

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Fiscal Quarter Ended July 31, 1995

Commission File Number 0-12788

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 CONVENIENCE BLVD., ANKENY, IOWA
(Address of principal executive offices)

50021
(Zip Code)

(515) 965-6100
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year,
if changed since last report)

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

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

Common Stock, No Par Value (Class)	26,113,406 shares (Outstanding at September 11, 1995)
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CASEY'S GENERAL STORES, INC.

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS.

CASEY'S GENERAL STORES, INC. AND SUBSIDIARIES
 CONSOLIDATED CONDENSED BALANCE SHEETS
 (Unaudited)

	July 31, 1995 -----	April 30, 1995 -----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,677,491	\$ 5,477,784
Short-term investments	1,228,407	1,300,700
Receivables	3,119,079	3,086,728
Inventories	28,502,768	27,343,033
Prepaid expenses	6,555,532	5,982,324
	-----	-----
Total current assets	51,083,277	43,190,569
	-----	-----
Long-term investments	3,605,402	6,445,934
Other assets	954,149	1,030,856
Property and equipment, net of accumulated depreciation		
July 31, 1995, \$116,819,560		
April 30, 1995, \$111,656,704	307,223,185	294,491,313
	-----	-----
	\$362,866,013	345,158,672
	-----	-----

See notes to consolidated condensed financial statements.

CASEY'S GENERAL STORES, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)
(Continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Notes payable	\$ 18,200,000	\$ 11,350,000
Current maturities of long-term debt	8,225,143	8,498,891
Accounts payable	40,747,395	39,860,843
Accrued expenses	15,765,849	15,716,412
Income taxes payable	4,642,909	1,544,909
	-----	-----
Total current liabilities	87,581,296	76,971,055
	-----	-----
Long-term debt, net of current maturities	58,053,203	59,962,922
	-----	-----
Deferred taxes	27,770,000	27,270,000
	-----	-----
Deferred compensation	1,384,520	1,282,655
	-----	-----
Shareholders' equity		
Preferred stock, no par value	---	---
Common Stock, no par value	62,354,805	61,342,992
Retained earnings	125,722,189	118,329,048
	-----	-----
Total shareholders' equity	188,076,994	179,672,040
	-----	-----
	\$362,866,013	345,158,672
	-----	-----

See notes to consolidated condensed financial statements.

CASEY'S GENERAL STORES, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended	
	July 31,	
	1995	1994

Net sales	\$252,996,754	221,255,900
Franchise revenue	1,454,607	1,431,628

	254,451,361	222,687,528

Cost of goods sold	199,532,946	175,384,559
Operating expenses	34,797,993	30,023,811
Depreciation and amortization	5,852,285	5,276,824
Interest, net	1,557,657	1,504,947

	241,740,881	212,190,141

Income before income taxes	12,710,480	10,497,387
Federal and state income taxes	4,798,000	4,067,000

Net income	\$ 7,912,480	6,430,387

Earnings per common and common equivalent share	\$.30	.25

Weighted average number of common and common equivalent shares outstanding	26,074,979	26,001,005

See notes to consolidated condensed financial statements.

CASEY'S GENERAL STORES, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended July 31,	
	1995	1994

Cash flows from operations:		
Net income	\$ 7,912,480	6,430,387
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	5,852,285	5,276,824
Deferred income taxes	500,000	500,000
Changes in assets and liabilities:		
Receivables	(32,351)	135,018
Inventories	(1,159,735)	(944,072)
Prepaid expenses	(573,208)	(523,583)
Accounts payable	886,552	6,990,815
Accrued expenses	49,437	309,280
Income taxes payable	3,098,000	1,497,000
Other, net	307,405	464,813

Net cash provided by operations	16,840,865	20,136,482
Cash flows from investing:		
Purchase of property and equipment	(18,644,674)	(16,879,805)
Purchase of investments	(602,625)	(1,000,000)
Sale of investments	3,447,134	9,745,881

Net cash used in investing activities	(15,800,165)	(8,133,924)
Cash flows from financing:		
Payments of long-term debt	(2,183,467)	(1,097,443)
Net activity of short-term debt	6,850,000	(3,500,000)
Proceeds from exercise of stock options	1,011,813	---
Payment of cash dividend	(519,339)	(518,421)

Net cash provided by (used in) financing activities	5,159,007	(5,115,864)

Net increase in cash and cash equivalents	6,199,707	6,886,694
Cash and cash equivalents at beginning of the year	5,477,784	3,151,664

Cash and cash equivalents at end of the quarter	\$11,677,491	10,038,358

See notes to consolidated condensed financial statements.

