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 guests tend to purchase greater quantities of fuel and certain convenience items such as beer, pop and ice.

The following table represents the roll forward of store growth through the fourth quarter of fiscal 2020:

	<b>Store Count</b>
<b>Stores at April 30, 2019</b>	2,146
New store construction	60
Acquisitions	18
Acquisitions not opened	(7)
Prior acquisitions opened	3
Closed	(13)
<b>Stores at April 30, 2020</b>	<b>2,207</b>

#### *Long-Term Strategic Plan*

The Company announced an updated, long-term strategic plan in January 2020 focused on four strategic objectives: reinvigorate hospitality and the guest experience; be where the guest is; best-in-class efficiencies; and, invest in our people and culture. The Company's plan is based on building on our proud heritage and distinct advantages to become more contemporary through new capabilities, technology, data, and processes. We believe this will best position the Company to address rapidly evolving shifts in consumer habits and other macro retail trends.

#### *COVID-19 and Fourth Quarter Results*

During the fourth quarter of fiscal year 2020, the COVID-19 pandemic began to take hold throughout our footprint, as the number of reported infections within the sixteen states in which we operate increased. Starting in mid-March, governmental restrictions, including shelter in place and stay at home orders, a widespread shift to working from home, other efforts to restrict the spread of the outbreak, and our guests' behavior in response to the pandemic resulted in a sharp, overall decline in store traffic. This resulted in lower demand for our products and a decrease in same-store sales. Because we were considered an "essential service" by public authorities, we continued to operate with minimal (and only temporary) store closings. While our stores remained open, the manner in which we served our guests required changes at many of our locations, including restrictions on self-service food and beverages, reduced prepared food offerings, limiting guest traffic in our stores and social distancing measures. In addition, due to the decrease in demand, and to enhance our cleaning procedures, many of our stores saw a reduction in store hours. Throughout the pandemic, however, we have not experienced any significant disruptions in our supply chain to date, despite the increased restrictions and uncertainty.

Our top priority throughout this pandemic has been the health and well-being of our team members, our guests, and our communities. As a result, we implemented the following changes across our store footprint:

- provided additional compensation and operational bonuses for key field and support team members;
- provided additional paid leave for impacted team members;
- provided personal protective equipment for team members;
- installed Plexiglas shields at our cash registers;
- enhanced cleaning and hygiene practices;
- implemented health checks in all our distribution centers;
- designated exclusive shopping times for higher risk guests;
- established 6-foot markings in our stores to encourage social distancing; and
- implemented contact-less delivery.
- provided free meals for all store and distribution center team members;

After a strong start to the fourth quarter, the Company's results of operations for fiscal 2020 in the last half of the quarter were significantly impacted in all categories by the COVID-19 pandemic as follows:

Same-Store Sales	1st Half	2nd Half	4th quarter total
Fuel Gallons	2.9%	(32.2)%	(14.7)%
Grocery & Other Merchandise	4.9%	(9.3)%	(2.0)%
Prepared Food & Fountain	5.5%	(30.2)%	(13.5)%

Despite these impacts, however, during the fourth quarter, the Company reported \$1.67 in diluted earnings per share compared to \$0.68 per share for the same quarter a year ago. The increase was driven largely by an unprecedented fuel margin of 40.8 cents per gallon in the fourth quarter of fiscal 2020, compared to 18.6 cents per gallon in the fourth quarter of fiscal 2019, which was primarily due to declining wholesale fuel costs related to macro-economic factors in the oil industry. The fuel margin peaked at the beginning of April, and moderated throughout the remainder of the quarter. Same-store fuel gallons sold during the fourth quarter of fiscal 2020 were down 14.7%, compared to a decrease of 2.8% in the prior year.

Also in the fourth quarter of fiscal 2020, same-store sales of grocery and other merchandise decreased 2.0% with an average margin of 30.4%. In the prior year, same-store sales were up 5.7% with a 31.5% average margin. The average margin was adversely affected by stronger sales of lower margin products in the category. Prepared food and fountain same-store sales in the fourth quarter of fiscal 2020 were down 13.5% with an average margin of 60.0%. In the prior year, same-store sales were up 2.0% with a 62.2% average margin. The average margin was adversely impacted by higher commodity costs and increased promotional activity.

For the fourth quarter of fiscal 2020, operating expenses were up 6.2% to 367.5 million. Fourth quarter results were positively impacted by wage expense reductions related to a reduction in hours at the stores, along with lower credit card fees, offset by higher hourly wage rates and increased costs of cleaning and other pandemic-related supplies. Fourth quarter depreciation expense was consistent with prior year. Fourth quarter effective tax rate was higher than prior year, due primarily to larger prior year tax credits combined with lower pretax income.

As we continue to navigate through this near-term challenge, we made numerous adjustments in our business to maintain flexibility to ensure our continued long-term success, including deferring some discretionary capital spending, temporarily adjusting store hours to meet guest demand to optimize profitability, expanding third-party delivery opportunities, expanding delivery items beyond prepared foods, expanding online assortment available for sale and modifying prepared food production to reduce food waste. In parallel, we continue to move forward in executing on key elements of our long-term strategic plan.

While COVID-19 has resulted in, and will continue to bring, significant challenges and uncertainty, we believe that the strength of our brand and balance sheet position us well to emerge from the COVID-19 pandemic. However, given the uncertainties, we are unable to forecast or estimate the potential impact to our future operating results.

For more information related to the additional risks to the Company related to the COVID-19 pandemic, and certain conditions that may affect future performance, please refer to the "Risk Factors" section above in Item 1A. and "Forward-looking Statements" at the end of Item 7.

#### **Fiscal 2020 Compared with Fiscal 2019**

The Company's results of operations for fiscal 2020 in the last two months of the year were significantly impacted in all categories by the COVID-19 pandemic. Total revenue for fiscal 2020 decreased 1.9% (\$177,614) to \$9,175,296. Retail fuel sales for the fiscal year were \$5,517,412, a decrease of 5.7% primarily due to a 5.5% decrease in the price of fuel, which decreased fuel revenue by \$321,444. Fuel gallons sold decreased 0.1% to 2.3 billion gallons, which decreased fuel revenue by an additional \$5,835. The decrease in fuel revenue was offset by a \$152,358 increase to \$3,596,173 (4.4%) in grocery and other merchandise and prepared food and fountain, primarily due to operating 61 more stores than one year ago.

Total revenue less cost of goods sold (excluding depreciation and amortization) was 23.4% for fiscal 2020 compared with 20.9% for the prior year. Fuel cents per gallon increased to 26.8 cents in fiscal 2020 from 20.3 cents in fiscal 2019 due to an unprecedented fourth quarter average fuel margin driven by macro-economic factors, as well as the Company's transition to a more balanced approach to fuel pricing and focus on optimizing gross profit dollars. The grocery and other merchandise revenue less related cost of goods sold (exclusive of depreciation and amortization) was relatively consistent at 32.0% in fiscal 2020 compared to 32.1% in fiscal 2019. The prepared food and fountain revenue less related cost of goods sold (exclusive of

depreciation and amortization) decreased to 60.9% from 62.2% during fiscal 2020, due mainly to higher commodity costs and increased promotional activity.

Operating expenses increased 7.7% (\$106,764) in fiscal 2020 primarily due to operating 61 more stores than one year ago, and incremental expenses associated with the COVID-19 pandemic. The majority of all operating expenses are wages and wage-related costs.

Depreciation and amortization expense increased 2.8% (\$6,787) to \$251,174 in fiscal 2020 from \$244,387 in fiscal 2019. The increase was due primarily to capital expenditures made in fiscal 2020 and fiscal 2019, primarily relating to new stores, offset by an adjustment to the useful lives of underground storage tanks.

The effective tax rate increased to 22.9% in fiscal 2020 from 22.6% in fiscal 2019. The increase in the effective tax rate was due to a one-time benefit in the prior year from adjusting the Company's deferred tax assets and liabilities for enacted state law changes, offset by a one-time benefit related to net operating loss carrybacks in the current year enacted by the Coronavirus Aid, Relief and Economic Security (CARES) Act.

Net income increased to \$263,846 in fiscal 2020 from \$203,886 in fiscal 2019. The increase was due to increased fuel margin contribution and operating 61 more stores than one year ago.

Please refer to the Form 10-K related to the fiscal year ended April 30, 2019, filed on June 28, 2019, for comparison of Fiscal 2019 to Fiscal 2018.

#### COMPANY TOTAL REVENUE AND REVENUE LESS COST OF GOODS SOLD (EXCLUDING DEPRECIATION AND AMORTIZATION) BY CATEGORY

	Years ended April 30,		
	2020	2019	2018
<b>Total revenue by category</b>			
Fuel	\$ 5,517,412	\$ 5,848,770	\$ 5,145,988
Grocery and other merchandise	2,498,966	2,369,521	2,184,147
Prepared food and fountain	1,097,207	1,074,294	1,005,621
Other	61,711	60,325	55,368
	<u>\$ 9,175,296</u>	<u>\$ 9,352,910</u>	<u>\$ 8,391,124</u>
<b>Revenue less cost of goods sold (excluding depreciation and amortization) by category</b>			
Fuel	\$ 614,847	\$ 466,107	\$ 406,811
Grocery and other merchandise	800,140	759,817	693,576
Prepared food and fountain	668,092	668,598	613,736
Other	61,605	60,202	55,270
	<u>\$ 2,144,684</u>	<u>\$ 1,954,724</u>	<u>\$ 1,769,393</u>

#### INDIVIDUAL STORE COMPARISONS (1)

	Years ended April 30,		
	2020	2019	2018
Average retail sales	\$ 4,203	\$ 4,449	\$ 4,150
Average retail inside sales (3)	1,659	1,649	1,602
Average revenue less cost of goods sold (excluding depreciation and amortization) on inside items	674	679	643
Average retail sales of fuel	2,544	2,800	2,548
Average revenue less cost of goods sold (excluding depreciation and amortization) on fuel	280	223	202
Average operating income (2)	317	281	246
Average number of gallons sold	1,055	1,097	1,087

- (1) 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.
- (2) 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, and Company operating expenses not attributable to a particular store.
- (3) Inside sales is comprised of sales related to the grocery and other merchandise and prepared food and fountain categories

#### SAME STORE SALES BY CATEGORY (1)

	Years ended April 30,		
	2020	2019	2018
Fuel gallons (2)	(5.1)%	(1.7)%	2.3%
Grocery and other merchandise (3)	1.9 %	3.6 %	1.9%
Prepared food and fountain (3)	(1.5)%	1.9 %	1.7%

- (1) Same-store sales is a common metric used in the convenience store industry. We define same-store sales as the total sales increase (or decrease) for stores open during the full time of the periods being 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.
- (2) The decline in fuel gallons in fiscal 2020 as compared to fiscal 2019 was primarily due to shelter in place restrictions diminishing overall demand during the last two months of the fiscal year, as well as transitioning to a more balanced pricing approach that focuses on both gallon movement and margins.
- (3) The decline in same store sales growth for grocery and other merchandise and prepared food and fountain for 2020 as compared to 2019 was primarily due to slowing guest traffic related to the COVID-19 pandemic over the last two months of the fiscal year.

#### Use of Non-GAAP Measures

We define EBITDA as net income before net interest expense, income taxes, depreciation and amortization. Adjusted EBITDA further adjusts EBITDA by excluding the gain or loss on disposal of assets as well as impairment charges. Neither EBITDA nor Adjusted EBITDA are presented in accordance with 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.

The following table contains a reconciliation of net income to EBITDA and Adjusted EBITDA for the three months and years ended April 30, 2020 and 2019, respectively:

	Three months ended		Years ended	
	April 30, 2020	April 30, 2019	April 30, 2020	April 30, 2019
Net income	62,091	\$ 25,212	\$ 263,846	\$ 203,886
Interest, net	13,806	13,749	53,419	55,656
Depreciation and amortization	65,193	62,867	251,174	244,387
Federal and state income taxes	16,491	4,377	78,202	59,516
EBITDA	\$ 157,581	\$ 106,205	\$ 646,641	\$ 563,445
Loss on disposal of assets and impairment charges	1,380	225	3,495	1,384
Adjusted EBITDA	\$ 158,961	\$ 106,430	\$ 650,136	\$ 564,829

For the three months ended April 30, 2020, EBITDA and Adjusted EBITDA were up 48.4% and 49.4% respectively, when compared to the same period a year ago. The increase was due primarily to gross profit dollar margin expansion from unprecedented average fuel margins driven by macro-economic factors. For the year ended April 30, 2020, EBITDA and Adjusted EBITDA were up 14.8% and 15.1% respectively. The increase was due primarily to gross profit dollar margin expansion in fuel and operating 61 more stores than the same period a year ago, offset by decreased fuel gallons sold.

### **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 fuel, 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.

#### **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 (See Note 3 to the consolidated financial statements). 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 \$1,177 in fiscal 2020, \$1,167 in fiscal 2019, and \$507 in fiscal 2018, a portion 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 team member healthcare, workers' compensation, general liability, and automobile claims. The self-insurance claim liability for workers' compensation, general liability, and automobile claims 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 potential 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 \$44,959 and \$44,334 for the years ended April 30, 2020 and 2019, respectively.

### **Recent Accounting Pronouncements**

Refer to Note 1 of the consolidated financial statements for a description of new accounting pronouncements applicable to the Company.

### **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, 2020, the Company's ratio of current assets to current liabilities was 0.36 to 1. The ratio at April 30, 2019 and at April 30, 2018 was 0.69 to 1 and 0.78 to 1, respectively. The decrease in the ratio is primarily attributable to the reclassification of \$569,000 5.22% Senior notes to current liabilities as they are due on August 9, 2020. The Company is in the process of refinancing the 5.22% Senior notes.

We believe our current \$300,000 unsecured revolver, our \$25,000 unsecured bank line of credit, current cash and cash equivalents, and the future cash flow from operations will be sufficient to satisfy the working capital needs of our business.

Net cash provided by operating activities decreased \$26,300 (5.0%) for the year ended April 30, 2020, primarily due to a decrease in accounts payable, partially offset by an increase in net income and a decrease in inventories. Cash used in investing activities in the year ended April 30, 2020 increased \$8,812 (1.9%) primarily due to an increase in new store construction, offset by a decrease in acquisition activity. Cash flows used in financing activities decreased \$40,474, primarily due to reductions in share buyback activity.

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 2020, we expended \$471,683 for property and equipment, primarily for construction, acquisition, and remodeling of stores compared with \$462,899 in the prior year. In fiscal 2021, we anticipate funding our capital expenditures primarily from existing cash, funds generated by operations, and long-term debt proceeds for our construction and acquisition of stores. Due to the continued uncertainty of COVID-19, guidance around capital expenditures will not be provided at this time. This will be reevaluated as conditions warrant.

In January 2019, the Company entered into a credit agreement that provides for a \$300 million unsecured revolving credit facility which includes a \$30 million sublimit for letters of credit and a \$30 million sublimit for swingline loans (the "Credit Facility"). The Credit Facility contains an expansion option permitting the Company to request an increase of the Credit Facility from time to time up to an aggregate additional \$150 million from the lenders or other financial institutions acceptable to the Company and the Administrative Agent, upon the satisfaction of certain conditions, including the consent of the lenders whose commitments would increase. The maturity date is January 11, 2024. Amounts borrowed under the Credit Facility bear interest at variable rates based upon, at the Company's option, either (a) LIBOR plus an applicable margin or (b) an alternate base rate. The Credit Facility also carries a facility fee between 0.2% and 0.4% per annum based on the Company's consolidated leverage ratio as defined in the credit agreement. The Company had \$120,000 and \$75,000 outstanding under the Credit Facility at April 30, 2020 and 2019 respectively.

Concurrently with this credit agreement, the Company also reduced its existing unsecured revolving line of credit from \$150,000 to \$25,000 (the "Bank Line"). The Bank Line bears interest at a variable rate subject to change from time to time based on changes in an independent index referred to in the Bank Line as the Federal Funds Offered Rate (the "Index"). The interest rate to be applied to the unpaid principal balance of the Bank Line was at a rate of 1.0% over the Index. There was \$0 outstanding on the Bank Line at April 30, 2020 and 2019. The line of credit is due upon demand.

As of April 30, 2020, we had long-term debt and finance lease obligations of \$714,502 (which is net of current maturities of \$570,280) primarily consisting of: \$150,000 in principal amount of 3.67% Senior Notes, Series A; \$50,000 in principal amount of 3.75% Senior Notes, Series B; \$50,000 in principal amount of 3.65% Senior Notes, Series C; \$50,000 in principal amount of 3.72% Senior Notes, Series D; \$150,000 in principal amount of 3.51% Senior Notes, Series E; \$250,000 in principal amount of 3.77% Senior Notes, Series F; and \$14,502 of finance lease obligations. Current maturities of long-term debt is primarily comprised of \$569,000 in principal amount of 5.22% Senior notes.

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 3.67% Senior notes Series A and 3.75% Senior notes 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) through December 2028. 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.

Interest on the 3.65% Senior notes Series C is payable on the 2nd day of each May and November, while the interest on the 3.72% Senior notes Series D is payable on the 28th day of each April and October. Principal on the Senior notes Series C and Series D is payable in various installments beginning May 2, 2025 (Series C) and October 28, 2025 (Series D) through October 2031. We may prepay the 3.65% and 3.72% 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 May 2, 2016, between the Company and the purchasers of the Senior notes Series C and Series D.

Interest on the 3.51% Senior notes Series E is payable on the 13th day of each June and December, while the interest on the 3.77% Senior notes Series F is payable on the 22nd day of each February and August. Principal on the Senior notes Series E and Series F is payable in full on June 13, 2025 (Series E) and August 22, 2028 (Series F), respectively. We may prepay the 3.51% and 3.77% 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 13, 2017, between the Company and the purchasers of the Senior notes Series E and Series F.

To date, we have funded capital expenditures primarily through funds generated from operations, the proceeds of the sale of common stock, issuance of debt, and existing cash. 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 revolver, 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.

The table below presents our significant contractual obligations, including interest, at April 30, 2020:

Contractual obligations	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Senior notes	\$ 1,451,662	\$ 602,899	\$ 70,963	\$ 111,103	\$ 666,697
Finance lease obligations	23,840	3,118	6,226	3,732	10,764
Operating lease obligations	34,064	1,829	3,531	3,369	25,335
Unrecognized tax benefits	8,907	—	—	—	—
Deferred compensation	15,079	—	—	—	—
Total	\$ 1,518,488	\$ 607,846	\$ 80,720	\$ 118,204	\$ 702,796

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 timing of the payment of the balances have not been reflected in the above “Payments due by period” table.

At April 30, 2020, the Company had a total of \$8,907 in gross unrecognized tax benefits. Of this amount, \$7,059 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 \$354 as of April 30, 2020. 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 tax years 2012 and forward. Tax years 2012 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. The IRS is currently examining tax year 2016 and 2017. The Company has no other ongoing federal or state income tax examinations. At this time, management believes it is reasonably possible the aggregate amount of unrecognized tax benefits will decrease by \$1,800 within the next 12 months. This expected decrease is due to the expiration of statute of limitations related to certain federal and state income tax filing positions.

Included in long-term liabilities on our consolidated balance sheet at April 30, 2020, was a \$13,604 obligation for deferred compensation. Additionally, \$1,037 was recognized in current liabilities as of April 30, 2020 related to deferred compensation. As the specific payment dates for a portion of the deferred compensation outstanding are unknown due to the unknown retirement dates of many of the participants, the related timing of the payment of the balances have not been reflected in the above “Payments due by period” table. However, known payments of \$7,875 will be due during the next 5 years.

At April 30, 2020, we were partially self-insured for workers' compensation claims in all 16 states of our marketing territory; we also were partially self-insured for general liability and auto liability under an agreement that provides for annual stop-loss limits equal to or exceeding \$500 for general liability and auto liability and \$350 for workers' compensation. To facilitate this agreement, letters of credit approximating \$21,526 were issued and outstanding at April 30, 2020 and 2019, on the insurance company's behalf. We renew the letters of credit on an annual basis.

### **Forward-Looking Statements**

This Form 10-K, including but not limited to the Management's Discussion and Analysis of Financial Condition and Results of Operations, contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. The words "may," "will," "believe," "expect," "anticipate," "intend," "estimate," "project," "continue," and similar expressions are used to identify forward-looking statements. Forward-looking statements represent the Company's current expectations or beliefs concerning future events and trends that we believe may affect our financial condition, liquidity and needs, supply chain, results of operations and performance at our stores, business strategy, strategic plans, growth opportunities, short-term and long-term business operations and objectives, and the potential effects of COVID-19 on our business. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including, without limitation, the following risk factors described more completely above in Item 1A entitled "Risk Factors":

**Industry.** Pandemics or disease outbreaks, such as COVID-19, responsive actions taken by governments and others to mitigate their spread, and guest behavior in response to these events, have and may in the future adversely affect our business operations, supply chain and financial results; our business and our reputation could be adversely affected by a data security incident or the failure to protect sensitive guest, team member or vendor data, or the failure to comply with applicable regulations relating to data security and privacy; the convenience store industry is highly competitive; the volatility of wholesale petroleum costs could adversely affect our operating results; general economic conditions that are largely out of the Company's control may adversely affect the Company's financial condition and results of operations; governmental action and campaigns to discourage tobacco and nicotine use and other tobacco products may have a material adverse effect on our revenues and gross profit; consumer or other litigation could adversely affect our financial condition and results of operations; increased credit card expenses could increase operating expenses; developments related to fuel efficiency, fuel conservation practices, climate change, and changing consumer preferences may decrease the demand for motor fuel; and, wholesale cost and tax increases relating to tobacco and nicotine products could affect our operating results.

**Our Business:** Food-safety issues and food-borne illnesses, whether actual or reported, or the failure to comply with applicable regulations relating to the transportation, storage, preparation or service of food, could adversely affect our business and reputation; any failure to anticipate and respond to changes in consumer preferences, or to introduce and promote innovative technology for guest interaction, could adversely affect our financial results; we rely on our information technology systems, and a number of third-party vendor platforms, to manage numerous aspects of our business, and a disruption of these systems could adversely affect our business; a significant disruption to our distribution network, to the capacity of the distribution centers, or timely receipt of inventory could adversely impact our sales or increase our transaction costs, which could have a material adverse effect on our business; we may experience difficulties implementing and realizing the results of our strategic plan; unfavorable weather conditions can adversely affect our business; because we depend on our management's and other team members' experience and knowledge of our industry, we could be adversely affected were we to lose, or experience difficulty in recruiting and retaining, any such members of our team; we may experience increased costs, disruptions or other difficulties with the implementation, operation and functionality of our enterprise resource planning system; control deficiencies could prevent us from accurately and timely reporting our financial results; our operations present hazards and risks which may not be fully covered by insurance, if insured; we may not be able to identify, acquire, and integrate new properties and stores, which could adversely affect our ability to grow our business; covenants in our senior notes and credit facility agreements require us to comply with certain covenants and meet financial maintenance tests - failure to comply with these requirements could have a material impact to us; compliance with and changes in tax laws could adversely affect our performance; we are subject to extensive governmental regulations; and, 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.

**Other:** 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; any issuance of shares of our common stock in the future could have a dilutive effect on your investment; and, 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.

Although we have attempted to list the important factors that presently affect the Company's business and operating results, we further caution you that other factors we have not identified may in the future prove to be important in affecting our business and results of operations. We ask you not to place undue reliance on any forward-looking statements because they speak only of our views as of the statement dates. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company's exposure to market risk for changes in interest rates relates primarily to our investment portfolio and long-term debt obligations. We place our investments with high-quality credit issuers and, by policy, limit the amount of credit exposure to any one issuer. Our first priority is to reduce the risk of principal loss. Consequently, we seek to preserve our invested funds by attempting to limit default risk, market risk, and reinvestment risk. We attempt to mitigate default risk by investing in only high-quality credit securities that we believe to be low risk and by positioning our portfolio to respond appropriately to a significant reduction in a credit rating of any investment issuer or guarantor. The portfolio includes only marketable securities with active secondary or resale markets to ensure portfolio liquidity. We believe an immediate 100-basis-point move in interest rates affecting our floating and fixed rate financial instruments as of April 30, 2020, would have no material effect on pretax earnings.

We do, from time to time, participate in a forward buy of certain commodities. These are not accounted for as derivatives under the normal purchase and normal sale exclusions under the applicable accounting guidance.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

#### **The Shareholders and Board of Directors Casey's General Stores, Inc.:**

##### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Casey's General Stores, Inc. and subsidiaries (the Company) as of April 30, 2020 and 2019, the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended April 30, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of April 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated June 26, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

##### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

##### *Critical Audit Matters*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

##### *Assessment of the self-insurance claim liability for workers' compensation*

As discussed in Notes 1 and 10 to the consolidated financial statements, at April 30, 2020, the Company was primarily self-insured for workers' compensation claims. The self-insurance claim liability for workers' compensation is determined actuarially based on claims filed and an estimate of claims incurred but not yet reported. Actuarial projections of the losses are employed due to the potential variability in the liability estimates. Factors affecting the uncertainty of the claim liability include the (1) loss development factors, which includes the development time frame, and settlement patterns, and (2) expected loss rates, which includes litigation and adjudication direction, and medical treatment and cost trends.

We identified the assessment of the self-insurance claim liability for workers' compensation as a critical audit matter. The evaluation of the key assumptions used to estimate the liability, specifically the loss development factors and expected loss

rates involved significant measurement uncertainty requiring complex auditor judgment. Specialized skill and knowledge is necessary to evaluate the methods and key assumptions used to determine the liability.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's process to determine the self-insurance claim liability for workers' compensation including controls over the selection of the methods used to determine the liability, and the loss development factors and expected loss rates. We involved actuarial professionals with specialized skill and knowledge, who assisted in:

- assessing the methods used by the Company's external actuary by comparing them to generally accepted actuarial methods
- evaluating the loss development factors and expected loss rates used by the Company's external actuary by comparing them to industry and regulatory trends.

/s/ KPMG LLP

We have served as the Company's auditor since 1987.

Des Moines, Iowa

June 26, 2020

## Report of Independent Registered Public Accounting Firm

### The Shareholders and Board of Directors Casey's General Stores, Inc.:

#### *Opinion on Internal Control Over Financial Reporting*

We have audited Casey's General Stores, Inc. and subsidiaries' (the Company) internal control over financial reporting as of April 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of April 30, 2020 and 2019, the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated June 26, 2020 expressed an unqualified opinion on those consolidated financial statements.

#### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Des Moines, Iowa

June 26, 2020

**CASEY'S GENERAL STORES, INC. AND SUBSIDIARIES**  
CONSOLIDATED BALANCE SHEETS (In thousands, except share data)

	April 30,	
	2020	2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 78,275	\$ 63,296
Receivables	48,500	37,856
Inventories	236,007	273,040
Prepaid expenses	9,801	7,493
Income taxes receivable	14,667	28,895
Total current assets	<u>387,250</u>	<u>410,580</u>
Property and equipment, at cost		
Land	872,151	792,601
Buildings and leasehold improvements	1,969,585	1,770,695
Machinery and equipment	2,369,361	2,236,123
Finance lease right-of-use assets	24,780	25,323
Construction in process	125,632	124,613
	<u>5,361,509</u>	<u>4,949,355</u>
Less accumulated depreciation and amortization	2,037,708	1,826,936
Net property and equipment	<u>3,323,801</u>	<u>3,122,419</u>
Other assets, net of amortization	71,766	41,154
Goodwill	161,075	157,223
Total assets	<u>\$ 3,943,892</u>	<u>\$ 3,731,376</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Lines of credit	\$ 120,000	\$ 75,000
Current maturities of long-term debt	570,280	17,205
Accounts payable	184,800	335,240
Accrued expenses		
Wages and related taxes	34,039	39,950
Property taxes	36,348	32,931
Insurance accruals	22,097	21,671
Other	95,864	68,935
Total current liabilities	<u>1,063,428</u>	<u>590,932</u>
Long-term debt and finance lease obligations, net of current maturities	714,502	1,283,275
Deferred income taxes	435,598	385,788
Deferred compensation	13,604	15,881
Insurance accruals, net of current portion	22,862	22,663
Other long-term liabilities	50,693	24,068
Total liabilities	<u>2,300,687</u>	<u>2,322,607</u>
Commitments and contingencies		
Shareholders' equity		
Preferred stock, no par value, none issued	—	—
Common stock, no par value, 36,806,325 and 36,664,521 shares issued and outstanding at April 30, 2020 and 2019, respectively	33,286	15,600
Retained earnings	1,609,919	1,393,169
Total shareholders' equity	<u>1,643,205</u>	<u>1,408,769</u>
Total liabilities and shareholders' equity	<u>\$ 3,943,892</u>	<u>\$ 3,731,376</u>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per share amounts)

	Years ended April 30,		
	2020	2019	2018
Total revenue	\$ 9,175,296	\$ 9,352,910	\$ 8,391,124
Cost of goods sold (exclusive of depreciation and amortization, shown separately below) (a)	7,030,612	7,398,186	6,621,731
Operating expenses	1,498,043	1,391,279	1,283,046
Depreciation and amortization	251,174	244,387	220,970
Interest, net	53,419	55,656	50,940
Income before income taxes	342,048	263,402	214,437
Federal and state income taxes	78,202	59,516	(103,466)
Net income	\$ 263,846	\$ 203,886	\$ 317,903
Net income per common share			
Basic	\$ 7.14	\$ 5.55	\$ 8.41
Diluted	\$ 7.10	\$ 5.51	\$ 8.34
Dividends declared per share	\$ 1.28	\$ 1.16	\$ 1.04
(a) Includes excise taxes of approximately:	\$ 1,063,000	\$ 988,000	\$ 919,000

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(In thousands, except per share and share amounts)

	Shares Outstanding	Common stock	Retained earnings	Shareholders' Equity
Balance at April 30, 2017	38,765,821	\$ 40,074	\$ 1,150,546	\$ 1,190,620
Net income	—	—	317,903	317,903
Dividends declared (\$1.04 per share)	—	—	(39,060)	(39,060)
Exercise of stock options	40,377	1,377	—	1,377
Repurchase of common stock	(1,997,800)	(57,186)	(158,248)	(215,434)
Stock-based compensation	65,924	15,735	—	15,735
Balance at April 30, 2018	36,874,322	\$ —	\$ 1,271,141	\$ 1,271,141
Implementation of ASU 2014-09	—	—	(4,140)	(4,140)
Net income	—	—	203,886	203,886
Dividends declared (\$1.16 per share)	—	—	(42,471)	(42,471)
Exercise of stock options	71,546	2,290	—	2,290
Repurchase of common stock	(352,592)	—	(35,247)	(35,247)
Stock-based compensation	71,245	13,310	—	13,310
Balance at April 30, 2019	36,664,521	\$ 15,600	\$ 1,393,169	\$ 1,408,769
Net income	—	—	263,846	263,846
Dividends declared (\$1.28 per share)	—	—	(47,096)	(47,096)
Exercise of stock options	66,638	2,958	—	2,958
Stock-based compensation	75,166	14,728	—	14,728
<b>Balance at April 30, 2020</b>	<b>36,806,325</b>	<b>\$ 33,286</b>	<b>\$ 1,609,919</b>	<b>\$ 1,643,205</b>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

	Years ended April 30,		
	2020	2019	2018
<b>Cash flows from operating activities</b>			
Net income	\$ 263,846	\$ 203,886	\$ 317,903
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	251,174	244,387	220,970
Stock-based compensation	18,129	16,410	18,800
Loss on disposal of assets and impairment charges	3,495	1,384	2,281
Deferred income taxes	49,810	45,337	(98,178)
Changes in assets and liabilities:			
Receivables	(10,644)	7,189	(1,801)
Inventories	37,713	(29,648)	(38,406)
Prepaid expenses	(2,308)	(1,727)	3,413
Accounts payable	(140,151)	12,451	14,751
Accrued expenses	26,400	30,927	15,967
Income taxes	15,783	22,545	(30,053)
Other, net	(8,933)	(22,527)	(5,850)
Net cash provided by operating activities	504,314	530,614	419,797
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	(438,977)	(394,699)	(577,421)
Payments for acquisitions of businesses, net of cash acquired	(32,706)	(68,200)	(37,160)
Proceeds from sales of property and equipment	5,041	5,069	5,246
Net cash used in investing activities	(466,642)	(457,830)	(609,335)
<b>Cash flows from financing activities</b>			
Proceeds from long-term debt	—	—	400,000
Repayments of long-term debt	(17,476)	(16,000)	(15,688)
Net borrowings of short-term debt	45,000	35,400	38,700
Proceeds from exercise of stock options	2,958	2,290	1,377
Payments of cash dividends	(45,951)	(41,430)	(38,780)
Repurchase of common stock	—	(37,479)	(214,683)
Tax withholdings on employee share-based awards	(7,224)	(5,948)	(4,426)
Net cash (used in) provided by financing activities	(22,693)	(63,167)	166,500
Net increase (decrease) in cash and cash equivalents	14,979	9,617	(23,038)
Cash and cash equivalents at beginning of year	63,296	53,679	76,717
Cash and cash equivalents at end of year	\$ 78,275	\$ 63,296	\$ 53,679

**SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION**

Cash paid during the year for interest, net of amount capitalized	\$ 54,277	\$ 56,306	\$ 48,757
Cash paid (received) for income taxes, net	9,364	(11,433)	24,274
Noncash investing and financing activities			
Noncash additions from adoption of ASC 842	22,635	—	—
Purchased property and equipment in accounts payable	5,328	15,616	12,014
Shares repurchased in accounts payable	—	—	2,232

See accompanying Notes to Consolidated Financial Statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

**Operations:** Casey's General Stores, Inc. and its subsidiaries (the Company/Casey's) operate 2,207 convenience stores in 16 Midwest states. The stores are located primarily in smaller communities, many with populations of less than 5,000. Retail revenue in 2020 by category are as follows: 60% fuel, 28% grocery and other merchandise, and 12% prepared food and fountain. The Company's products are readily available, and the Company is generally not dependent on a single supplier or only a few suppliers.

**Principles of consolidation:** The consolidated financial statements include the financial statements of Casey's General Stores, Inc. and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts in prior year have been reclassified to conform to current year presentation.

**Use of estimates:** The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash equivalents:** We consider all highly liquid investments with a maturity at purchase of three months or less to be cash equivalents. Included in cash equivalents are money market funds and credit card, debit card and electronic benefits transfer transactions that process within three days.

**Inventories:** Inventories, which consist of merchandise and fuel, 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.

The excess of replacement cost over the stated LIFO value was \$87,546 and \$80,814 at April 30, 2020 and 2019, respectively. There were no material LIFO liquidations during the periods presented. Below is a summary of the inventory values at April 30, 2020 and 2019:

	Years ended April 30,	
	2020	2019
Fuel	\$ 33,695	\$ 83,204
Merchandise	202,312	189,836
Total inventory	\$ 236,007	\$ 273,040

The Company often receives vendor allowances on the basis of quantitative contract terms that vary by product and vendor or directly on the basis of purchases made. Vendor allowances include rebates and other funds received from vendors to promote their products. Vendor rebates, including billbacks, are treated as a reduction in cost of goods sold and are recognized primarily based on the purchase of product or shipment of product from the warehouse to the store, or sale of product to our guests. These are recognized in the period earned based on the applicable rebate agreement. Reimbursements of an operating expense (e.g., advertising) are recorded as reductions of the related expense.

Renewable Identification Numbers (RINs) are recorded as a reduction in cost of goods sold in the period when the Company commits to a price and agrees to sell all of the RINs earned during a specified period. The Company includes in cost of goods sold the costs incurred to acquire fuel and merchandise, including excise taxes, less vendor allowances and rebates and RINs. The Company does not record an asset on the balance sheet related to RINs that have not been validated and contracted. Warehousing costs are recorded within operating expenses on the consolidated statements of income.

**Capitalized software implementation costs:** The Company capitalizes expenditures related to the implementation of software as incurred. These costs are expensed on a straight-line basis within operating expenses over the contractual life of the contract with the related software provider. The useful lives utilized for capitalized software implementation costs range from 3-13 years. As of April 30, 2020 and April 30, 2019, the Company had recognized \$38,593 and \$27,873 of capitalized software implementation costs, respectively. The outstanding balance is recognized in other assets on the consolidated balance sheets.

**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, 2020 and 2019, there was \$161,075 and \$157,223 of goodwill, respectively. Management's analysis of recoverability completed as of the fiscal year-end indicated no evidence of impairment for the years ended April 30, 2020, 2019, and 2018.

**Depreciation and amortization:** Depreciation of property and equipment are computed using the straight-line method over the following estimated useful lives:

Buildings	25-40 years
Machinery and equipment	5-40 years
Finance lease right-of-use assets	Lesser of term of lease or life of asset
Leasehold improvements	Lesser of term of lease or life of asset

The Company monitors stores and will accelerate depreciation if the expected life of the asset is reduced due to the expected remaining operation of the store or the Company's plans. Construction in process is reported at cost and not subject to depreciation until the related asset is placed in service.

**Store closings and asset impairment:** The Company writes down property and equipment of stores it is closing to estimated net realizable value at the time management commits to a plan to close such stores and begins active marketing of the stores. The Company bases the estimated net realizable value of property and equipment on its experience in utilizing and/or disposing of similar assets, as well as estimates provided by its own and/or third-party real estate experts.

The Company 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 carrying value of the assets exceeds their estimated fair value. Fair value is based on management's estimate of the price that would be received to sell an asset in an orderly transaction between market participants. The estimate is derived from offers, actual sale or disposition of assets subsequent to year-end, and other indications of fair value, which are considered Level 3 inputs (see Note 3). 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 incurred impairment charges of \$1,177 in fiscal 2020, \$1,167 in fiscal 2019, and \$507 in fiscal 2018. Impairment charges are a component of operating expenses.

**Excise taxes:** Excise taxes approximating \$1,063,000, \$988,000, and \$919,000 on retail fuel sales are included in total revenue and cost of goods sold for fiscal 2020, 2019, and 2018, respectively.

**Income taxes:** The Company uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company calculates its current and deferred tax provision based on estimates and assumptions that could differ from actual results reflected in income tax returns filed in subsequent years. Adjustments based on filed returns are recorded when identified.

**Revenue recognition:** The Company recognizes retail sales of fuel, grocery and other merchandise, prepared food and fountain and other revenue at the time of the sale to the guest. Sales taxes collected from guests and remitted to the government are recorded on a net basis in the consolidated financial statements.

A portion of revenue from sales that include a redeemable box top coupon or points under our Casey's Rewards program is deferred. The deferred portion of the sale represents the value of the estimated future redemption of the box top coupon or points. The amounts related to redeemable box top coupons and points are deferred until their redemption or expiration. Revenue related to the box top coupons and points issued is expected to be recognized less than one year from the original sale to the guest. As of April 30, 2020 and April 30, 2019, the Company recognized a contract liability of \$11,180 and \$6,931,

respectively, related to the outstanding box top coupons and Casey's Rewards points, which is included in other accrued expenses on the consolidated balance sheets.

Gift card related revenue is recognized as the gift cards are used by the guest. Gift card breakage revenue is recognized based on the estimated gift card breakage rate over the pro rata usage of the card.

Net income per common share: Basic earnings per share have been computed by dividing net income by the weighted average shares outstanding during each of the years. Unvested shares under equity awards are treated as common shares within the basic earnings per share calculation when a team member has met certain requirements in the award agreement. For example, if retirement provisions are satisfied which allow a team member to avoid forfeiture of the award upon a normal retirement from the Company, it is included in the basic earnings per share calculation. The calculation of diluted earnings per share treats stock options and unvested restricted stock units with time-based restrictions as potential common shares to the extent they are dilutive. The diluted earnings per share calculation does not take into effect any shares that have not met performance or market conditions as of the reporting period.