CASEY'S GENERAL STORES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. The accompanying consolidated condensed financial statements (unaudited) include the accounts and transactions of the Company and its two wholly-owned subsidiaries, Casey's Marketing Company and Casey's Services Company. All material inter-company balances and transactions have been eliminated in consolidation.
2. The accompanying consolidated condensed financial statements (unaudited) have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although management believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these interim consolidated condensed financial statements be read in conjunction with the Company's most recent audited financial statements and notes thereto. In the opinion of management, the accompanying consolidated condensed financial statements (unaudited) contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of July 31, 1995, and the results of operations for the three months ended July 31, 1995 and 1994, and changes in cash flows for the three months ended July 31, 1995 and 1994.
3. Sales generally are strongest during the Company's first quarter (May-July) and weakest during its fourth quarter (February-April). In the warmer months customers tend to purchase greater quantities of gasoline and certain convenience items, such as beer, soft drinks and ice. Due to the continuing emphasis on high-margin, freshly prepared food items, however, the Company's net sales and net income (with the exception of the fourth quarter) have become somewhat less seasonal in recent years.
4. Retail gasoline profit margins have a substantial impact on the Company's net income. Profit margins on gasoline sales can be adversely affected by factors beyond the control of the Company, including over-supply in the retail gasoline market, uncertainty or volatility in the wholesale gasoline market (such as that experienced in fiscal 1991 as a result of the Persian Gulf crisis) and price competition from other gasoline marketers. Any substantial decrease in profit margins on retail gasoline sales or the number of gallons sold could have a materially adverse effect on the Company's earnings.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Casey's derives its revenue from the retail sale of food (including freshly prepared foods such as pizza, donuts and sandwiches), beverages and non-food products such as health and beauty aids, tobacco products, automotive products and gasoline by Company stores and from the wholesale sale of certain grocery and general merchandise items and gasoline to franchised stores. The Company also generates revenues from continuing monthly royalties based on sales by franchised stores, sign and facade rental fees and the provision of certain maintenance, transportation and construction services to the Company's franchisees. A typical store is generally not profitable for its first year of operation due to start-up costs and will usually attain representative levels of sales and profits during its third year of operation.

Due to the nature of the Company's business, most sales are for cash, and cash provided by operations is the Company's primary source of liquidity. The Company finances its inventory purchases primarily from normal trade credit aided by the relatively rapid turnover of inventory. This turnover allows the Company to conduct its operations without large amounts of cash and working capital. As of July 31, 1995, the Company's ratio of current assets to current liabilities was .58 to 1. The ratio at July 31, 1994 and April 30, 1995, was .51 to 1 and .56 to 1, respectively. Management believes that the Company's current \$27,000,000 bank lines of credit (aggregate amount), together with cash flow from operations, will be sufficient to satisfy the working capital needs of its business.

Net cash provided by operations decreased \$3,295,617 (16.4%) in the three months ended July 31, 1995 from the comparable period in the prior year, primarily as a result of a smaller increase in accounts payable. Cash flows from investing and financing in the three months ended July 31, 1995 increased, primarily as a result of increased short-term debt. Cash flows in the future are expected to decrease as a result of the anticipated growth in capital expenditures.

Capital expenditures represent the single largest use of Company funds. Management believes that by reinvesting in Company stores, the Company will be better able to respond to competitive challenges and increase operating efficiencies. During the first three months of fiscal 1995, the Company expended \$18,644,674 for property and equipment, primarily for

the construction and remodeling of Company stores, compared to \$16,879,805 for the comparable period in the prior year. The Company anticipates expending approximately \$50,000,000 in fiscal 1996 for construction, acquisition and remodeling of Company stores, primarily from funds generated by operations, existing cash and short-term investments and proceeds of the 7.70% Senior Notes due December 15, 2004 (the "Senior Notes").

As of July 31, 1995, the Company had long-term debt of \$58,053,203, consisting of \$25,500,000 of 7.70% Senior Notes, \$14,288,991 of mortgage notes payable, \$10,687,500 of unsecured notes payable and \$7,576,712 of capital lease obligations.

Interest on the Senior Notes is payable on the 15th day of each month at the rate of 7.70% per annum. Principal of the Senior Notes matures in forty quarterly installments beginning March 15, 1995. The Company may prepay the Senior Notes in whole or in part at any time in an amount of not less than \$1,000,000 or integral multiples of \$100,000 in excess thereof at a redemption price calculated in accordance with the Note Agreement dated as of February 1, 1994 between the Company and the purchasers of the Senior Notes.

To date, the Company has funded capital expenditures primarily from the proceeds of the sale of Common Stock, issuance of the 6-1/4% Convertible Subordinated Debentures (which were converted into 3,683,064 shares of Common Stock on March 28, 1994) and the Senior Notes, a mortgage note, unsecured notes payable and through funds generated from operations. Future capital needs required to finance operations, improvements and the anticipated growth in the number of Company stores are expected to be met from cash generated by operations, existing cash, short-term and long-term investments and additional long-term debt or other securities as circumstances may dictate, and are not expected to adversely affect liquidity.

The United States Environmental Protection Agency and several states, including Iowa, have established requirements for owners and operators of underground gasoline storage tanks (USTs) with regard to (i) maintenance of leak detection, corrosion protection and overflow/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 gasoline inventory recordkeeping. Since 1984, new Company stores have been equipped with non-corroding fiberglass USTs, including many with double-wall construction, over-fill protection and electronic tank monitoring, and the Company has an active inspection and renovation program with respect to its older USTs. The Company currently has 1,601 USTs, of which 1,211 are fiberglass and 390 are steel. Management believes that its existing gasoline procedures and planned capital expenditures will continue to keep the Company in substantial compliance with all current federal and state UST regulations.

Several of the states in which the Company does business have trust fund programs with provisions for sharing or reimbursing corrective action or remediation costs incurred by UST owners, including the Company. These programs, other than the State of Iowa, generally are in the early stages of operation and the extent of available coverage or reimbursement under such programs for costs incurred by the Company is not fully known at this time. In each of the years ended April 30, 1995 and 1994, the Company spent approximately \$2,137,000 and \$1,814,000, respectively, for assessments and remediation. During the three months ended July 31, 1995, the Company expended approximately \$250,000 for such purposes. Substantially all of these expenditures have been submitted for reimbursement from state-sponsored trust fund programs and as of July 31, 1995, approximately \$3,800,000 has been received from such programs. The Company has accrued a liability at July 31, 1995, of approximately \$3,300,000 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.

Management of the Company currently estimates that aggregate capital expenditures for electronic monitoring, cathodic protection and overflow/spill protection will approximate \$1,000,000 in fiscal 1996 through December 23, 1998, in order to comply with the existing UST regulations. Additional regulations, or amendments to the existing UST regulations, could result in future revisions to such estimated expenditures. Such expenditures are expected to be funded as described above, and are not expected to adversely affect liquidity.

THREE MONTHS ENDED JULY 31, 1995 COMPARED TO THREE MONTHS
ENDED JULY 31, 1994

Net sales for the first quarter of fiscal 1996 increased by \$31,740,854 (14.3%) over the comparable period in fiscal 1995. Retail gasoline sales increased by \$24,617,520 (21.5%) as the number of gallons sold increased by 14,789,775 (13.5%) while the average retail price per gallon increased 7.1%. During this same period, retail sales of grocery and general merchandise increased by \$7,095,444 (8.3%) due to the addition of 54 new Company Stores and a greater number of stores in operation for at least three years.

Cost of goods sold as a percentage of net sales was 78.9% for the first quarter of fiscal 1996, compared to 79.3% for the comparable period in the prior year. The gross profit margins on retail gasoline sales increased (10.2%) during the first quarter of fiscal 1996 from the first quarter of the prior year (7.6%). The gross profit margin per gallon also increased (to \$.1137) in the first quarter of fiscal 1996 from the comparable period in the prior year (\$.0792). These factors were partially offset by a decrease in gross profits on retail sales of grocery and general merchandise (to 38.8%) from the comparable period in the prior year (39.7%).

Operating expenses as a percentage of net sales were 13.8% for the first quarter of fiscal 1996 compared to 13.6% for the comparable period in the prior year.

Net income increased by \$1,482,093 (23%). The increase in net income was attributable primarily to the increase in retail sales of grocery and general merchandise, an increase in the number of gallons of gasoline sold, an increase in the gross profit margin per gallon and an increased number of stores in operation for at least three years.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

The Company is the sole defendant in a class action lawsuit brought by five Iowa retail gasoline dealers and a trade association representing independent distributors and retailers of gasoline products within the State of Iowa, acting on behalf of a class of such dealers. The Amended and Substituted Complaint - Class Action (the "Bathke Complaint"), filed in the United States District Court for the Southern District of Iowa (GILBERT BATHKE, ET. AL. V. CASEY'S GENERAL STORES, INC., Civil No. 4-90-CV-80658), alleges that by selling gasoline at "very low prices which are supported by higher prices charged for the same petroleum products in other markets," the Company violated federal anti-trust laws (specifically, Section 2(a) of the Robinson-Patman Act and Section 2 of the Sherman Act) and State of Iowa unfair price discrimination laws. The Bathke Complaint seeks as relief a permanent injunction enjoining such practices, unspecified monetary damages (to be trebled as provided by law) and attorneys' fees.