Asset retirement obligations: The Company recognizes the estimated future cost to remove underground storage tanks over the estimated useful life of the storage tank. The Company records a discounted liability for the fair value of an asset retirement obligation with a corresponding increase to the carrying value of a long-lived asset at the time an underground storage tank is installed. The Company amortizes the amount added to property and equipment on a straight-line basis and recognizes accretion expense in connection with the discounted liability over the remaining life of the tank. The estimates of the anticipated future costs for removal of an underground storage tank are based on our prior experience with removal. Because these estimates are subjective and are currently based on historical costs with adjustments for estimated future changes in the associated costs, we expect the dollar amount of these obligations to change as more information is obtained.

There were no material changes in our asset retirement obligation estimates during fiscal 2020. The net amount recorded as an increase to the related underground storage tank asset related to asset retirement obligations was \$13,416 and \$11,793 at April 30, 2020 and 2019, respectively, and is recorded in property and equipment, net of depreciation. The discounted liability was \$22,658 and \$18,058 at April 30, 2020 and 2019, respectively, and is recorded in other long-term liabilities.

Self-insurance: The Company is primarily self-insured for team member healthcare, workers' compensation, general liability, and automobile claims. The self-insurance claim liability for workers' compensation, general liability, and automobile claims 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 potential of variability in the liability estimates. Some factors affecting the uncertainty of the claim liability include the loss development factors, which includes the development time frame and settlement patterns, and expected loss rates, which includes litigation and adjudication direction, and medical treatment and cost trends. The liability is not discounted. The balance of our self-insurance reserves was \$44,959 and \$44,334 for the years ended April 30, 2020 and 2019, respectively.

Environmental remediation liabilities: The Company accrues for environmental remediation liabilities when it is probable a liability has been incurred and the amount of loss can be reasonably estimated.

Derivative instruments: There were no options or futures contracts as of or during the years ended April 30, 2020, 2019, or 2018. However, we do from time to time, participate in a forward buy of certain commodities. These are not accounted for as derivatives under the normal purchase and sale exclusions within the applicable accounting guidance.

Stock-based compensation: Stock-based compensation is recorded based upon the fair value of the award on the grant date. The cost of the award is recognized ratably in the consolidated statements of income over the vesting period of the award, adjusted for certain retirement provisions. Additionally, certain awards include performance and market conditions. The majority of performance-based awards are based on the achievement of a three year average return on invested capital (ROIC). For these awards, stock-based compensation expense is estimated based on the probable outcome of shares to be awarded adjusted as necessary at each reporting period. The market-based awards are achieved based on our relative performance to a pre-determined peer group. The fair value of these awards is determined using a Monte Carlo simulation as of the date of the grant. For market-based awards, the stock-based compensation expense will not be adjusted should the target awards vary from actual awards.

Segment reporting: As of April 30, 2020, we operated 2,207 stores in 16 states. Our convenience stores offer a broad selection of merchandise, fuel and other products and services designed to appeal to the convenience needs of our guests. We manage the business on the basis of one operating segment and therefore, have only one reportable segment. Our stores sell

similar products and services, use similar processes to sell those products and services, and sell their products and services to similar classes of guests. We make specific disclosures concerning the three broad merchandise categories of fuel, grocery and other merchandise, and prepared food and fountain because it makes it easier for us to discuss trends and operational initiatives within our business and industry. Although we can separate revenues and cost of goods sold within these categories (and further sub-categories), the operating expenses associated with operating a store that sells these products are not separable by these three categories.

Recent accounting pronouncements:

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. We adopted the standard on May 1, 2018 using the modified retrospective approach. The Company adopted two changes that affect the timing of recognition of revenues related to gift card breakage income and the redemption of coupon box tops attached to our pizza boxes. The impact related to gift cards was \$879, net of \$321 of deferred taxes and was an increase to shareholders' equity with a reduction in deferred income. The impact related to box tops was \$5,019, net of \$1,816 of deferred taxes and was a reduction in shareholders' equity, with an increase in deferred income.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This update seeks to increase the transparency and comparability among entities by requiring public entities to recognize lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements. To satisfy the standard's objective, a lessee will recognize a right-of-use asset representing its right to use the underlying asset for the lease term and a lease liability for the obligation to make lease payments. Both the right-of-use asset and lease liability will initially be measured at the present value of the lease payments, with subsequent measurement dependent on the classification of the lease as either a finance or an operating lease. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term.

In July 2018, the FASB issued ASU 2018-10, *Leases (Topic 842) - Codification Improvements* which contains several FASB Codification improvements for ASC Topic 842, including several implementation issues and ASU 2018-11, "Leases (Topic 842) - Targeted Improvements" which provides entities with an additional transition method for implementing ASC Topic 842. Entities have the option to apply the new standard at the adoption date, recognizing a cumulative-effect adjustment to the opening balance of retained earnings along with the modified retrospective approach previously identified, both of which include a number of practical expedients that companies may elect to apply. Under the cumulative-effect adjustment comparative periods would not be restated. Under the modified retrospective approach leases are recognized and measured under the noted guidance at the beginning of the earliest period presented. The new standard is effective for public companies for annual periods beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. We adopted this guidance as of May 1, 2019 using the modified retrospective approach and elected the cumulative-effect adjustment practical expedient. As a result of the transition method selected, the Company did not restate previously reported comparable periods. Please refer to note 7 for additional information regarding the Company's adoption of ASC 842.

In October 2016, the FASB issued ASU No. 2016-16, *Intra-Entity Transfers of Assets Other than Inventory*. We adopted this standard in the quarter ended July 31, 2018, which resulted in no material impact to the Company.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations, Clarifying the Definition of a Business*. The standard clarifies the definition of a business and adds guidance to assist entities in the determination of whether an acquisition (or disposal) represents assets or a business. The guidance requires the Company to utilize various criteria to evaluate whether or not an acquisition is a business. First, if substantially all of the fair value of the assets acquired is concentrated in a single asset or a group of similar identifiable assets, the acquired assets do not represent a business. If that is not the case, the update provides further guidance to evaluate if the acquisition represents a business focused on the nature and substance of the inputs and process acquired. The standard is generally expected to reduce the number of business combinations, which may impact the allocation of purchase consideration in future acquisitions. Where it is determined that an acquisition is not a business combination, there would be no resulting goodwill recorded. The Company prospectively adopted this guidance for all future acquisitions in the first quarter of fiscal 2019.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This standard provides guidance on accounting for costs of implementation activities performed in a cloud computing arrangement that is a service contract. The amendments in the update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software and hosting

arrangements that include an internal-use software license. The Company early adopted this guidance retrospectively, in the first quarter of fiscal 2019. The adoption did not have a material impact on our consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes*. The standard includes changes that eliminate certain exceptions related to the approach for intraperiod tax allocation and the methodology for calculating income taxes in an interim period. It also simplifies aspects of the accounting for franchise taxes, certain transactions that result in a step-up in the tax basis of goodwill, and enacted changes in tax laws or rates. The Company is required to adopt this guidance in the first quarter of its fiscal 2022, with early adoption permitted. The Company is currently evaluating the impact the standard has on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The standard included optional guidance for a limited period of time to help ease the burden in accounting for the effects of reference rate reform. The new standard is effective for all entities through December 31, 2022. The Company does not expect the adoption of this standard to have a material impact on our consolidated financial statements.

## 2. ACQUISITIONS

During the year ended April 30, 2020, the Company acquired 18 stores through a variety of multi-store and single store transactions with several unrelated third parties. Of the 18 stores acquired, 11 were re-opened as a Casey's store during the 2020 fiscal year, and seven will be opened during the 2021 fiscal year. The majority of the acquisitions meet the criteria to be considered business combinations. The purchase price of the stores were valued using a discounted cash flow model on a location by location basis. The acquisitions were recorded in the financial statements by allocating the purchase price to the assets acquired, including intangible assets and liabilities assumed, based on their estimated fair values at the acquisition date as determined by third party appraisals or internal estimates. The excess of the cost of the acquisition over the net amounts assigned to the fair value of the assets acquired and the liabilities assumed is recorded as goodwill if the acquisition is considered to be a business combination. All of the goodwill associated with these transactions will be deductible for income tax purposes over 15 years.

Allocation of the purchase price for the transactions in aggregate for the year ended April 30, 2020 is as follows (in thousands):

Assets acquired:	
Inventories	\$ 680
Property and equipment	28,384
<b>Total assets</b>	<b>29,064</b>
Liabilities assumed:	
Accrued expenses	210
<b>Total liabilities</b>	<b>210</b>
<b>Net tangible assets acquired</b>	<b>28,854</b>
Goodwill	3,852
<b>Total consideration paid</b>	<b>\$ 32,706</b>

The following unaudited pro forma information presents a summary of our consolidated results of operations as if the transactions referenced above occurred at the beginning of the first fiscal year of the periods presented (amounts in thousands, except per share data):

	Years Ended April 30,	
	2020	2019
Total revenue	\$ 9,217,749	\$ 9,421,773
Net income	\$ 265,233	\$ 205,987
<b>Net income per common share</b>		
Basic	\$ 7.18	\$ 5.61
Diluted	\$ 7.13	\$ 5.57

### 3. FAIR VALUE OF FINANCIAL INSTRUMENTS AND LONG-TERM DEBT

A summary of the fair value of the Company's financial instruments follows.

Cash and cash equivalents, receivables, and accounts payable: The carrying amount approximates fair value due to the short maturity of these instruments or the recent purchase of the instruments at current rates of interest.

Long-term debt: The fair value of the Company's long-term debt (including current maturities) and finance lease obligations is estimated based on the current rates offered to the Company for debt of the same or similar issues. The fair value of the Company's long-term debt and capital lease obligations was approximately \$1,341,000 and \$1,272,000, respectively, at April 30, 2020 and 2019.

The carrying amount of the Company's long-term debt and finance lease obligations by issuance is as follows:

	As of April 30,	
	2020	2019
Finance lease liabilities (Note 7)	\$ 16,746	\$ 16,480
5.72% Senior notes due in 14 installments beginning September 30, 2012 and ending March 30, 2020	—	15,000
5.22% Senior notes due August 9, 2020 (1)	569,000	569,000
3.67% Senior notes (Series A) due in 7 installments beginning June 17, 2022, and ending June 15, 2028	150,000	150,000
3.75% Senior notes (Series B) due in 7 installments beginning December 17, 2022 and ending December 18, 2028	50,000	50,000
3.65% Senior notes (Series C) due in 7 installments beginning May 2, 2025 and ending May 2, 2031	50,000	50,000
3.72% Senior notes (Series D) due in 7 installments beginning October 28, 2025 and ending October 28, 2031	50,000	50,000
3.51% Senior notes (Series E) due June 13, 2025	150,000	150,000
3.77% Senior notes (Series F) due August 22, 2028	250,000	250,000
	<b>1,285,746</b>	<b>1,300,480</b>
Less current maturities (2)	<b>571,244</b>	<b>17,205</b>
	<b>\$ 714,502</b>	<b>\$ 1,283,275</b>

(1) The Company is in the process of refinancing these Senior notes, and expects to execute the applicable note purchase agreement for the refinancing in the near future shortly after the report date.

(2) Long-term debt is presented gross in the table above, but net of unamortized debt issuance costs of \$964 and \$1,171 on the consolidated balance sheets for the years ended April 30, 2020 and 2019, respectively.

In January 2019, the Company entered into the Credit Facility that provides for a \$300 million unsecured revolving line of credit, a \$30 million sublimit for letters of credit and a \$30 million sublimit for swingline loans. The Credit Facility contains an expansion option permitting the Company to request an increase of the Credit Facility from time to time up to an aggregate additional \$150 million from the lenders or other financial institutions acceptable to the Company and the Administrative Agent, upon the satisfaction of certain conditions, including the consent of the lenders whose commitments would increase. The maturity date is January 11, 2024. Amounts borrowed under the Credit Facility bear interest at variable rates based upon, at the Company's option, either (a) LIBOR plus an applicable margin or (b) an alternate base rate. The Credit Facility also carries a facility fee between 0.2% and 0.4% per annum based on the Company's consolidated leverage ratio as defined in the credit agreement. The Company had \$120,000 and 75,000 outstanding under the line of credit at April 30, 2020 and 2019, respectively.

Concurrently with this credit agreement, the Company also reduced the Bank Line from \$150,000 to \$25,000. The Bank Line bears interest at a variable rate subject to change from time to time based on changes in an independent index referred to in the Bank Line as the Federal Funds Offered Rate (the "Index"). The interest rate to be applied to the unpaid principal balance of the Bank Line was at a rate of 1.0% over the Index. There was \$0 outstanding at April 30, 2020 and 2019. The line of credit is due upon demand.

Interest expense is net of interest income of \$860, \$595, and \$1,583 for the years ended April 30, 2020, 2019, and 2018, respectively. Interest expense is also net of interest capitalized of \$5,258, \$3,057, and \$2,260 during the years ended April 30, 2020, 2019, and 2018, respectively.

The agreements relating to the above long-term debt contain certain operating and financial covenants. At April 30, 2020, the Company was in compliance with all such operating and financial covenants.

Listed below are the aggregate maturities of long-term debt, including finance lease obligations, for the 5 years commencing May 1, 2020 and thereafter:

Years ended April 30,	Finance Leases	Senior Notes	Total
2021	\$ 2,244	\$ 569,000	\$ 571,244
2022	2,354	—	2,354
2023	2,484	20,000	22,484
2024	2,060	32,000	34,060
2025	734	32,000	32,734
Thereafter	6,870	616,000	622,870
	<u>\$ 16,746</u>	<u>\$ 1,269,000</u>	<u>\$ 1,285,746</u>

#### 4. PREFERRED AND COMMON STOCK

**Preferred stock:** The Company has 1,000,000 authorized shares of preferred stock, of which 250,000 shares have been designated as Series A Serial Preferred Stock. No shares have been issued.

**Common stock:** The Company currently has 120,000,000 authorized shares of common stock.

**Stock incentive plans:** The 2018 Stock Incentive Plan (the "2018 Plan"), was approved by the Board in June 2018 and approved by the Company's shareholders on September 5, 2018 ("the "2018 Plan Effective Date"). The 2018 Plan replaced the 2009 Stock Incentive Plan (the "2009 Plan") under which no new awards are allowed to be granted as of the 2018 Plan Effective Date.

Awards under the 2018 Plan may take the form of stock options, stock appreciation rights, restricted stock, restricted stock units and other equity-based and equity-related awards. Each share issued pursuant to a stock option and each share with respect to which a stock-settled stock appreciation right is exercised (regardless of the number of shares actually delivered) is counted as one share against the maximum limit under the 2018 Plan, and each share issued pursuant to an award of restricted stock or restricted stock units is counted as two shares against the maximum limit. Restricted stock is transferred immediately upon grant (and may be subject to a holding period), whereas restricted stock units have a vesting period that must expire, and in some cases performance or market conditions that must be satisfied before the stock is transferred. There were 2,618,194 shares available for grant at April 30, 2020 under the 2018 Plan.

We account for stock-based compensation by estimating the grant date fair value of stock options using the Black Scholes model, and the fair value of time-based and performance-based restricted stock unit awards using the closing price of our common stock. For market based awards, we use a "Monte Carlo" approach to estimate the value of the awards, which simulates the prices of the Company's and each member of the performance peer groups' common stock price at the end of the relevant performance period, taking into account volatility and the specifics surrounding each total shareholder return metric under the relevant plan. We recognize these amounts as an operating expense in our consolidated statements of income ratably over the requisite service period using the straight-line method, as adjusted for certain retirement provisions, and updated estimates of shares to be issued under performance-based awards. All awards have been granted at no cost to the grantee and/or non-employee member of the Board.

The following table summarizes the equity-related grants made during the three-year period ended April 30, 2020:

<u>Date of Grant</u>	<u>Type of Grant</u>	<u>Shares Granted</u>	<u>Recipients</u>	<u>Vesting Date</u>	<u>Fair Value at Grant Date</u>
June 1, 2017	Restricted Stock Units	63,699	Key Employees	June 1, 2020	\$7,388
July 14, 2017	Restricted Stock Units (1)	61,126	Officers	June 15, 2020	\$6,912
September 28, 2017	Restricted Stock	8,344	Non-Employee Board Members	Immediate	\$920
March 29, 2018	Restricted Stock Units	2,150	Non-Employee Board Members	September 21, 2018	\$236
May 24, 2018	Restricted Stock Units	88,846	Key Employees	May 24, 2021	\$8,593
June 8, 2018	Restricted Stock Units (1)	75,402	Officers	June 8, 2021	\$7,571
September 5, 2018	Restricted Stock Units	7,984	Non-Employee Board Members	2019 Annual Shareholders' Meeting Date	\$920
June 4, 2019	Restricted Stock Units	75,959	Key Employees	June 4, 2022	\$9,886
June 4, 2019	Restricted Stock Units (1)	59,579	Officers	June 4, 2022	\$9,097
June 24, 2019	Restricted Stock Units (2)	32,786	CEO	Various (2)	\$5,700
September 4, 2019	Restricted Stock Units	5,504	Non-Employee Board Members	2020 Annual Shareholders' Meeting Date	\$919
December 23, 2019	Restricted Stock Units (3)	5,000	CEO	Various (3)	\$788
Various (4)	Restricted Stock Units (4)	8,444	Officers	Various (4)	\$1,368
Various (5)	Restricted Stock Units (5)	1,763	Officers	Various (5)	\$354

(1) This grant of restricted stock units includes time-based, performance-based and market-based awards. The performance-based awards included in the figure above represent a "target" amount; the final amount earned is based on the satisfaction of certain performance measures over a three-year performance period and will range from 0% to 200% of the "target". The market-based awards incorporate market conditions in determining fair value as of the grant date, and will also range from 0% to 200% of the "target". Total market-based expense of approximately \$2.3 million for the 2017 grant, \$2.6 million for the 2018 grant, and \$3.1 million for the 2019 grant will be recognized on a straight-line basis over the vesting period, subject to acceleration for retirement provisions.

(2) This grant of restricted stock units is comprised of time-based awards that vest ratably on each June 23, 2020 through 2022, along with a market-based award vesting June 23, 2022. The market-based award incorporates market conditions in determining fair value on the grant date and will range from 0% to 200% of the target. Total market-based expense of approximately \$1.8 million will be recognized on a straight-line basis over the vesting period.

(3) This grant of restricted stock units is comprised of performance-based awards which are calculated based upon targets achieved over performance periods from January 1, 2020 to December 31, 2020. If the performance targets are met, the units vest ratably on each January 15, 2021 through 2023.

(4) These grants of restricted stock units were issued to various officers throughout the fiscal year. The grants were comprised of time-based awards and vest in accordance with the agreements, ranging from January 2021 to January 2023.

(5) These grants of restricted stock units were issued to various officers throughout the fiscal year. The grants includes time-based, performance-based and market-based awards. The performance-based awards included in the figure above represent a

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“target” amount; the final amount earned is based on the satisfaction of certain performance measures over a three-year performance period and will range from 0% to 200% of the “target”. The market-based awards incorporate market conditions in determining fair value as of the grant date, and will also range from 0% to 200% of the “target”. Total market-based expense of approximately \$177 will be recognized on a straight-line basis over the vesting period.

At April 30, 2020, stock options for 43,189 shares (which expire on June 23, 2021) were outstanding. All stock option shares issued are previously unissued authorized shares. Information concerning the issuance of stock options under the 2009 Plan is presented in the following table (no stock option awards have been granted under the 2018 Plan):

	Number of option shares	Weighted average option exercise price
Outstanding at April 30, 2017	222,050	\$ 38.51
Exercised	(40,377)	34.11
Outstanding at April 30, 2018	181,673	\$ 39.48
Exercised	(71,546)	32.02
Forfeited	(300)	25.26
Outstanding at April 30, 2019	109,827	\$ 44.39
Exercised	(66,638)	44.39
<b>Outstanding at April 30, 2020</b>	<b>43,189</b>	<b>\$ 44.39</b>

At April 30, 2020, all outstanding options had an aggregate intrinsic value of \$4,622 and a remaining contractual life of 1.17 years. The weighted average exercise price for all remaining outstanding options is \$44.39. All options are vested as of April 30, 2020. The aggregate intrinsic value for the total of all options exercised during the year ended April 30, 2020 was \$7,412.

Information concerning the issuance of restricted stock units under the 2018 Plan and the 2009 Plan is presented in the following table:

Unvested at April 30, 2017	303,400
Granted	126,980
Vested	(88,700)
Forfeited	(2,699)
Unvested at April 30, 2018	338,981
Granted	172,232
Vested	(104,166)
Forfeited	(10,530)
Performance Award Adjustments	(7,717)
Unvested at April 30, 2019	388,800
Granted	189,035
Vested	(108,484)
Forfeited	(25,146)
Performance Award Adjustments	29,594
<b>Unvested at April 30, 2020</b>	<b>473,799</b>

Total compensation costs recorded for employees and non-employee board members for the stock options, restricted stock, and restricted stock unit awards for the years ended April 30, 2020, 2019 and 2018 were \$18,129, \$16,410, and \$18,800, respectively. As of April 30, 2020, there was \$17,022 of total unrecognized compensation costs related to the 2018 Plan and 2009 Plan for costs related to restricted stock units which are expected to be recognized ratably through fiscal 2022.

During the fourth quarter of the fiscal year ended April 30, 2017, the Company began a share repurchase program, wherein the Company was authorized to repurchase up to an aggregate of \$300 million of the Company's outstanding common stock. The share repurchase authorization was valid for a period of two years. From its inception on March 9, 2017, through May 2018, the company completed the \$300 million authorization by repurchasing 2,794,192 shares of its common stock.

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In March 2018, the Company announced a second share repurchase program with an aggregate \$300 million share repurchase program. The share repurchase authorization was valid for a period of two years. On March 6, 2020, the authorization was extended through the end of the Company's 2022 fiscal year. The timing and number of repurchase transactions under the program depends on a variety of factors including, but not limited to, market conditions, corporate considerations, business opportunities, debt agreements, and regulatory requirements. The program can be suspended or discontinued at any time. No repurchases were made on that program in fiscal 2020.

## 5. NET INCOME PER COMMON SHARE

Computations for basic and diluted earnings per common share are presented below:

	Years ended April 30,		
	2020	2019	2018
<b>Basic</b>			
Net income	\$ 263,846	\$ 203,886	\$ 317,903
Weighted average shares outstanding-basic	36,956,115	36,709,940	37,778,304
Basic earnings per common share	\$ 7.14	\$ 5.55	\$ 8.41
<b>Diluted</b>			
Net income	\$ 263,846	\$ 203,886	\$ 317,903
Weighted-average shares outstanding-basic	36,956,115	36,709,940	37,778,304
Plus effect of stock options and restricted stock units	229,713	265,447	353,795
Weighted-average shares outstanding-diluted	37,185,828	36,975,387	38,132,099
Diluted earnings per common share	\$ 7.10	\$ 5.51	\$ 8.34

There were no options considered antidilutive; therefore, all options were included in the computation of dilutive earnings per share for fiscal 2020, 2019, and fiscal 2018, respectively.

## 6. INCOME TAXES

Income tax expense (benefit) attributable to earnings consisted of the following components:

	Years ended April 30,		
	2020	2019	2018
<b>Current tax expense (benefit):</b>			
Federal	\$ 22,182	\$ 10,326	(7,057)
State	6,210	3,853	1,769
	28,392	14,179	(5,288)
Deferred tax expense (benefit)	49,810	45,337	(98,178)
Total income tax expense (benefit)	\$ 78,202	\$ 59,516	(103,466)

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The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities were as follows:

	As of April 30,	
	2020	2019
Deferred tax assets:		
Accrued liabilities and reserves	\$ 15,953	\$ 11,705
Property and equipment depreciation	27,512	24,661
Workers compensation	8,303	8,277
Deferred compensation	3,781	3,827
Equity compensation	7,083	6,727
State net operating losses & tax credits	424	775
Other	1,335	1,033
Total gross deferred tax assets	64,391	57,005
Less valuation allowance	47	47
Total net deferred tax assets	64,344	56,958
Deferred tax liabilities:		
Property and equipment depreciation	(474,829)	(420,710)
Goodwill	(24,348)	(21,560)
Other	(765)	(476)
Total gross deferred tax liabilities	(499,942)	(442,746)
Net deferred tax liability	\$ (435,598)	(385,788)

At April 30, 2020, the Company had net operating loss carryforwards for state income tax purposes of approximately \$97,144, which are available to offset future state taxable income. The state net operating loss carryforwards begin to expire in 2021.

The valuation allowance for state net operating loss deferred tax assets as of April 30, 2020 and 2019 was \$47. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected taxable income, and tax planning strategies in making this assessment.

Total reported tax expense applicable to the Company's continuing operations varies from the tax that would have resulted from applying the statutory U.S. federal income tax rates to income before income taxes.

	Years ended April 30,		
	2020	2019	2018
Income taxes at the statutory rates	21.0 %	21.0 %	30.4 %
Impact of Tax Reform Act	— %	0.4 %	(80.5)%
Federal tax credits	(1.9)%	(2.3)%	(2.2)%
State income taxes, net of federal tax benefit	4.0 %	4.3 %	3.7 %
Impact of phased-in state law changes, net of federal benefit	(0.2)%	(1.8)%	0.8 %
ASU 2016-09 benefit (share based compensation)	(0.5)%	(0.6)%	(0.8)%
Other	0.5 %	1.6 %	0.3 %
	22.9 %	22.6 %	(48.3)%

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company had a total of \$8,907 and \$7,287 in gross unrecognized tax benefits at April 30, 2020 and 2019, respectively, which is recorded in other long-term liabilities in the consolidated balance sheets. Of this amount, \$7,059 represents the amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate. Unrecognized tax benefits increased \$1,620 during the twelve months ended April 30, 2020, due primarily to the increase associated with income tax filing positions for the current year exceeding the decrease related to the expiration of certain statute of limitations.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2020	2019
Beginning balance	\$ 7,287	\$ 6,421
Additions based on tax positions related to current year	2,780	2,169
Reductions due to lapse of applicable statute of limitations	(1,160)	(1,303)
Ending balance	<u>\$ 8,907</u>	<u>\$ 7,287</u>

The total net amount of accrued interest and penalties for such unrecognized tax benefits was \$354 and \$242 at April 30, 2020 and 2019, respectively, and is included in other long-term liabilities. Net interest and penalties included in income tax expense for the twelve month periods ended April 30, 2020 and 2019 was an increase in tax expense of \$112 and \$51, respectively.

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. The IRS is currently examining tax years 2016 and 2017. The Company has no other ongoing federal or state income tax examinations.

At this time, the Company's best estimate of the reasonably possible change in the amount of the gross unrecognized tax benefits is a decrease of \$1,800 during the next twelve months mainly due to the expiration of certain statutes of limitation. The federal statute of limitations remains open for the tax years 2012 and forward. Tax years 2012 and forward are subject to audit by state tax authorities depending on open statute of limitations waivers and the tax code of each state.

## 7. LEASES

The Company is a lessee in situations where we lease property and equipment, most commonly land or building, from a lessor. The Company is a lessor in situations where the Company owns land or building and leases a portion or all of the property or equipment to a tenant. In both situations, leases are reported in accordance with *ASC 842 - Leases*. As a lessee, the Company recognizes a right-of-use asset representing its right to use the underlying asset for the lease term and a lease liability for the obligation to make lease payments. Both the right-of-use asset and lease liability are initially measured at the present value of the lease payments, with subsequent measurement dependent on the classification of the lease as either a finance or an operating lease. For leases with a term of twelve months or less, we have elected to not recognize lease assets and lease liabilities and will recognize lease expense on a straight-line basis over the lease term. The Company records the operating lease liability in accrued expenses and other long-term liabilities and records the finance lease liability within current maturities of long-term debt and long term debt and finance lease obligations on the consolidated balance sheets. We have elected to adopt the package of practical expedients, as well as the land easement practical expedient. All lessor related activity is considered immaterial to the consolidated financial statements.

The leases initially recorded under *ASC 842* were recognized, at the time of adoption, at an amount equal to the present value of the lease payments using the incremental borrowing rate of debt based upon the remaining term of the lease. New leases are recognized at the present value of the lease payments using the implicit rate in the lease agreement when it is readily determinable. In the case the implicit rate is not readily determinable, the Company uses the incremental borrowing rate of debt based on the term of the lease.

Several leases have variable payment components of the lease such as commission based payments or payments for property taxes and insurance. For these leases, the Company has not included those variable payments in the calculation of the lease liability as the payments are not in-substance fixed and do not depend on an index or rate. These variable payments will be expensed as incurred. The Company also has options to renew or extend the current lease arrangement on many of our leases. In these situations, if it was reasonably certain the lease would be extended, we have included those extensions within the remaining lease payments at the time of measurement.

Lease right-of-use assets outstanding as of April 30, 2020 consisted of the following (in thousands):

	Classification	April 30, 2020
Operating lease right-of-use assets	Other assets	\$ 21,143
Finance lease right-of-use assets	Property and equipment	\$ 14,583

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Weighted average remaining lease terms, weighted average discount rates, and supplementary cash flow information for outstanding leases were as follows:

	April 30, 2020
Weighted-average remaining lease-term - finance lease	10.9
Weighted-average remaining lease-term - operating lease	20.4
Weighted-average discount rate - finance lease	5.34%
Weighted-average discount rate - operating lease	4.25%
Right-of-use assets obtained in exchange for new finance lease liabilities (in thousands)	\$ 1,520
Right-of-use assets obtained in exchange for new operating lease liabilities (in thousands)	\$ 2,840

Future minimum payments under the finance leases and operating leases with initial or remaining terms of one year or more consisted of the following at April 30, 2020 and April 30, 2019:

Years ended April 30, 2020	Finance leases	Operating leases
2021	\$ 3,118	\$ 1,829
2022	3,110	1,814
2023	3,116	1,717
2024	2,565	1,683
2025	1,167	1,686
Thereafter	10,764	25,335
Total minimum lease payments	23,840	34,064
Less amount representing interest	7,094	12,468
Present value of net minimum lease payments	\$ 16,746	\$ 21,596

Years ended April 30, 2019	Capital leases	Operating leases
2020	\$ 3,103	\$ 1,703
2021	3,109	1,547
2022	3,096	1,354
2023	3,098	1,228
2024	2,548	1,066
Thereafter	9,215	10,438
Total minimum lease payments	24,169	\$ 17,336
Less amount representing interest	7,689	
Present value of net minimum lease payments	\$ 16,480	

Effective during the third quarter of fiscal year 2020, Casey's Marketing Company, and the City of Joplin, Missouri ("Joplin") entered into an agreement in which Joplin agreed to issue up to \$51.4 million of taxable industrial development revenue bonds for the purpose of acquiring, constructing, improving, purchasing, equipping and installing a warehouse and distribution facility, which is to be developed and used by the Company. As title transfers to Joplin throughout development and the Company subsequently leases the related asset from Joplin, we have accounted for the transaction under the sale-and-leaseback guidance included in ASC 842-40. We have a purchase option included in the lease agreement for below the fair value of the asset, which prevents the transfer of the assets to Joplin from being recognized as a sale. Accordingly, we have not recognized any gain or loss related to the transfer. Furthermore, we have not derecognized the transferred assets and continue to recognize them in property and equipment on the consolidated balance sheets. The Company has the right and intends to set-off any obligations to make payments under the lease, with proceeds due from the industrial revenue bonds. As of April 30, 2020, we have \$5,505 recognized as construction in process in property and equipment on the consolidated balance sheets related to this agreement.

## 8. BENEFIT PLANS

**401(k) Plan:** The Company provides team members with a defined contribution 401(k) Plan. The 401(k) Plan is available to all team members who meet minimum age and service requirements. The Company contributions consist of matching amounts in Company stock and are allocated based on team member contributions. Contributions to the 401(k) Plan were \$10,571, \$9,918, and \$9,614 for the years ended April 30, 2020, 2019, and 2018, respectively.

On April 30, 2020 and 2019, 1,113,882 and 1,261,258 shares of common stock, respectively, were held by the trustee of the 401(k) Plan in trust for distribution to eligible participants upon death, disability, retirement, or termination of employment. Shares held by the 401(k) Plan are treated as outstanding in the computation of net income per common share.

**Supplemental executive retirement plan:** The Company has a nonqualified supplemental executive retirement plan (SERP) for two of its former executive officers, one of whom retired April 30, 2003 and the other on April 30, 2008. The SERP provides for the Company to pay annual retirement benefits, up to 50% of base compensation until death of the officer. If death occurs within twenty years of retirement, the benefits become payable to the officer's spouse (at a reduced level) until the spouse's death or twenty years from the date of the officer's retirement, whichever comes first. The Company recorded the deferred compensation over the term of employment. The amounts accrued at April 30, 2020 and 2019, respectively, were \$3,434 and \$3,800. The discount rates were based off of the Company's incremental borrowing rate, and ranged from 2.04% to 2.44% for the year ended April 30, 2020. The discount rates used for the year ended April 30, 2019 ranged from 3.78% to 4.01%. The amount expensed in fiscal 2020 was \$269 and the Company expects to pay \$635 per year for each of the next three years, and \$354 in the fourth and fifth year. Expense incurred in fiscal 2019 and fiscal 2018 was \$221 and \$112, respectively.

**Other post-employment benefits:** The Company also has severance and/or deferred compensation agreements with former team members. The amounts accrued at April 30, 2020 and 2019 were \$3,793 and \$2,870, respectively. The Company expects to pay \$1,511 in fiscal 2021 and \$401 for each of the four years thereafter under the agreements. The expense (benefit received) incurred in fiscal 2020, 2019, and 2018 related to these agreements was \$2,727, \$(97), and \$131, respectively.

## 9. COMMITMENTS

During the 2019 fiscal year, the Company was a party to an employment agreement with Terry W. Handley with respect to his service as President and Chief Executive Officer. Mr. Handley retired from the Company on June 23, 2019. In connection with the appointment of Darren M. Rebelez as President and Chief Executive Officer, effective June 24, 2019, the Company is a party to an employment agreement with Mr. Rebelez that provides he will receive aggregate base compensation of not less than \$950 per year, exclusive of incentive payments. The Company also has entered into change of control agreements with its president and CEO and 21 other officers, providing for certain payments in the event of termination in connection with a change of control of the Company.

We have entered into various purchase agreements related to our fuel supply, which include varying volume commitments. Prices included in the purchase agreements are indexed to market prices. While volume commitments are included in the contracts, we do not have a history of incurring material penalties related to these provisions. These contracts are not accounted for as derivatives as they meet the normal purchases exclusion under derivative accounting.

## 10. CONTINGENCIES

**Environmental compliance:** The United States Environmental Protection Agency and several states have adopted laws and regulations relating to underground storage tanks used for petroleum products. Several states in which the Company does business have trust fund programs with provisions for sharing or reimbursing corrective action or remediation costs.

Management currently believes that substantially all capital expenditures for electronic monitoring, cathodic protection, and overfill/spill protection to comply with existing regulations have been completed. The Company has an accrued liability at April 30, 2020 and 2019 of approximately \$328 and \$381, respectively, for estimated expenses related to anticipated corrective actions or remediation efforts, including relevant legal and consulting costs. Management believes the Company has no material joint and several environmental liability with other parties. Additional regulations or amendments to the existing regulations could result in future revisions to such estimated expenditures.

**Legal matters:** From time to time we may be involved in legal or administrative proceedings or investigations arising from the conduct of our business operations, including, but not limited to, contractual disputes; employment, personnel, or accessibility matters; personal injury and property damage claims; and claims by federal, state, and local regulatory authorities relating to the sale of products pursuant to licenses and permits issued by those authorities. Claims for damages in those actions may be substantial. While the outcome of such litigation, proceedings, investigations, or claims is never certain, it is our

opinion, after taking into consideration legal counsel's assessment and the availability of insurance proceeds and other collateral sources to cover potential losses, that the ultimate disposition of such matters currently pending or threatened, individually or cumulatively, will not have a material impact on our consolidated financial position and results of operations.

Other: At April 30, 2020, the Company was primarily self-insured for workers' compensation claims in all but two states of its marketing territory. In North Dakota and Ohio, the Company is required to participate in an exclusive, state managed fund for all workers compensation claims. The Company was also partially self-insured for general liability and auto liability under an agreement that provides for annual stop-loss limits equal to or exceeding \$500 for general liability and auto liability and \$350 for workers' compensation. To facilitate this agreement, letters of credit approximating \$21,526 were issued and outstanding at April 30, 2020 and 2019, on the insurance company's behalf. Additionally, the Company is self-insured for its portion of team member medical expenses. At April 30, 2020 and 2019, the Company had \$44,959 and \$44,334, respectively, outstanding for estimated claims relating to self-insurance, the majority of which has been actuarially determined.



**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

(a) Evaluation of disclosure controls and procedures.

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 240.13a-15(e)). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's current disclosure controls and procedures were effective as of April 30, 2020.

For purposes of Rule 13a-15(e), the term disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Act (15 U.S.C. 78a et seq.) is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control over Financial Reporting.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of April 30, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework (2013)*. On the basis of the prescribed criteria, management concluded that the Company's internal control over financial reporting was effective as of April 30, 2020.

KPMG LLP, as the Company's independent registered public accounting firm, has issued a report on its assessment of the effectiveness of the Company's internal control over financial reporting. This report appears on page 33.

(c) Changes in Internal Control over Financial Reporting.

There were no changes in the Company's internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(d) Other.

The Company does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all fraud and material errors. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations on all internal control systems, our internal control system can provide only reasonable assurance of achieving its objectives and no evaluation of controls can provide absolute assurance that all control issues and occurrences of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of internal control is also based in part upon certain assumptions about the likelihood of future events, and can provide only reasonable, not absolute, assurance that any design will succeed in

achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in circumstances, or the degree of compliance with the policies and procedures may deteriorate.

**ITEM 9B. OTHER INFORMATION**

Not applicable.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE**

Those portions of the Company's definitive Proxy Statement appearing under the captions "Election of Directors," "Governance of the Company," "Information about our Executive Officers", "Executive Compensation", "Nominating and Corporate Governance Committee", and "Audit Committee", as filed with the Commission pursuant to Regulation 14A within 120 days after April 30, 2020, and used in connection with the Company's 2020 Annual Meeting of Shareholders are hereby incorporated by reference.

The Company has adopted a Financial Code of Ethics applicable to its Chief Executive Officer and other senior financial officers. In addition, the Company has adopted a general code of business conduct (known as the Code of Business Conduct and Ethics) for its directors, officers, and all team members. The Financial Code of Ethics, the Code of Business Conduct and Ethics, and other Company governance materials are available under the Investor Relations-Governance link of the Company website located at [www.caseys.com](http://www.caseys.com). In the event of an amendment or waiver to the Financial Code of Ethics or the Code of Business Conduct and Ethics, any required disclosure will be posted to our website. To date, there have been no waivers of the Financial Code of Ethics or the Code of Business Conduct and Ethics. Shareholders may obtain copies of any of these corporate governance documents free of charge by downloading from the Web site or by writing to the Corporate Secretary at the address on the cover of this Form 10-K.