Following the completion of formal discovery activities, the District Court granted the Company's motion for summary judgment seeking the dismissal of all counts of the Bathke Complaint in an Order entered on October 14, 1994. The District Court dismissed the federal anti-trust claims with prejudice and dismissed the State unfair price discrimination claim without prejudice, concluding that there was an "insufficient basis and economic reality and substantive federal law for the plaintiffs' theories."

Plaintiffs appealed the dismissal of the Bathke Complaint to the Eighth Circuit Court of Appeals in St. Louis, Missouri. In an opinion filed August 11, 1995, the Court of Appeals affirmed the ruling of the District Court in dismissing the Bathke Complaint, and also affirmed the District Court's order assessing costs to the plaintiffs. The plaintiffs did not seek a re-hearing before the Eighth Circuit Court of Appeals but may still file a petition for a writ of certiorari with the United States Supreme Court. Management does not believe that the Company is liable to plaintiffs for the conduct complained of and intends to contest the matter vigorously, should any further appeals be taken.

The Company from time to time is a party to other legal proceedings arising from the conduct of its business operations, including proceedings relating to personal injury and employment claims, disputes under franchise agreements and claims by state and federal regulatory authorities relating to the sale of products pursuant to state or federal licenses or permits. Management does not believe that the potential liability of the Company with respect to such other proceedings pending as of the date of this Form 10-Q is material in the aggregate.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) The following exhibits are filed with this Report or, if so indicated, incorporated by reference.

Exhibit No.	Description
4.2	Rights Agreement between Casey's General Stores, Inc. and United Missouri Bank of Kansas City, N.A., as Rights Agent(a), and amendments thereto (b), (c), (d)

4.3	Note Agreement between Casey's General Stores, Inc. and Principal Mutual Life Insurance Company and Nippon Life Insurance Company of America (e)
11	Statement regarding computation of per share earnings
27	Financial Data Schedule

-
- (a) Incorporated by reference from the Registration Statement on Form 8-A (0-12788) filed June 19, 1989 relating to Common Share Purchase Rights.
- (b) Incorporated by reference from the Form 8 (Amendment No. 1 to the foregoing Registration Statement on Form 8-A) filed September 10, 1990.
- (c) Incorporated by reference from the Form 8-A/A (Amendment No. 3 to the Registration Statement on Form 8-A filed June 19, 1989) filed March 30, 1994.
- (d) Incorporated by reference from the Form 8-A12G/A (Amendment No. 2 to the Registration Statement on Form 8-A filed June 19, 1989) filed July 29, 1994.
- (e) Incorporated by reference from the Current Report on Form 8-K filed February 18, 1993.
- (b) There were no reports on Form 8-K filed during the quarter for which this Report is filed.

SIGNATURE

Pursuant to the requirements 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.

Date: September 13, 1995 By: /s/ Douglas K. Shull

Douglas K. Shull, Treasurer
(Authorized Officer and
Principal Financial Officer)

EXHIBIT INDEX

Exhibit No. -----	Description -----	Page -----
11	Statement regarding computation of per share earnings	
27	Financial Data Schedule	

CASEY'S GENERAL STORES, INC.
 Computation of Per Share Earnings

	Three Months Ended	
	July 31,	
	1995	1994
	-----	-----
Weighted average number of common and common equivalent shares:		
Weighted average number of shares outstanding	26,009,989	25,921,020
Shares applicable to stock options	64,990	79,985
	-----	-----
	26,074,979	26,001,005
	-----	-----
 Net income	 \$ 7,912,480	 6,430,387
	-----	-----
 Earnings per common and common equivalent share	 \$.30	 .25
	-----	-----

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE QUARTERLY REPORT ON FORM 10-Q FOR THE FISCAL QUARTER ENDED JULY 31, 1995 OF CASEY'S GENERAL STORES, INC. AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000726958

CASEY'S GENERAL STORES

1

U.S. DOLLARS

	3-MOS	
	APR-30-1996	
	MAY-01-1995	
	JUL-31-1995	
	1	
	11,677,491	
	1,228,407	
	3,119,079	
	0	
	28,502,768	
	51,083,277	
	424,042,745	
	116,819,560	
	362,866,013	
87,581,296		
	58,053,203	
	62,354,805	
	0	
	0	
	125,722,189	
362,866,013		
	252,996,754	
	254,451,361	
	199,532,946	
	199,532,946	
	40,650,278	
	0	
	1,557,657	
	12,710,480	
	4,798,000	
7,912,480		
	0	
	0	
	0	
	7,912,480	
	.30	
	.30	

short-term investments

long-term debt, net of current maturities

retained earnings