**ITEM 11. EXECUTIVE COMPENSATION**

That portion of the Company's definitive Proxy Statement appearing under the caption "Compensation Discussion and Analysis", "Compensation Committee Report", "Compensation Committee", "Executive Compensation," "Potential Payments Upon Termination or Change of Control", "Director Compensation", and "Certain Relationships and Related Party Transactions", as filed with the Commission pursuant to Regulation 14A within 120 days after April 30, 2020, and used in connection with the Company's 2020 Annual Meeting of Shareholders is hereby incorporated by reference.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Those portions of the Company's definitive Proxy Statement appearing under the captions "Beneficial Ownership of Shares of Common Stock by Directors and Executive Officers", "Principal Shareholders" and "Equity Compensation Plan Information", as filed with the Commission pursuant to Regulation 14A within 120 days after April 30, 2020, and used in connection with the Company's 2020 Annual Meeting of Shareholders are hereby incorporated by reference.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

That portion of the Company's definitive Proxy Statement appearing under the captions "Certain Relationships and Related Transactions", "Governance of the Company" and "The Board of Directors and its Committees", as filed with the Commission pursuant to Regulation 14A within 120 days after April 30, 2020, and used in connection with the Company's 2020 Annual Meeting of Shareholders is hereby incorporated by reference.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

That portion of the Company's definitive Proxy Statement appearing under the caption "Ratification of Appointment of Independent Registered Public Accounting Firm" as filed with the Commission within 120 days after April 30, 2020, and used in connection with the Company's 2020 Annual Meeting of Shareholders is hereby incorporated by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as a part of this report on Form 10-K:

(1) The following financial statements are included herewith:

Report of Independent Registered Public Accounting Firm  
Consolidated Balance Sheets, April 30, 2020 and 2019  
Consolidated Statements of Income, Three Years Ended April 30, 2020  
Consolidated Statements of Shareholders' Equity, Three Years Ended April 30, 2020  
Consolidated Statements of Cash Flows, Three Years Ended April 30, 2020  
Notes to Consolidated Financial Statements

(2) No schedules are included because the required information is inapplicable or is presented in the consolidated financial statements or related notes thereto.

(3) The following exhibits are filed as a part of this report:

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
3.1	<a href="#">Second Restatement of the Restated and Amended Articles of Incorporation, as amended September 5, 2018, June 28, 2019 and September 4, 2019 (incorporated by reference to Exhibit 3.1 to Form 10-Q as filed September 9, 2019)</a>
3.2(a)	<a href="#">Fourth Amended and Restated By-Laws, as amended September 5, 2018, June 28, 2019 and September 5, 2019 (incorporated by reference to Exhibit 3.2(a) to Form 10-Q as filed September 9, 2019)</a>
4.1	<a href="#">Note Purchase Agreement dated as of September 29, 2006 among the Company and the purchasers the 5.72% Senior Notes, Series A and Series B (incorporated by reference to Exhibit 4.8 to Form 8-K as filed September 29, 2006)</a>
4.2	<a href="#">Note Purchase Agreement dated as of August 9, 2010 among the Company and the purchasers of the 5.22% Senior Notes (incorporated by reference to Exhibit 4.1 to Form 8-K as filed August 10, 2010)</a>
4.3	<a href="#">Note Purchase Agreement dated as of June 17, 2013 among the Company and the purchasers of the 3.67% Series A Notes and 3.75% Series B Notes (incorporated by reference to Exhibit 4.10 to Form 8-K as filed June 18, 2013)</a>
4.4	<a href="#">Note Purchase Agreement dated as of May 2, 2016 among the Company and the purchasers of the 3.65% Series C Notes and 3.72% Series D Notes (incorporated by reference to Exhibit 4.11 to Form 8-K as filed May 3, 2016)</a>
4.5	<a href="#">Note Purchase Agreement dated as of June 13, 2017 among the Company and the purchasers of the 3.51% Series E Notes and 3.77% Series F Notes (incorporated by reference to Exhibit 4.12 to Form 8-K as filed June 15, 2017)</a>
4.6	<a href="#">Description of Securities Registered Under Section 12 of the Exchange Act</a>
10.1	<a href="#">Promissory Note delivered to UMB Bank, n.a. and related Negative Pledge Agreement dated January 11, 2019 (incorporated by reference to exhibit 10.28(d) to Form 8-K as filed January 17, 2019)</a>
10.2	<a href="#">Credit Agreement dated January 11, 2019, among Casey's General Stores, Inc. as borrower, and Royal Bank of Canada, as administrative agent, and the lenders and issuing banks from time to time party thereto (incorporated by reference to Exhibit 10.28 (e) to Form 8-K as filed January 17, 2019)</a>
10.3*	<a href="#">Form of Change of Control Employment Agreement (incorporated by reference to Exhibit 10.29(a) to Form 8-K as filed June 2, 2010)</a>
10.4*	<a href="#">Form of Change of Control Agreement (incorporated by reference to Exhibit 10.1 to Form 8-K as filed December 19, 2019)</a>
10.5*	<a href="#">Non-Qualified Supplemental Executive Retirement Plan and Amendment thereto (incorporated by reference to Exhibit 10.30 to Form 10-K as filed June 29, 2018)</a>
10.6*	<a href="#">Non-Qualified Supplemental Executive Retirement Plan Trust Agreement with UMB Bank, n.a. (incorporated by reference to Exhibit 10.31 to Form 8-K as filed November 10, 1997)</a>

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10.7*	<a href="#">Executive Nonqualified Excess Plan Document and related Adoption Agreement dated September 25, 2015</a>
10.8*	<a href="#">Casey's General Stores, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.41 to Form 8-K as filed September 23, 2009)</a>
10.9*	<a href="#">Form of Stock Option Grant under 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.41(a) to Form 8-K filed June 27, 2011)</a>
10.10*	<a href="#">Form of Restricted Stock Units Agreement (Non-Officer Employees) under 2009 Stock Incentive Plan (incorporated by reference to Exhibit 99.2 to Form 8-K as filed July 19, 2017)</a>
10.11*	<a href="#">Form of Restricted Stock Units Agreement (LTI Awards to Officers) and Award Summary under 2009 Stock Incentive Plan (incorporated by reference to Exhibit 99.1 to Form 8-K as filed July 19, 2017)</a>
10.12*	<a href="#">Employment Agreement with Robert J. Myers and Amendment and Second Amendment thereto (incorporated by reference to Exhibit 10.39 to Form 10-K as filed June 29, 2018)</a>
10.13*	<a href="#">Employment Agreement and related Restricted Stock Units Award Agreement between the Company and Terry W. Handley dated April 12, 2016 (incorporated by reference to Exhibit 10.42 to Form 10-K as filed June 29, 2018)</a>
10.14*	<a href="#">Separation and General Release Agreement, dated May 31, 2019, between the Company and Terry W. Handley (incorporated by reference to Exhibit 10.2 to Form 8-K filed June 6, 2019)</a>
10.15*	<a href="#">Employment Agreement, dated May 31, 2019, between the Company and Darren M. Rebelez (with the Change of Control Agreement between the Company and Darren M. Rebelez attached as an exhibit thereto) (incorporated by reference to Exhibit 10.1 to Form 8-K as filed June 6, 2019)</a>
10.16*	<a href="#">Separation Agreement and General Release of Claims, dated September 11, 2019, between the Company and Cindi W. Summers (incorporated by reference to Exhibit 10.49 to Form 10-Q as filed December 9, 2019)</a>
10.17*	<a href="#">Casey's General Stores, Inc. 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.43 to Form 8-K as filed September 10, 2018)</a>
10.18*	<a href="#">Form of Restricted Stock Units Agreement for Non-Employee Directors under 2018 Stock Incentive Plan (incorporated by reference to Exhibit 99.1 to Form 8-K as filed September 10, 2018)</a>
10.19*	<a href="#">Form of Restricted Stock Units Agreement (LTI Awards to Officers) and Award Summary under 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.45 to Form 10-Q as filed September 9, 2019)</a>
10.20*	<a href="#">Restricted Stock Units Agreement (Make-Whole Award to Darren M. Rebelez) and Award Summary under 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.46 to Form 10-Q as filed September 9, 2019)</a>
10.21*	<a href="#">Performance-Based Restricted Stock Units Agreement (Special Strategic Grant to Darren M. Rebelez) and Award Summary under 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 8-K as filed December 26, 2019)</a>
10.22*	<a href="#">Restricted Stock Units Agreement (Make-Whole Award to Thomas P. Brennan) under 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.53 to Form 10-Q as filed March 9, 2020)</a>
10.23*	<a href="#">Restricted Stock Units Agreement (Make-Whole Award to Chad Frazell) under 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.54 to Form 10-Q as filed March 9, 2020)</a>
10.24*	<a href="#">Casey's General Stores, Inc. Officer Severance Plan (incorporated by reference to Exhibit 10.1 to Form 8-K as filed September 9, 2019)</a>
21	<a href="#">Subsidiaries of Casey's General Stores, Inc.</a>
23.1	<a href="#">Consent of Independent Registered Public Accounting Firm</a>
31.1	<a href="#">Certificate of Darren M. Rebelez under Section 302 of Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certificate of Stephen P. Bramlage Jr. under Section 302 of Sarbanes-Oxley Act of 2002</a>
32.1	<a href="#">Certificate of Darren M. Rebelez under Section 906 of Sarbanes-Oxley Act of 2002</a>
32.2	<a href="#">Certificate of Stephen P. Bramlage Jr. under Section 906 of Sarbanes-Oxley Act of 2002</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document

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- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document

\* Indicates management contract or compensatory plan or arrangement.

**ITEM 16. FORM 10-K SUMMARY**

Not Applicable

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CASEY'S GENERAL STORES, INC.**  
(Registrant)

Date: June 26, 2020

By /s/ Darren M. Rebelez  
Darren M. Rebelez, President and  
Chief Executive Officer  
(Principal Executive Officer and Director)

Date: June 26, 2020

By /s/ Stephen P. Bramlage Jr.  
Stephen P. Bramlage Jr.  
Chief Financial Officer  
(Authorized Officer and Principal Financial and Accounting  
Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: June 26, 2020

By /s/ H. Lynn Horak  
H. Lynn Horak  
Chair and Director

Date: June 26, 2020

By /s/ Darren M. Rebelez  
Darren M. Rebelez, President and  
Chief Executive Officer, Director

Date: June 26, 2020

By /s/ Stephen P. Bramlage Jr.  
Stephen P. Bramlage Jr.  
Chief Financial Officer

Date: June 26, 2020

By /s/ Cara K. Heiden  
Cara K. Heiden  
Director

Date: June 26, 2020

By /s/ Diane C. Bridgewater  
Diane C. Bridgewater  
Director

Date: June 26, 2020

By /s/ Donald E. Frieson  
Donald E. Frieson  
Director

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Date: June 26, 2020

By /s/ David K. Lenhardt

David K. Lenhardt

Director

Date: June 26, 2020

By /s/ Allison M. Wing

Allison M. Wing

Director

Date: June 26, 2020

By /s/ Larree M. Renda

Larree M. Renda

Director

Date: June 26, 2020

By /s/ Judy A. Schmeling

Judy A. Schmeling

Director

## DESCRIPTION OF CAPITAL STOCK

The following statements contain, in summary form, certain information relating to the capital stock of the Company. They do not purport to be complete, and are qualified in their entirety by reference to the provisions of the Company's [Second Restatement of the Restated and Amended Articles of Incorporation, as amended](#) (the "Restated Articles") incorporated herein by this reference.

The authorized capital stock of the Company consists of 120,000,000 shares of Common Stock, no par value (the "Common Stock"), and 1,000,000 shares of Preferred Stock, no par value (the "Preferred Stock") of which 250,000 shares have been designated as Series A Serial Preferred Stock. No shares of Preferred Stock have been issued. The Company's Restated Articles do not authorize any other classes of capital stock.

The Common Stock is the only class of capital stock of the Company registered under the Securities Exchange Act of 1934 as amended and it is registered under Section 12(b) thereof.

### COMMON STOCK

All issued and outstanding shares of Common Stock are duly authorized, validly issued, fully paid, and non-assessable. Holders of Common Stock have one vote for each share held and are not entitled to cumulate their votes for the election of directors. Until January 1, 2019, under the Iowa Business Corporation Act, the Board was required to be classified. However, starting with the company's 2019 annual shareholders' meeting, Iowa Code section 490.806B mandates that the board begin a phased declassification over a three-year period. In particular, Iowa Code section 490.806B requires that the staggered terms of the "Class I", "Class II" and "Class III" directors elected or appointed prior to January 1, 2019 cease at the expiration of their then current terms, and that the terms of directors elected or appointed after January 1, 2019 expire at the next annual shareholders' meeting following their election or appointment.

Common Stock is not subject to redemption by its terms although Common Stock may be repurchased by the Company at its discretion. The holders of shares of Common Stock do not have preemptive rights. Holders of shares of Common Stock are entitled to share ratably in the assets of the Company legally available for distribution to holders of Common Stock in the event of liquidation, dissolution, or winding up of the Company. The holders of Common Stock are entitled to dividends when, as and if declared by the Board of Directors of the Company.

### PREFERRED STOCK

The Board of Directors is empowered by the Restated Articles to issue, from time to time, one or more series of authorized Preferred Stock without shareholder approval. The authorized but unissued shares of Preferred Stock may be issued in series having such designations, preferences or rights, and having the qualifications, limitations or restrictions thereon, as may be fixed and determined by resolution of the Company's Board of Directors. Therefore, shares of series of Preferred Stock could have rights that would cause such shares to be superior to the Common Stock with respect to such matters as voting, dividends and liquidation.

As noted above, the Restated Articles authorize a series of Preferred Stock designated Series A Serial Preferred Stock comprised of 250,000 shares. The Board created the Series A Serial Preferred Stock in April 2010 in connection with the Shareholder Rights Plan (the "Rights Plan") that it adopted at the same

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time. The Series A Serial Preferred Stock was created having the specific designations, preferences and rights and having the specific qualifications, limitations and restrictions necessary to implement the Rights Plan. The Shareholder Rights Plan expired in April 2011 without any shares of Series A Preferred Stock having been issued. The 250,000 Series A Serial Preferred Stock remains authorized under the Restated Articles. Since the Rights Plan is expired, the Board does not anticipate issuing the Series A Serial Preferred Stock for which it was created.

### **REGISTRAR AND TRANSFER AGENT**

Computershare Trust Company, N.A. 250 Royall Street Canton, MA 02021 is the Registrar and Transfer Agent for the Common Stock of the Company.

### **CERTAIN PROVISIONS OF THE IOWA CODE, OUR ARTICLES OF INCORPORATION AND BYLAWS**

Certain provisions of the Iowa Business Corporations Act (the “Act”), our Restated Articles and the Fourth Amended and Restated By-Laws (the “Bylaws”) summarized in the following paragraphs may have an anti-takeover effect. This summary is qualified in its entirety by reference to the [Restated Articles](#), and the [Bylaws](#) incorporated herein by this reference.

Our Bylaws vest the power to call special meetings of stockholders in our board chair, by resolution approved by a majority of the entire board, or by the secretary of the Company following receipt of one or more written demands to call a special meeting of the shareholders from shareholders holding of record shares representing not less than 50% of the voting power of the outstanding shares of the Company. Shareholders are permitted under our Bylaws to act by written consent in lieu of a meeting.

To be properly brought before an annual meeting of stockholders, any shareholder proposal or nomination for the board of directors must be delivered to our secretary by the close of business not more than 120 and not less than 90 days prior to the date on which we first mailed our proxy materials for the prior year’s annual meeting; provided that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from the anniversary of the previous year’s meeting, written notice must be provided not less than 90 days nor more than 120 days prior to the date of the annual meeting or, if the first public announcement of the date of such advanced or delayed annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of the annual meeting is first made.

Our Bylaws contain “proxy access” provisions, which permit an eligible shareholder or a group of up to 20 eligible shareholders owning 3% or more of the Company’s outstanding shares of Common Stock continuously for at least three years to nominate and include in the Company’s annual meeting proxy materials, for any annual meeting of shareholders at which directors are to be elected, director nominees constituting up to the greater of (i) 20% of the total number of directors of the Company, or (ii) two individuals; provided that the nominating shareholder(s) and nominee(s) satisfy the requirements described in the Bylaws.

As noted above, the classified board is being phased out under “Common Stock”.

We are subject to Iowa Code section 490.1110 (“Section 490.1110”). In general, Section 490.1110 prohibits a publicly held Iowa corporation from engaging in various “business combination” transactions with any interested shareholder for a period of three years following the date of the transactions in which

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the person became an interested shareholder, unless: (i) the transaction is approved by the board of directors prior to the date the shareholder became an interested shareholder; (ii) upon consummation of the transaction which resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or (iii) on or subsequent to such date the business combination is approved by the board of directors and authorized at an annual or special meeting of shareholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested shareholder.

## THE EXECUTIVE NONQUALIFIED EXCESS PLAN PLAN DOCUMENT

### THE EXECUTIVE NONQUALIFIED EXCESS PLAN

#### Section 1. Purpose:

By execution of the Adoption Agreement, the Employer has adopted the Plan set forth herein, and in the Adoption Agreement, to provide a means by which certain management Employees or Independent Contractors of the Employer may elect to defer receipt of current Compensation from the Employer in order to provide retirement and other benefits on behalf of such Employees or Independent Contractors of the Employer, as selected in the Adoption Agreement. The Plan is intended to be a

nonqualified deferred compensation plan that complies with the provisions of Section 409A of the Internal Revenue Code (the "Code"). The Plan is also intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees under Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA") and independent contractors. Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

Section 2. Definitions:

As used in the Plan, including this Section 2, references to one gender shall include the other, unless otherwise indicated by the context:

2.1 "Active Participant" means, with respect to any day or date, a Participant who is in Service on such day or date; provided, that a Participant shall cease to be an Active Participant (i) immediately upon a determination by the Committee that the Participant has ceased to be an Employee or Independent Contractor, or (ii) at the end of

the Plan Year that the Committee determines the Participant no longer meets the eligibility requirements of the Plan.

2.2 "Adoption Agreement" means the written agreement pursuant to which the Employer adopts the Plan. The Adoption Agreement is a part of the Plan as applied to the Employer.

2.3 "Beneficiary" means the person, persons, entity or entities designated or determined pursuant to the provisions of Section 13 of the Plan.

2.4 "Board" means the Board of Directors of the Company, if the Company is a corporation. If the Company is not a corporation, "Board" shall mean the Company.

2.5 "Change in Control Event" means an event described in Section 409A(a)(2)(A)(v) of the Code (or any successor provision thereto) and the regulations thereunder.

2.6 "Committee" means the persons or entity designated in the Adoption Agreement to administer the Plan. If the Committee designated in the Adoption Agreement is unable to serve, the Employer shall satisfy the duties of the Committee provided for in Section 9.

2.7 "Company" means the company designated in the Adoption Agreement as such.

2.8 "Compensation" shall have the meaning designated in the Adoption Agreement.

2.9 "Crediting Date" means the date designated in the Adoption Agreement for crediting the amount of any Participant Deferral Credits or Employer Credits to the Deferred Compensation Account of a Participant.

2.10 "Deferred Compensation Account" means the account or accounts maintained with respect to each Participant under the Plan. The Deferred Compensation Account shall be credited with Participant Deferral Credits and Employer Credits, credited or debited for deemed investment gains or losses, and adjusted for payments in accordance with the rules and elections in effect under Section 8. As permitted in the Adoption Agreement, the Deferred Compensation Account of a Participant may consist of one or more accounts including In-Service or Education Accounts, if applicable. A Participant may elect payment options for each account as described in Section 7.1 and deemed investments for each account as described in Section 8.2.

2.11 "Disabled or Disability" means Disabled or Disability within the meaning of Section 409A of the Code and the regulations thereunder. Generally, this means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Employer.

2.12 "Education Account" is an In-Service Account which will be used by the Participant for educational purposes.

2.13 "Effective Date" shall be the date designated in the Adoption Agreement.

2.14 "Employee" means an individual in the Service of the Employer if the relationship between the individual and the Employer is the legal relationship of employer

and employee. An individual shall cease to be an Employee upon the Employee's Separation from Service.

2.15 "Employer" means the Company, as identified in the Adoption Agreement, and any Participating Employer which adopts this Plan. An Employer may be a corporation, a limited liability company, a partnership or sole proprietorship.

2.16 "Employer Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.2.

2.17 "Grandfathered Amounts" means, if applicable, the amounts that were deferred under the Plan and were earned and vested within the meaning of Section 409A of the Code and regulations thereunder as of December 31, 2004. Grandfathered Amounts shall be subject to the terms designated in the Plan which were in effect as of October 3, 2004.

2.18 "Independent Contractor" means an individual in the Service of the Employer if the relationship between the individual and the Employer is not the legal relationship of employer and employee. An individual shall cease to be an Independent

Contractor upon the termination of the Independent Contractor's Service. An Independent Contractor shall include a director of the Employer who is not an Employee.

2.19 "In-Service Account" means a separate account to be kept for each Participant that has elected to take in-service distributions as described in Section 5.4. The In-Service Account shall be adjusted in the same manner and at the same time as the Deferred Compensation Account under Section 8 and in accordance with the rules and elections in effect under Section 8.

2.20 "Normal Retirement Age" of a Participant means the age designated in the Adoption Agreement.

2.21 "Participant" means with respect to any Plan Year an Employee or Independent Contractor who has been designated by the Committee as a Participant and who has entered the Plan or who has a Deferred Compensation Account under the Plan; provided that if the Participant is an Employee, the individual must be a highly compensated or management employee of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

2.22 "Participant Deferral Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.1.

2.23 "Participating Employer" means any trade or business (whether or not incorporated) which adopts this Plan with the consent of the Company identified in the Adoption Agreement.

2.24 "Participation Agreement" means a written agreement entered into between a Participant and the Employer pursuant to the provisions of Section 4.1

2.25 "Performance-Based Compensation" means compensation where the amount of, or entitlement to, the compensation is contingent on the satisfaction of preestablished organizational or individual performance criteria relating to a performance period of at least twelve months. Organizational or individual performance criteria are considered preestablished if established in writing within 90 days after the commencement of the period of service to which the criteria relates, provided that the outcome is substantially uncertain at the time the criteria are established. Performance-based

compensation may include payments based upon subjective performance criteria as provided in regulations and administrative guidance promulgated under Section 409A of the Code.

2.26 "Plan" means The Executive Nonqualified Excess Plan, as herein set out and as set out in the Adoption Agreement, or as duly amended. The name of the Plan as applied to the Employer shall be designated in the Adoption Agreement.

2.27 "Plan-Approved Domestic Relations Order" shall mean a judgment, decree, or order (including the approval of a settlement agreement) which is:

2.27.1 Issued pursuant to a State's domestic relations law;

2.27.2 Relates to the provision of child support, alimony payments or marital property rights to a Spouse, former Spouse, child or other dependent of the Participant;

2.27.3 Creates or recognizes the right of a Spouse, former Spouse, child or other dependent of the Participant to receive all or a portion of the Participant's benefits under the Plan;

2.27.4 Requires payment to such person of their interest in the Participant's benefits in a lump sum payment at a specific time; and

2.27.5 Meets such other requirements established by the Committee.

2.28 "Plan Year" means the twelve-month period ending on the last day of the month designated in the Adoption Agreement; provided that the initial Plan Year may have fewer than twelve months.

2.29 "Qualifying Distribution Event" means (i) the Separation from Service of the Participant, (ii) the date the Participant becomes Disabled, (iii) the death of the Participant, (iv) the time specified by the Participant for an In-Service or Education Distribution, (v) a Change in Control Event, or (vi) an Unforeseeable Emergency, each to the extent provided in Section 5.

2.30 "Seniority Date" shall have the meaning designated in the Adoption Agreement.

2.31 "Separation from Service" or "Separates from Service" means a "separation from service" within the meaning of Section 409A of the Code.

2.32 "Service" as an Employee means employment by the Employer. For purposes of the Plan, the employment relationship is treated as continuing intact while the Employee is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee's right to reemployment is provided either by statute or contract. If the Participant is an Independent Contractor, "Service" shall mean the period during which the contractual relationship exists between the Employer and the Participant. The contractual relationship is not terminated if the Participant anticipates a renewal of the contract or becomes an Employee.

2.33 "Service Bonus" means any bonus paid to a Participant by the Employer which is not Performance-Based Compensation.

2.34 "Specified Employee" means an Employee who meets the requirements for key employee treatment under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and without regard to Section 416(i)(5) of the Code) at any time during the twelve month period ending on December 31 of each year (the "identification date"). If the person is a key employee as of any identification date, the person is treated as a Specified Employee for the twelve-month period beginning on the first day of the fourth month following the identification date. Unless binding corporate action is taken to establish

different rules for determining Specified Employees for all plans of the Company and its controlled group members that are subject to Section 409A of the

Code, the foregoing rules and the other default rules under the regulations of Section 409A of the Code shall apply.

2.35 "Spouse" or "Surviving Spouse" means, except as otherwise provided in the Plan, a person who is the legally married spouse or surviving spouse of a Participant.

2.36 "Unforeseeable Emergency" means an "unforeseeable emergency" within the meaning of Section 409A of the Code.

2.37 "Years of Service" means each Plan Year of Service completed by the Participant. For vesting purposes, Years of Service shall be calculated from the date designated in the Adoption Agreement and Service shall be based on service with the Company and all Participating Employers.

### Section 3. Participation:

The Committee in its discretion shall designate each Employee or Independent Contractor who is eligible to participate in the Plan. A Participant who Separates from Service with the Employer and who later returns to Service will not be an Active Participant under the Plan except upon satisfaction of such terms and conditions as the Committee shall establish upon the Participant's return to Service, whether or not the Participant shall have a balance remaining in his Deferred Compensation Account under the Plan on the date of the return to Service.

### Section 4. Credits to Deferred Compensation Account:

4.1 Participant Deferral Credits. To the extent provided in the Adoption Agreement, each Active Participant may elect, by entering into a Participation Agreement with the Employer, to defer the receipt of Compensation from the Employer by a dollar amount or percentage specified in the Participation Agreement. The amount of

Compensation the Participant elects to defer, the Participant Deferral Credit, shall be credited by the Employer to the Deferred Compensation Account maintained for the Participant pursuant to Section 8. The following special provisions shall apply with respect to the Participant Deferral Credits of a Participant:

4.1.1 The Employer shall credit to the Participant's Deferred Compensation Account on each Crediting Date an amount equal to the total Participant Deferral Credit for the period ending on such Crediting Date.

4.1.2 An election pursuant to this Section 4.1 shall be made by the Participant by executing and delivering a Participation Agreement to the Committee. Except as otherwise provided in this Section 4.1, the Participation Agreement shall become effective with respect to such Participant as of the first day of January following the date such Participation Agreement is received by the Committee. A Participant's election may be changed at any time prior to the last permissible date for making the election as permitted in this Section 4.1, and shall thereafter be irrevocable. Any election of a Participant shall continue in effect for the time period as set forth in the Adoption Agreement and shall be described as evergreen or non-evergreen as appropriate.

4.1.3 A Participant may execute and deliver a Participation Agreement to the Committee within 30 days after the date the Participant first becomes eligible to participate in the Plan. After the 30 day period expires, or after any shorter time period as agreed to by the Participant and the Committee, the latest election made by the Participant during that period becomes irrevocable. Such election shall then be effective as of the first payroll period commencing following the date the Participation Agreement becomes irrevocable. Whether a Participant is treated as newly eligible for participation under this Section shall be determined in accordance with Section 409A of the Code and the regulations thereunder, including (i) rules that treat all elective deferral account balance plans as one plan, and (ii) rules that treat a previously eligible Employee as newly eligible if his benefits had been previously distributed or if he has been ineligible for 24 months. For Compensation that is earned based upon a specified performance period (for example, an annual bonus), where a deferral election is made under this Section but after the beginning of the performance period, the election will only apply to the portion of the Compensation equal to the total amount of the Compensation for the service period multiplied by the ratio of the number of days remaining in the performance period after the date the election becomes irrevocable over the total number of days in the performance period.

4.1.4 A Participant may unilaterally modify a Participation Agreement (either to terminate, increase or decrease the portion of his future Compensation which is subject to deferral within the percentage limits set forth in Section 4.1 of

the Adoption Agreement) by providing a written modification of the Participation Agreement to the Committee. The modification shall become effective as of the first day of January following the date such written modification is received by the Committee, or at such later date as required under Section 409A of the Code.

4.1.5 If the Participant performed services continuously from the later of the beginning of the performance period or the date upon which the performance criteria are established through the date upon which the Participant makes an initial deferral election, a Participation Agreement relating to the deferral of Performance- Based Compensation may be executed and delivered to the Committee no later than the date which is 6 months prior to the end of the performance period, provided that in no event may an election to defer Performance-Based Compensation be made after such Compensation has become readily ascertainable.

4.1.6 If the Employer has a fiscal year other than the calendar year, Compensation relating to Service in the fiscal year of the Employer (such as a bonus based on the fiscal year of the Employer), of which no amount is paid or payable during the fiscal year, may be deferred at the Participant's election if the election to defer is made not later than the close of the Employer's fiscal year next preceding the first fiscal year in which the Participant performs any services for which such Compensation is payable.

4.1.7 Compensation payable after the last day of the Participant's taxable year solely for services provided during the final payroll period containing the last day of the Participant's taxable year (i.e., December 31) is treated for purposes of this Section 4.1 as Compensation for services performed in the subsequent taxable year.

4.1.8 The Committee may from time to time establish policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which Participant Deferral Credits may be made.

4.1.9 If a Participant becomes Disabled all currently effective deferral elections for such Participant shall be cancelled. At the time the participant is no longer Disabled, subsequent elections to defer future compensation will be permitted under this Section 4.

4.1.10 If a Participant applies for and receives a distribution on account of an Unforeseeable Emergency, all currently effective deferral elections for such Participant shall be cancelled. Subsequent elections to defer future compensation will be permitted under this Section 4.

4.1.11 If a Participant receives a hardship distribution from a 401(k) or a 403(b) plan that requires all currently effective deferral elections under all plans maintained by the Employer to be cancelled, then all currently effective deferral elections shall be cancelled until the later of the beginning of the next calendar year

or six months after the date of the hardship distribution. Subsequent elections to defer future compensation under this Section 4 will not be effective until the later of the beginning of the next calendar year or six months after the date of the hardship distribution. If the effective date of such an election occurs after the beginning of the next calendar year, as permitted by the Employer, a Participant may make elections for the next calendar year prior to January 1<sup>st</sup> of the next

calendar year, but these elections will not become effective until the end of the six- month waiting period.

4.2 Employer Credits. If designated by the Employer in the Adoption Agreement, the Employer shall cause the Committee to credit to the Deferred Compensation Account of each Active Participant an Employer Credit as determined in accordance with the Adoption Agreement. A Participant must make distribution elections with respect to any Employer Credits credited to his Deferred Compensation Account by the deadline that would apply under Section 4.1 for distribution elections with respect to Participant Deferral Credits credited at the same time, on a Participation Agreement that is timely executed and delivered to the Committee pursuant to Section 4.1. If no distribution election is made, vested amounts in the Deferred Compensation Account will be distributed in a lump sum upon the earliest of any Qualifying Distribution Event limited to Separation from Service, Disability, Death or Change in Control.

4.3 Deferred Compensation Account. All Participant Deferral Credits and Employer Credits shall be credited to the Deferred Compensation Account of the Participant as provided in Section 8.

Section 5. Qualifying Distribution Events:

5.1 Separation from Service. If the Participant Separates from Service with the Employer, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7. Notwithstanding the foregoing, no distribution shall be made earlier than six months after the date of Separation from

Service (or, if earlier, the date of death) with respect to a Participant who as of the date of Separation from Service is a Specified Employee of a corporation the stock in which is traded on an established securities market or otherwise. Any payments to which such Specified Employee would be entitled during the first six months following the date of Separation from Service shall be accumulated and paid on the first day of the seventh month following the date of Separation from Service, and shall be adjusted for deemed investment gain and loss incurred during the six month period.

5.2 Disability. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan when a Participant becomes Disabled, and the Participant becomes Disabled while in Service, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7.

5.3 Death. If the Participant dies while in Service, the Employer shall pay a benefit to the Participant's Beneficiary in the amount designated in the Adoption Agreement. Payment of such benefit shall be made by the Employer as provided in Section 7.

5.4 In-Service or Education Distributions. If the Employer designates in the Adoption Agreement that in-service or education distributions are permitted under the Plan, a Participant may designate in the Participation Agreement to have a specified amount credited to the Participant's In-Service or Education Account for in-service or education distributions at the date specified

by the Participant. In no event may an in-service or education distribution of an amount be made before the date that is two years after the first day of the year in which any deferral election to such In-Service or Education

Account became effective. Notwithstanding the foregoing, if a Participant incurs a Qualifying Distribution Event prior to the date on which the entire balance in the In-Service or Education Account has been distributed, then the vested balance in the In-Service or Education Account on the date of the Qualifying Distribution Event shall be paid as provided under Section 7.1 for payments on such Qualifying Distribution Event.

5.5 Change in Control Event. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan upon the occurrence of a Change in Control Event, the Participant may designate in the Participation Agreement to have the vested balance in the Deferred Compensation Account paid to the Participant upon a Change in Control Event by the Employer as provided in Section 7.

5.6 Unforeseeable Emergency. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan upon the occurrence of an Unforeseeable Emergency event, a distribution from the Deferred Compensation Account may be made to a Participant in the event of an Unforeseeable Emergency, subject to the following provisions:

5.6.1 A Participant may, at any time prior to his Separation from Service for any reason, make application to the Committee to receive a distribution in a lump sum of all or a portion of the vested balance in the Deferred Compensation Account (determined as of the date the distribution, if any, is made under this Section 5.6) because of an Unforeseeable Emergency. A distribution because of an Unforeseeable Emergency shall not exceed the amount required to satisfy the Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of such distribution, after taking into account the extent to which the Unforeseeable Emergency may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) or by stopping current deferrals under the Plan pursuant to Section 4.1.10.

5.6.2 The Participant's request for a distribution on account of Unforeseeable Emergency must be made in writing to the Committee. The request must specify the nature of the financial hardship, the total amount requested to be

distributed from the Deferred Compensation Account, and the total amount of the actual expense incurred or to be incurred on account of the Unforeseeable Emergency.

5.6.3 If a distribution under this Section 5.6 is approved by the Committee, such distribution will be made as soon as practicable following the date it is approved. The processing of the request shall be completed as soon as practicable from the date on which the Committee receives the properly completed written request for a distribution on account of an Unforeseeable Emergency. If a Participant's Separation from Service occurs after a request is approved in accordance with this Section 5.6.3, but prior to distribution of the full amount approved, the approval of the request shall be automatically null and void and the benefits which the Participant is entitled to receive under the Plan shall be distributed in accordance with the applicable distribution provisions of the Plan.

5.6.4 The Committee may from time to time adopt additional policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which such distributions may be made so that the Plan may be conveniently administered.

Section 6. Vesting:

A Participant shall be fully vested in the portion of his Deferred Compensation Account attributable to Participant Deferral Credits, and all income, gains and losses attributable thereto. A Participant shall become fully vested in the portion of his Deferred Compensation Account attributable to Employer Credits, and income, gains and losses attributable thereto, in accordance with the vesting schedule and provisions designated by the Employer in the Adoption Agreement. If a Participant's Deferred Compensation Account is not fully vested upon Separation from Service, the portion of the Deferred Compensation Account that is not fully vested shall thereupon be forfeited.

Section 7. Distribution Rules:

7.1 Payment Options. The Employer shall designate in the Adoption Agreement the payment options which may be elected by the Participant (lump sum, annual installments, or a combination of both). Different payment options may be made available for each Qualifying Distribution Event, and different payment options may be available for different types of Separations from Service, all as designated in the Adoption Agreement. The Participant shall elect in the Participation Agreement the method under which the vested balance in the Deferred Compensation Account will be distributed from among the designated payment options. The Participant may at such time elect a different method of payment for each Qualifying Distribution Event as specified in the Adoption Agreement. If the Participant is permitted by the Employer in the Adoption Agreement to elect different payment options and does not make a valid election, the vested balance in the Deferred Compensation Account will be distributed as a lump sum upon the Qualifying Distribution Event.

Notwithstanding the foregoing, if certain Qualifying Distribution Events occur prior to the date on which the vested balance of a Participant's Deferred Compensation Account is completely paid pursuant to this Section 7.1 following the occurrence of certain Qualifying Distribution Events, the following rules apply:

7.1.1 If the currently effective Qualifying Distribution Event is a Separation from Service or Disability, and the Participant subsequently dies, the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as a lump sum.

7.1.2 If the currently effective Qualifying Distribution Event is a Change in Control Event, and any subsequent Qualifying Distribution Event occurs (except an In-Service or Education Distribution described in Section 2.29(iv)), the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as provided under Section 7.1 for payments on such subsequent Qualifying Distribution Event.

7.2 Timing of Payments. Payment shall be made in the manner elected by the Participant and shall commence as soon as practicable after (but no later than 60 days after) the distribution date specified for the Qualifying Distribution Event. For each payment, the

Committee must specify a date for the Deferred Compensation Account(s) to be valued. In the event the Participant fails to make a

valid election of the payment method, the distribution will be made in a single lump sum payment as soon as practicable after (but no later than 60 days after) the Qualifying Distribution Event. A payment may be further delayed to the extent permitted in accordance with regulations and guidance under Section 409A of the Code.

7.3 **Installment Payments.** If the Participant elects to receive installment payments upon a Qualifying Distribution Event, the payment of each installment shall be made on the anniversary of the date of the first installment payment, and the amount of the installment shall be adjusted on such anniversary for credits or debits to the Participant's account pursuant to Section 8 of the Plan. Such adjustment shall be made by dividing the balance in the Deferred Compensation Account on such date by the number of installments remaining to be paid hereunder; provided that the last installment due under the Plan shall be the entire amount credited to the Participant's account on the date of payment.

7.4 **De Minimis Amounts.** Notwithstanding any payment election made by the Participant, if the Employer designates a pre-determined de minimis amount in the Adoption Agreement, the vested balance in all Deferred Compensation Accounts of the Participant will be distributed in a single lump sum payment if at the time of a permitted Qualifying Distribution Event the vested balance does not exceed such pre-determined de minimis amount; provided, however, that such distribution will be made only where the Qualifying Distribution Event is a Separation from Service, death, Disability (if applicable) or Change in Control Event (if applicable). Such payment shall be made on or before the later of (i) December 31 of the calendar year in which the Qualifying Distribution Event

occurs, or (ii) the date that is 2-1/2 months after the Qualifying Distribution Event occurs. In addition, the Employer may distribute a Participant's vested balance in all of the Participant's Deferred Compensation Accounts at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan as provided under Section 409A of the Code.

7.5 **Subsequent Elections.** With the consent of the Committee, a Participant may delay or change the method of payment of the Deferred Compensation Account subject to the following requirements:

7.5.1 The new election may not take effect until at least 12 months after the date on which the new election is made.

7.5.2 If the new election relates to a payment for a Qualifying Distribution Event other than the death of the Participant, the Participant becoming Disabled, or an Unforeseeable Emergency, the new election must provide for the deferral of the payment for a period of at least five years from the date such payment would otherwise have been made.

7.5.3 If the new election relates to a payment from the In-Service or Education Account, the new election must be made at least 12 months prior to the date of the first scheduled payment from such account.

For purposes of this Section 7.5 and Section 7.6, a payment is each separately identified amount to which the Participant is entitled

under the Plan; provided, that entitlement to a series of installment payments is treated as the entitlement to a single payment.

7.6 Acceleration Prohibited. The acceleration of the time or schedule of any payment due under the Plan is prohibited except as expressly provided in regulations and administrative guidance promulgated under Section 409A of the Code (such as accelerations for domestic relations orders and employment taxes). It is not an acceleration of the time or schedule of payment if the Employer waives or accelerates the vesting requirements applicable to a benefit under the Plan.

7.7 Residual Distributions. If calculation of the amount of any credit to a Participant's Deferred Compensation Account is not administratively practicable due to events beyond the control of the Employer, payments may be made to the Participant for residual amounts contributed to or remaining in a Deferred Compensation Account after payments under the provisions of this Section 7 have commenced or been completed. The residual amount shall be credited to the Deferred Compensation Account when the calculation of the amount becomes administratively practicable. Examples of residual amounts include, but are not limited to, additional investment returns credited after payment (due to dividends or pricing changes) or additional contributions made after payment (such as an annual bonus deferral or an Employer Credit). Payments that would have been made had the residual amount been calculable at the benefit commencement date shall be made up as soon as practicable after crediting to the Deferred Compensation Account, in no case later than the end of the year in which calculation of the amount becomes administratively practicable.

7.8 Ineffective Deferrals. If a Participant deferral election under Section 4 to contribute to an In-Service or Education Account carries over to a subsequent year (an evergreen election) and the deferral election is ineffective (i.e., the distribution election would cause payment in the current or prior years), the amount deferred will be credited to a Deferred Compensation Account that is not an In-Service or Education Account. If the Participant only has one account of this type, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type, and one of the accounts has a lump sum at Separation from Service distribution election, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type and does not

have an account with a lump sum at Separation from Service distribution election, one will be established with a lump sum at Separation from Service distribution election and the amount deferred will be credited to this account.

Section 8. Accounts; Deemed Investment; Adjustments to Account:

8.1 Accounts. The Committee shall establish a book reserve account, entitled the "Deferred Compensation Account," on behalf of each Participant. The Committee shall also establish an In-Service or Education Account as a part of the Deferred

Compensation Account of each Participant, if applicable. The amount credited to the Deferred Compensation Account shall be adjusted pursuant to the provisions of Section 8.3.

8.2 Deemed Investments. The Deferred Compensation Account of a Participant shall be credited with an investment return determined as if the account were invested in one or more investment funds made available by the Committee. The Participant shall elect the investment funds in which his Deferred Compensation Account shall be deemed to be invested. Such election shall be made in the manner prescribed by the Committee and shall take effect upon the entry of the Participant into the Plan. The investment election of the Participant shall remain in effect until a new election is made by the Participant. In the event the Participant fails for any reason to make an effective election of the investment return to be credited to his account, the investment return shall be determined by the Committee.

8.3 Adjustments to Deferred Compensation Account. With respect to each Participant who has a Deferred Compensation Account under the Plan, the amount credited to such account shall be adjusted by the following debits and credits, at the times and in the order stated:

8.3.1 The Deferred Compensation Account shall be debited each business day with the total amount of any payments made from such account since the last preceding business day to him or for his benefit. Unless otherwise specified by the Employer, each deemed investment fund will be debited pro-rata based on the value of the investment funds as of the end of the preceding business day.

8.3.2 The Deferred Compensation Account shall be credited on each Crediting Date with the total amount of any Participant Deferral Credits and Employer Credits to such account since the last preceding Crediting Date.

8.3.3 The Deferred Compensation Account shall be credited or debited on each day securities are traded on a national stock exchange with the amount of deemed investment gain or loss resulting from the performance of the deemed investment funds elected by the Participant in accordance with Section 8.2. The amount of such deemed investment gain or loss shall be determined by the Committee and such determination shall be final and conclusive upon all concerned.

Section 9. Administration by Committee:

9.1 Membership of Committee. If the Committee consists of individuals appointed by the Board, they will serve at the pleasure of the Board. Any member of the Committee may resign, and his successor, if any, shall be appointed by the Board.

9.2 General Administration. The Committee shall be responsible for the operation and administration of the Plan and for carrying out its provisions. The Committee shall have the full authority and discretion to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions, including interpretations of this Plan, as may arise in connection with this Plan. Any such action taken by the Committee shall be final and conclusive on any party. To the extent the Committee has been granted discretionary authority under the Plan, the Committee's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary,

accountant, controller, counsel or other person employed or engaged by the Employer with respect to the Plan. The Committee may, from time to time, employ agents and delegate to such agents, including Employees of the Employer, such administrative or other duties as it sees fit.

9.3 Indemnification. To the extent not covered by insurance, the Employer shall indemnify the Committee, each Employee, officer, director, and agent of the Employer, and all persons formerly serving in such capacities, against any and all liabilities or expenses, including all legal fees relating thereto, arising in connection with the exercise of their duties and responsibilities with respect to the Plan, provided however that the Employer shall not indemnify any person for liabilities or expenses due to that person's own gross negligence or willful misconduct.

Section 10. Contractual Liability, Trust:

10.1 Contractual Liability. Unless otherwise elected in the Adoption Agreement, the Company shall be obligated to make all payments hereunder. This obligation shall constitute a contractual liability of the Company to the Participants, and such payments shall be made from the general funds of the Company. The Company shall not be required to establish or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and the Participants shall not have any interest in any particular assets of the Company by reason of its obligations hereunder. To the extent that any person acquires a right to receive payment from the Company under the Plan, such right shall be no greater than the right of an unsecured creditor of the Company.

10.2 Trust. The Employer may establish a trust to assist it in meeting its obligations under the Plan. Any such trust shall conform to the requirements of a grantor trust under Revenue Procedures 92-64 and 92-65 and at all times during the continuance of the trust the principal and income of the trust shall be subject to claims of general creditors of the Employer under federal and state law. The establishment of such a trust would not be intended to cause Participants to realize current income on amounts contributed thereto, and the trust would be so interpreted and administered.

Section 11. Allocation of Responsibilities:

The persons responsible for the Plan and the duties and responsibilities allocated to each are as follows:

11.1 Board.

- (i) To amend the Plan;
- (ii) To appoint and remove members of the Committee; and
- (iii) To terminate the Plan as permitted in Section 14.

11.2 Committee.

- (i) To designate Participants;
- (ii) To interpret the provisions of the Plan and to determine the rights of the Participants under the Plan, except to the extent otherwise provided in Section 16 relating to claims procedure;
- (iii) To administer the Plan in accordance with its terms, except to the extent powers to administer the Plan are specifically delegated to another person or persons as provided in the Plan;
- (iv) To account for the amount credited to the Deferred Compensation Account of a Participant;
- (v) To direct the Employer in the payment of benefits;
- (vi) To file such reports as may be required with the United States Department of Labor, the Internal Revenue Service and any other government agency to which reports may be required to be submitted from time to time; and
- (vii) To administer the claims procedure to the extent provided in Section 16.

Section 12. Benefits Not Assignable; Facility of Payments:

12.1 Benefits Not Assignable. No portion of any benefit credited or paid under the Plan with respect to any Participant shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void, nor shall any portion of such benefit be in any manner payable to any assignee, receiver or any one trustee, or be liable for his debts, contracts, liabilities, engagements or torts.

12.2 Plan-Approved Domestic Relations Orders. The Committee shall establish procedures for determining whether an order directed to the Plan is a Plan- Approved Domestic Relations Order. If the Committee determines that an order is a Plan-Approved Domestic Relations Order, the Committee shall cause the payment of amounts pursuant to or segregate a separate account as provided by (and to prevent any payment or act which might be inconsistent with) the Plan-Approved Domestic Relations Order notwithstanding Section 12.1.

12.3 Payments to Minors and Others. If any individual entitled to receive a payment under the Plan shall be physically, mentally or legally incapable of receiving or acknowledging receipt of such payment, the Committee, upon the receipt of satisfactory evidence of his incapacity and satisfactory evidence that another person or institution is maintaining him and that no guardian or committee has been appointed for him, may cause any payment otherwise payable to him to be made to such person or institution so

maintaining him. Payment to such person or institution shall be in full satisfaction of all claims by or through the Participant to the extent of the amount thereof.

Section 13. Beneficiary:

The Participant's Beneficiary shall be the person, persons, entity or entities designated by the Participant on the Beneficiary designation form provided by and filed with the Committee or its designee. If the Participant does not designate a Beneficiary, the Beneficiary shall be his Surviving Spouse. If the Participant does not designate a Beneficiary and has no Surviving Spouse, the Beneficiary shall be the Participant's estate. The designation of a Beneficiary may be changed or revoked only by filing a new Beneficiary designation form with the Committee or its designee. If a Beneficiary (the "primary Beneficiary") is receiving or is entitled to receive payments under the Plan and dies before receiving all of the payments due him, the balance to which he is entitled shall be paid to the contingent Beneficiary, if any, named in the Participant's current Beneficiary designation form. If there is no contingent Beneficiary, the balance shall be paid to the estate of the primary Beneficiary. Any Beneficiary may disclaim all or any part of any benefit to which such Beneficiary shall be entitled hereunder by filing a written disclaimer with the Committee before payment of such benefit is to be made. Such a disclaimer shall be made in a form satisfactory to the Committee and shall be irrevocable when filed. Any benefit disclaimed shall be payable from the Plan in the same manner as if the Beneficiary who filed the disclaimer had predeceased the Participant.

Section 14. Amendment and Termination of Plan:

The Company may amend any provision of the Plan or terminate the Plan at any time; provided, that in no event shall such amendment or termination reduce the balance in

any Participant's Deferred Compensation Account as of the date of such amendment or termination, nor shall any such amendment materially adversely affect the Participant relating to the payment of such Deferred Compensation Account. Notwithstanding the foregoing, the following special provisions shall apply:

14.1 Termination in the Discretion of the Employer. Except as otherwise provided in Sections 14.2, the Company in its discretion may terminate the Plan and distribute benefits to Participants subject to the following requirements and any others specified under Section 409A of the Code:

14.1.1 All arrangements sponsored by the Employer that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations are terminated.

14.1.2 No payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within 12 months of the termination date.

14.1.3 All benefits under the Plan are paid within 24 months of the termination date.

14.1.4 The Employer does not adopt a new arrangement that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations providing for the deferral of compensation at any time within 3 years following the date of termination of the Plan.

14.1.5 The termination does not occur proximate to a downturn in the financial health of the Employer.

14.2 Termination Upon Change in Control Event. If the Company terminates the Plan within thirty days preceding or twelve months following a Change in Control Event, the Deferred Compensation Account of each Participant shall become payable to the Participant in a lump sum within twelve months following the date of termination, subject to the requirements of Section 409A of the Code.

Section 15. Communication to Participants:

The Employer shall make a copy of the Plan available for inspection by Participants and their beneficiaries during reasonable hours at the principal office of the Employer.

Section 16. Claims Procedure:

The following claims procedure shall apply with respect to the Plan:

16.1 Filing of a Claim for Benefits. If a Participant or Beneficiary (the "claimant") believes that he is entitled to benefits under the Plan which are not being paid to him or which are not being accrued for his benefit, he shall file a written claim therefore with the Committee.

16.2 Notification to Claimant of Decision. Within 90 days after receipt of a claim by the Committee (or within 180 days if special circumstances require an extension of time), the Committee shall notify the claimant of the decision with regard to the claim. In the event of such special circumstances requiring an extension of time, there shall be furnished to the claimant prior to expiration of the initial 90-day period written notice of the extension, which notice shall set forth the special circumstances and the date by which the decision shall be furnished. If such claim shall be wholly or partially denied, notice thereof shall be in writing and worded in a manner calculated to be understood by the claimant, and shall set forth: (i) the specific reason or reasons for the denial; (ii) specific reference to pertinent provisions of the Plan on which the denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) an explanation of the procedure for review of the denial and the time limits applicable to such

procedures, including a statement of the claimant's right to bring a civil action under ERISA following an adverse benefit determination on review.

16.3 Procedure for Review. Within 60 days following receipt by the claimant of notice denying his claim, in whole or in part, or, if such notice shall not be given, within 60 days following the latest date on which such notice could have been timely given, the claimant may appeal denial of the claim by filing a written application for review with the Committee. Following such request for review, the Committee shall fully and fairly review the decision denying the claim. Prior to the decision of the

Committee, the claimant shall be given an opportunity to review pertinent documents and to submit issues and comments in writing.

16.4 Decision on Review. The decision on review of a claim denied in whole or in part by the Committee shall be made in the following manner:

16.4.1 Within 60 days following receipt by the Committee of the request for review (or within 120 days if special circumstances require an extension of time), the Committee shall notify the claimant in writing of its decision with regard to the claim. In the event of such special circumstances requiring an extension of time, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension.

16.4.2 With respect to a claim that is denied in whole or in part, the decision on review shall set forth specific reasons for the decision, shall be written in a manner calculated to be understood by the claimant, and shall set forth:

- (i) the specific reason or reasons for the adverse determination;
- (ii) specific reference to pertinent Plan provisions on which the adverse determination is based;
- (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and
- (iv) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the

information about such procedures, as well as a statement of the claimant's right to bring an action under ERISA section 502(a).

16.4.3 The decision of the Committee shall be final and conclusive.

16.5 Action by Authorized Representative of Claimant. All actions set forth in this Section 16 to be taken by the claimant may likewise be taken by a representative of the claimant duly authorized by him to act in his behalf on such matters. The Committee may require such evidence of the authority to act of any such representative as it may reasonably deem necessary or advisable.

## 16.6 Disability Claims

Notwithstanding any provision of the Plan to the contrary, if a claim for benefits is based on Disability, the following claims procedures shall apply: The Committee shall maintain a procedure under which any Participant or Beneficiary can file a claim for benefits under this Plan based on Disability.

16.6.1 After receiving a claim for benefits, the Committee will notify the Participant or Beneficiary of its claim determination within 45 days of the receipt of the claim. This period may be extended by 30 days if an extension is necessary to process the claim due to matters beyond the control of the Committee. A written notice of the extension, the reason for the extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the initial 45-day period. This period may be extended for an additional 30 days beyond the original extension. A written notice of the additional extension, the reason for the additional extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the first 30-day extension period if an additional extension of time is needed. However, if a period of time is extended due to a Participant or Beneficiary's failure to submit information necessary to decide a claim, the period for making the benefit determination by the Committee will be tolled from the date on which the notification of the extension is sent to the Participant or Beneficiary until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.2 If a claim for benefits is denied, in whole or in part, a Participant or Beneficiary or his or her authorized

representative, will receive a written notice of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for

culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the Participant or Beneficiary. The notice will include:

- (i) the specific reason(s) for the denial,
- (ii) references to the specific Plan provisions on which the benefit determination was based,
- (iii) a description of any additional material or information necessary to perfect a claim and an explanation of why such information is necessary,
- (iv) a description of the Committee's appeals procedures and applicable time limits, including, to the extent applicable, a statement of the right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review,
- (v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the Committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained on behalf of the Committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the Committee made by the Social Security Administration,
- (vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request,
- (vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist, and
- (viii) a statement that the Participant or Beneficiary is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim for benefits.

16.6.3 If a claim for benefits is denied, a Participant or Beneficiary, or his or her representative, may appeal the denied claim in writing within 180 days of receipt of the written notice of denial. The Participant or Beneficiary may submit any written comments, documents, records and any other information relating to the claim. Upon request, the Participant or Beneficiary will also have access to, and the right to obtain copies of, all documents, records and information relevant to his or her claim free of charge.

16.6.4 A full review of the information in the claim file and any new information submitted to support the appeal will be conducted. The claim decision will be made by a first review appeals committee appointed by the Employer. This committee will consist of individuals who were not involved in the initial benefit determination, nor will such individuals be subordinate to any person involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

16.6.5 If the initial adverse decision was based in whole or in part on a medical judgment, the first review appeals committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment, was not consulted in the initial adverse benefit determination and is not a subordinate of the healthcare professional who was consulted in the initial adverse benefit determination.

16.6.6 Before an adverse benefit determination on review is issued, the first review appeals committee will provide the Participant or Beneficiary, free of charge, with any new or additional evidence considered, relied upon, or generated by the committee or other person making the benefit determination (or at the direction of the committee or such other person) in connection with the claim. Such evidence will be provided as soon as possible and sufficiently in advance of the date on

which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.7 Before the first review appeals committee issues an adverse benefit determination on review based on a new or additional rationale, the committee will provide the Participant or Beneficiary, free of charge, with the rationale. The rationale will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.8 The first review appeals committee will make a determination on an appealed claim within 45 days of the receipt of an appeal request. This period may be extended for an additional 45 days if the committee determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the committee expects to render a decision will be furnished to the Participant or Beneficiary within the initial 45-day period. However, if the period of time is extended due to a Participant's or Beneficiary's failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.9 If the claim on appeal is denied in whole or in part, a Participant or Beneficiary will receive a written notification of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the claimant. The notice will include:

- (i) the specific reason(s) for the adverse determination,
- (ii) references to the specific Plan provisions on which the determination was based,
- (iii) a statement regarding the right to receive upon request and free of charge reasonable access to, and copies of, all records, documents and other information relevant to the benefit claim,
- (iv) a description of the first review appeals committee's review procedures and applicable time limits, including a statement of the right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review,
- (v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained by or on behalf of the committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the committee made by the Social Security Administration,
- (vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request, and
- (vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist.

16.6.10 If the appeal of the benefit claim denial is denied, a Participant or Beneficiary, or his or her representative, may make a second appeal of the denial in writing to the Committee within 180 days of the receipt of the written notice of denial. The Participant or Beneficiary may submit with the second appeal any written comments, documents, records and any other information relating to the claim. Upon request, the Participant or Beneficiary will also have access to, and the right to obtain copies of, all documents, records and information relevant to the claim free of charge.

16.6.11 Upon receipt of the second appeal, a full review of the information in the claim file and any new information submitted to support the appeal will be conducted. The claim decision will be made by a second review appeals

committee appointed by the Employer. This committee will consist of individuals who were not involved in the initial benefit determination or the first review appeals committee, nor will such individuals be subordinate to any person involved in the initial benefit or first appeal determination.

16.6.12 If the first appeal was based in whole or in part on a medical judgment, the second appeals review committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment, was not consulted in the initial adverse benefit determination nor in the first appeal and is not a subordinate of the healthcare professional(s) consulted in the initial adverse benefit determination and first appeal.

16.6.13 Before the second appeals review committee issues a denial of the second claim appeal, the committee will provide the Participant or Beneficiary, free of charge, with any new or additional evidence considered, relied upon, or generated by the committee or other person making the benefit determination (or at the direction of the committee or such other person) in connection with the claim. Such evidence will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required

to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.14 Before the second review appeals committee issues a denial of the second claim appeal based on a new or additional rationale, the committee will provide the Participant or Beneficiary, free of charge, with the rationale. The rationale will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.15 The second appeals review committee will make a determination on the second claim appeal within 45 days of the receipt of the appeal request. This period may be extended for an additional 45 days if the committee determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the committee expects to render a decision will be furnished to the Participant or Beneficiary within the initial 45-day period. However, if the period of time is extended due to the Participant's or Beneficiary's failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.16 If the claim on appeal is denied in whole or in part for a second time, the Participant or Beneficiary will receive a written notification of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the applicant. The notice will include the same information that was included in the first adverse determination letter and will identify the contractual limitations period that applies to the Participant's or Beneficiary's right to bring an action under section 502(a) of ERISA including the calendar date on which the contractual limitations period expires for the claim.

16.6.17 A claimant may not commence a judicial proceeding against any person, including the Committee, the Employer, the Board, the first or second appeals review committee(s), or any other person or committee, with respect to a claim for benefits without first exhausting the claims procedures set forth in the preceding paragraphs. No suit or legal action contesting in whole or in part any denial of benefits under the Plan shall be commenced later than the earlier of (i) the first anniversary of (A) the date of the notice of the Committee's final decision on appeal, or (B) if the claimant fails to request any level of administrative review within the timeframe permitted under this Section 16.6, the deadline for requesting the next level of administrative review, and (ii) the last date on which such legal action could be commenced under the applicable statute of limitations under ERISA (including, for this purpose, any applicable state statute of limitations that applies under ERISA to such legal action).

16.6.18 A claimant has the right to request a written explanation of any violation of these claims procedures. The Committee will provide an explanation within 10 days of the request.

## Section 17. Miscellaneous Provisions:

17.1 Set off. The Employer may at any time offset a Participant's Deferred Compensation Account by an amount up to

\$5,000 to collect the amount of any loan, cash advance, extension of other credit or other obligation of the Participant to the Employer that is then due and payable in accordance with the requirements of Section 409A of the Code.

17.2 Notices. Each Participant who is not in Service and each Beneficiary shall be responsible for furnishing the Committee or its designee with his current address for the mailing of notices and benefit payments. Any notice required or permitted to be given to such Participant or Beneficiary shall be deemed given if directed to such address and mailed by regular United States mail, first class, postage prepaid. If any check mailed to such address is returned as undeliverable to the addressee, mailing of checks will be suspended until the Participant or Beneficiary furnishes the proper address. This provision shall not be construed as requiring the mailing of any notice or notification otherwise permitted to be given by posting or by other publication.

17.3 Lost Distributees. A benefit shall be deemed forfeited if the Committee is unable to locate the Participant or Beneficiary to whom payment is due by the fifth anniversary of the date payment is to be made or commence; provided, that the deemed investment rate of return pursuant to Section 8.2 shall cease to be applied to the Participant's account following the first anniversary of such date; provided further,

however, that such benefit shall be reinstated if a valid claim is made by or on behalf of the Participant or Beneficiary for all or part of the forfeited benefit.

17.4 Reliance on Data. The Employer and the Committee shall have the right to rely on any data provided by the Participant or by any Beneficiary. Representations of such data shall be binding upon any party seeking to claim a benefit through a Participant, and the Employer and the Committee shall have no obligation to inquire into the accuracy of any representation made at any time by a Participant or Beneficiary.

17.5 Headings. The headings and subheadings of the Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

17.6 Continuation of Employment. The establishment of the Plan shall not be construed as conferring any legal or other rights upon any Employee or any persons for continuation of employment, nor shall it interfere with the right of the Employer to discharge any Employee or to deal with him without regard to the effect thereof under the Plan.

17.7 Merger or Consolidation; Assumption of Plan. No Employer shall consolidate or merge into or with another corporation or entity, or transfer all or substantially all of its assets to another corporation, partnership, trust or other entity (a "Successor Entity") unless such Successor Entity shall assume the rights, obligations and liabilities of the Employer under the Plan and upon such assumption, the Successor Entity shall become obligated to perform the terms and conditions of the Plan. Nothing herein shall prohibit the assumption of the obligations and liabilities of the Employer under the Plan by any Successor Entity.

17.8 Construction. The Employer shall designate in the Adoption Agreement the state according to whose laws the provisions of the Plan shall be construed and enforced, except to the extent that such laws are superseded by ERISA and the applicable requirements of the Code.

Taxes. The Employer or other payor may withhold a benefit payment under the Plan or a Participant's wages, or the Employer may reduce a Participant's Deferred Compensation Account balance, in order to meet any federal, state, or local or employment tax withholding obligations with respect to Plan benefits, as permitted under Section 409A of the Code. The Employer or other payor shall report Plan payments and other Plan-related information to the appropriate governmental agencies as required under applicable laws.

Principal Life Insurance Company, Raleigh, NC 27612  
*A member of the Principal Financial Group®*

### THE EXECUTIVE NONQUALIFIED EXCESS PLAN

#### ADOPTION AGREEMENT

THIS AGREEMENT is the adoption by Casey's General Stores, Inc. (the "Company") of the Executive Nonqualified Excess Plan ("Plan").

#### WITNESSETH:

WHEREAS, the Company desires to adopt the Plan as an unfunded, nonqualified deferred compensation plan; and

WHEREAS, the provisions of the Plan are intended to comply with the requirements of Section 409A of the Code and the regulations thereunder and shall apply to amounts subject to section 409A; and

WHEREAS, the Company has been advised by Principal Life Insurance Company to obtain legal and tax advice from its professional advisors before adopting the Plan,

NOW, THEREFORE, the Company hereby adopts the Plan in accordance with the terms and conditions set forth in this Adoption Agreement:

#### ARTICLE I

Terms used in this Adoption Agreement shall have the same meaning as in the Plan, unless some other meaning is expressly herein set forth. The Employer hereby represents and warrants that the Plan has been adopted by the Employer upon proper authorization and the Employer hereby elects to adopt the Plan for the benefit of its Participants as referred to in the Plan. By the execution of this Adoption Agreement, the Employer hereby agrees to be bound by the terms of the Plan.

#### ARTICLE II

The Employer hereby makes the following designations or elections for the purpose of the Plan:

**2.6 Committee:** The duties of the Committee set forth in the Plan shall be satisfied by:

- (a) Company
- (b) The administrative committee appointed by the Board to serve at the pleasure of the Board.
- (c) Board.
- (d) Other (specify): \_\_\_\_\_.

**2.8 Compensation:** The "Compensation" of a Participant shall mean all of a Participant's:

- (a) Base salary.
- (b) Service Bonus.
- (c) Performance-Based Compensation earned in a period of 12 months or more.

- (d) Commissions.
- (e) Compensation received as an Independent Contractor reportable on Form 1099.
- (f) Other: \_\_\_\_\_

**2.9 Crediting Date:** The Deferred Compensation Account of a Participant shall be credited as follows:

Participant Deferral Credits at the time designated below:

- (a) The last business day of each Plan Year.
- (b) The last business day of each calendar quarter during the Plan Year.
- (c) The last business day of each month during the Plan Year.
- (d) The last business day of each payroll period during the Plan Year.
- (e) Each pay day as reported by the Employer.
- (f) On any business day as specified by the Employer.

Employer Credits at the time designated below:

- (a) On any business day as specified by the Employer.

**2.13 Effective Date:**

- (a) This is a newly-established Plan, and the Effective Date of the Plan is \_\_\_\_\_.
- (b) This is an amendment and restatement of a plan named **The Executive Nonqualified Excess Plan of Casey's General Stores, Inc.** with an effective date of **January 1, 2003**, amended and restated effective **January 1, 2005**, **January 1, 2009**, and **January 1, 2014**. The Effective Date of this amended Plan is **August 1, 2015**. This is amendment number **5**.
  - (i) All amount in Deferred Compensation Accounts shall be subject to the provisions of this amended and restated Plan.
  - (ii) Any Grandfathered Amounts shall be subject to the Plan rules in effect on October 3, 2004.

**2.20 Normal Retirement Age:** The Normal Retirement Age of a Participant shall be:

- (a) Age **65**
- (b) The later of age \_\_\_ or the \_\_\_\_\_ anniversary of the participation commencement date. The participation commencement date is the first \_\_\_\_\_ day of the first Plan Year in which the Participant commenced participation in the Plan.
- (c) Other: \_\_\_\_\_.

**2.23 Participating Employer(s):** As of the Effective Date, the following Participating Employer(s) are parties to the Plan:

<u>Name of Employer</u>	<u>EIN</u>
Casey's General Stores, Inc.	42-0935283

**2.26 Plan:** The name of the Plan is

**The Executive Nonqualified Excess Plan of Casey's General Stores, Inc.**

**2.28 Plan Year:** The Plan Year shall end each year on the last day of the month of **December**.

**2.30 Seniority Date:** The date on which a Participant has:

- (a) Attained age \_\_\_.
- (b) Completed \_\_\_ Years of Service from First Date of Service.

(c) Attained age    and completed    Years of Service from First Date of Service.

(d) Not applicable – distribution elections for Separation from Service are not based on Seniority Date

**4.1 Participant Deferral Credits:** Subject to the limitations in Section 4.1 of the Plan, a Participant may elect to have his Compensation (as selected in Section 2.8 of this Adoption Agreement) deferred within the annual limits below by the following percentage or amount as designated in writing to the Committee:

(a) Base salary:

minimum deferral:	<u>                  </u>	%
maximum deferral:	<u>      <b>80</b>      </u>	%

(b) Service Bonus:

minimum deferral:	<u>                  </u>	%
maximum deferral:	<u>      <b>80</b>      </u>	%

(c) Performance-Based Compensation:

minimum deferral:	<u>                  </u>	%
maximum deferral:	<u>      <b>80</b>      </u>	%

(d) Commissions:

minimum deferral:	<u>                  </u>	%
maximum deferral:	<u>                  </u>	%

(e) Form 1099 Compensation:

minimum deferral:	<u>                  </u>	%
maximum deferral:	<u>                  </u>	%

(f) Other:

minimum deferral:	<u>                  </u>	%
maximum deferral:	<u>                  </u>	%

(g) Participant deferrals not allowed.

**4.1.2 Participant Deferral Credits and Employer Credits – Election Period:** Participant elections regarding Participant Deferral Credits and Employer Credits shall be subject to the following effective periods (one must be selected):

(a) Evergreen election. An election made by the Participant shall continue in effect for subsequent years until modified by the Participant as permitted in Section 4.1 and Section 4.2. (This option is not permitted if source year accounts are elected in Section 5.1)

(b) Non-Evergreen election. Any election made by the Participant shall only remain in effect for the current election period and will then expire. An election for each subsequent year will be required as permitted in Sections 4.1 and 4.2.

**4.2 Employer Credits:** Employer Credits will be made in the following manner:

(a) **Employer Discretionary Credits:** The Employer may make discretionary credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

(i) An amount determined each Plan Year by the Employer.

(ii) Other: \_\_\_\_\_.

(b) **Other Employer Credits:** The Employer may make other credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

(i) An amount determined each Plan Year by the Employer.

(ii) Other: \_\_\_\_\_.

(c) Employer Credits not allowed.

**5.1 Deferred Compensation Account:** The Participant is permitted to establish the following accounts:

(a) Non-source year account(s). Deferred Compensation Account(s) will not be established on a source year basis:

(i) A Participant may establish only one account to be distributed upon Separation from Service. One set of payment options for that account is allowed as permitted in Section 7.1. Additional In-Service or Education accounts may be established as permitted in Section 5.4.

(ii) A Participant may establish multiple accounts to be distributed upon Separation from Service. Each account may have one set of payment options as permitted in Section 7.1. Additional In-Service or Education accounts may be established as permitted in Section 5.4. If this multiple account option is elected, the Participant will also be required to elect Separation from Service payment options for each In-Service or Education account established.

(b) Source year account(s): Annual Deferred Compensation Account(s) will be established each year in which Participant Deferral Credits or Employer Credits are credited to the Participant. Only one account may be established each year for distribution upon Separation from Service. One set of payment options for that account is allowed as permitted in Section 7.1. Additional In-Service or Education accounts may be established for each source year as permitted in Section 5.4. If this option is selected, Evergreen elections as described in Section 4.1.2 are not permitted.

**5.2 Disability of a Participant:**

(a) A Participant's becoming Disabled shall be a Qualifying Distribution Event and the Deferred Compensation Account shall be paid by the Employer as provided in Section 7.1.

(b) A Participant becoming Disabled shall not be a Qualifying Distribution Event.

**5.3 Death of a Participant:** If the Participant dies while in Service, the Employer shall pay a benefit to the Beneficiary in an amount equal to the vested balance in the Deferred Compensation Account of the Participant determined as of the date payments to the Beneficiary commence, plus:

(a) An amount to be determined by the Committee.

(b) No additional benefits.

**5.4 In-Service or Education Distributions:** In-Service and Education Accounts are permitted under the Plan:

(a) In-Service Accounts are allowed with respect to:

- Participant Deferral Credits only.
- Employer Credits only.
- Participant Deferral and Employer Credits.

In-service distributions may be made in the following manner:

- Single lump sum payment.
- Annual installments over a term certain not to exceed **5** years.

Education Accounts are allowed with respect to:

- Participant Deferral Credits only.
- Employer Credits only.
- Participant Deferral and Employer Credits.

Education Accounts distributions may be made in the following manner:

- Single lump sum payment.
- Annual installments over a term certain not to exceed **4-6** years.

If applicable, amounts not vested at the time payments due under this Section cease will be:

- Forfeited
- Distributed at Separation from Service if vested at that time

(b) No In-Service or Education Distributions permitted.

**5.5 Change in Control Event:**

(a) Participants may elect upon initial enrollment to have accounts distributed upon a Change in Control Event.

\_\_\_ (b) A Change in Control shall not be a Qualifying Distribution Event.

**5.6 Unforeseeable Emergency Event:**

**XX** (a) Participants may apply to have accounts distributed upon an Unforeseeable Emergency event.

\_\_\_ (b) An Unforeseeable Emergency shall not be a Qualifying Distribution Event

**6. Vesting:** An Active Participant shall be fully vested in the Employer Credits made to the Deferred Compensation Account upon the first to occur of the following events:

\_\_\_ (a) Normal Retirement Age.

\_\_\_ (b) Death.

\_\_\_ (c) Disability.

\_\_\_ (d) Change in Control Event

**XX** (e) Other: **Not Applicable**

\_\_\_ (f) Satisfaction of the vesting requirement as specified below:

\_\_\_ **Employer Discretionary Credits:**

\_\_\_ (i) Immediate 100% vesting.

\_\_\_ (ii) 100% vesting after \_\_\_ Years of Service.

\_\_\_ (iii) 100% vesting at age \_\_\_.

\_\_\_ (iv) Number of Years of Service      Vested Percentage

Less than	1	_____ %
	1	_____ %
	2	_____ %
	3	_____ %
	4	_____ %
	5	_____ %
	6	_____ %
	7	_____ %
	8	_____ %
	9	_____ %
	10 or more	_____ %

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

\_\_\_ (1) First day of Service.

\_\_\_ (2) Effective date of Plan participation.

\_\_\_ (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Discretionary Credit is made to his or her Deferred Compensation Account.

\_\_\_ **Other Employer Credits:**

\_\_\_ (i) Immediate 100% vesting.

\_\_\_ (ii) 100% vesting after \_\_\_ Years of Service.

\_\_\_ (iii) 100% vesting at age \_\_\_.

\_\_\_ (iv) Number of Years of Service      Vested Percentage

Less than	1	_____ %
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1	_____	%
2	_____	%
3	_____	%
4	_____	%
5	_____	%
6	_____	%
7	_____	%
8	_____	%
9	_____	%
10 or more	_____	%

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

- (1) First day of Service.
- (2) Effective date of Plan participation.
- (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Discretionary Credit is made to his or her Deferred Compensation Account.

**7.1 Payment Options:** Any benefit payable under the Plan upon a permitted Qualifying Distribution Event may be made to the Participant or his Beneficiary (as applicable) in any of the following payment forms, as selected by the Participant in the Participation Agreement:

(a) Separation from Service (Seniority Date is Not Applicable)

- (i) A lump sum.
- (ii) Annual installments over a term certain as elected by the Participant not to exceed 5 years.
- (iii) Quarterly installments over a term certain as elected by the Participant not to exceed 5 years.

(b) Separation from Service prior to Seniority Date (If Applicable)

- (i) A lump sum.
- (ii) Not Applicable

(c) Separation from Service on or After Seniority Date (If Applicable)

- (i) A lump sum.
- (ii) Annual installments over a term certain as elected by the Participant not to exceed \_\_\_ years.
- (iii) Not Applicable

(d) Separation from Service Upon a Change in Control Event

- (i) A lump sum.
- (ii) Annual installments over a term certain as elected by the Participant not to exceed 5 years.
- (iii) Quarterly installments over a term certain as elected by the Participant not to exceed 5 years.

(e) Death

- (i) A lump sum.
- (ii) Annual installments over a term certain as elected by the Participant not to exceed 5 years.
- (iii) Quarterly installments over a term certain as elected by the Participant not to exceed 5 years.

(f) Disability

- (i) A lump sum.
- (ii) Annual installments over a term certain as elected by the Participant not to exceed 5 years.
- (iii) Quarterly installments over a term certain as elected by the Participant not to exceed 5 years.

If applicable, amounts not vested at the time payments due under this Section cease will be:

- Forfeited  
 Distributed at Separation from Service if vested at that time

(g) Change in Control Event

- (i) A lump sum.  
 (ii) Not applicable.

If applicable, amounts not vested at the time payments due under this Section cease will be:

- Forfeited  
 Distributed at Separation from Service if vested at that time

**7.4 De Minimis Amounts.**

- (a) Notwithstanding any payment election made by the Participant, the vested balance in all Deferred Compensation Account(s) of the Participant will be distributed in a single lump sum payment at the time designated under the Plan if at the time of a permitted Qualifying Distribution Event that is either a Separation from Service, death, Disability (if applicable) or Change in Control Event (if applicable) the vested balance does not exceed \$ 25,000. In addition, the Employer may distribute a Participant's vested balance in all Deferred Compensation Account(s) of the Participant at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan
- (b) There shall be no pre-determined de minimis amount under the Plan; however, the Employer may distribute a Participant's vested balance at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan.

**10.1 Contractual Liability:** Liability for payments under the Plan shall be the responsibility of the:

- (a) Company.  
 (b) Employer or Participating Employer who employed the Participant when amounts were deferred.

**14. Amendment and Termination of Plan:** Notwithstanding any provision in this Adoption Agreement or the Plan to the contrary, Section \_\_\_\_\_ of the Plan shall be amended to read as provided in attached Exhibit \_\_\_\_\_.

- There are no amendments to the Plan.

**17.9 Construction:** The provisions of the Plan shall be construed and enforced according to the laws of the State of Iowa except to the extent that such laws are superseded by ERISA and the applicable provisions of the Code.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year stated below.

**Casey's General Stores, Inc.**

Name of Employer

By: /s/ Julie Jackowski

Authorized Person

Date: 9/25/15

**SUBSIDIARIES OF CASEY'S GENERAL STORES, INC.**

1. Casey's Marketing Company, an Iowa corporation
2. Casey's Services Company, an Iowa corporation
3. Casey's Retail Company, an Iowa corporation
4. CGS Stores, LLC, an Iowa limited liability company
5. Heartland Property Company, LLC, a Delaware limited liability company

All subsidiaries are wholly owned by Casey's General Stores, Inc, except for CGS Stores, LLC and Heartland Property Company, LLC, which are wholly owned by Casey's Marketing Company. All Stores operated by the subsidiaries do business under the names "Casey's" and/or "Casey's General Store," except for two stores selling primarily tobacco products, one liquor stores, and one grocery store.

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors

Casey's General Stores, Inc.:

We consent to the incorporation by reference in the registration statements (No. 33-19179, 333-35393, 33-42907, 333-174560, 333-174561) on Form S-8 and Form S-3D of Casey's General Stores, Inc. of our reports dated June 26, 2020, with respect to the consolidated balance sheets of Casey's General Stores, Inc. and subsidiaries as of April 30, 2020 and 2019, the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 2020, and the related notes, and the effectiveness of internal control over financial reporting as of April 30, 2020, which reports appear in the April 30, 2020 Annual Report on Form 10-K of Casey's General Stores, Inc.

/s/ KPMG LLP

Des Moines, Iowa  
June 26, 2020

**CERTIFICATION OF DARREN M. REBELEZ  
UNDER SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Darren M. Rebelez, certify that:

1. I have reviewed this annual report on Form 10-K of Casey's General Stores, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting practices;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated June 26, 2020

/s/ Darren M. Rebelez

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Darren M. Rebelez, President and  
Chief Executive Officer

**CERTIFICATION OF STEPHEN P. BRAMLAGE JR.  
UNDER SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Stephen P. Bramlage Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Casey's General Stores, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting practices;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated June 26, 2020

/s/ Stephen P. Bramlage Jr.

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Stephen P. Bramlage Jr.

Senior Vice President and  
Chief Financial Officer

**CERTIFICATE PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Casey's General Stores, Inc. (the Company) on Form 10-K for the fiscal year ended April 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Darren M. Rebelez, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934.
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Darren M. Rebelez

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Darren M. Rebelez, President and  
Chief Executive Officer

Dated June 26, 2020

**CERTIFICATE PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Casey's General Stores, Inc. (the Company) on Form 10-K for the fiscal year ended April 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Stephen P. Bramlage Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934.
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen P. Bramlage Jr.

\_\_\_\_\_  
Stephen P. Bramlage Jr.

Senior Vice President and Chief Financial Officer

Dated June 26, 2020