COCA COLA FEMSA SA DE CV
Form F-3
July 06, 2004
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As filed with the Securities and Exchange Commission on July 6, 2004

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Coca-Cola FEMSA, S.A. de C.V.

(Exact name of Registrant as specified in its charter)

United Mexican States **(State or other jurisdiction of incorporation or organization)**	**Not Applicable** **(I.R.S. Employer Identification Number)**
Guillermo González Camarena No. 600 **Centro de Ciudad Santa Fé** **01210 México, D.F., México** **(52-55) 5081-5100** **(Address and telephone number of Registrant s principal executive offices)**	**Donald J. Puglisi** **Puglisi & Associates** **850 Library Avenue, Suite 204** **Newark, DE 19715, U.S.A.** **(302) 738-6680** **(Name, address and telephone number of agent for service)**

Copies to:

Jaime A. El Koury

Cleary, Gottlieb, Steen & Hamilton

One Liberty Plaza

New York, New York 10006

Approximate date of commencement of proposed sale to the public: As soon as practicable after the registration statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: ¨

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be registered**	**Proposed maximum offering price per unit**	**Proposed maximum aggregate offering price**	**Amount of registration fee**
Shares of Series L (without par value, which may be evidenced by American Depositary Shares) (1)	98,840,861	$2.216	$219,031,347.98	$27,751.27
Rights to acquire shares of Series L (without par value, which may be evidenced by American Depositary Shares)	98,840,861	None	None	None

(1) American Depositary Shares evidenced by American Depositary Receipts issuable on deposit of the common shares registered hereby have been registered under a separate registration statement on Form F-6. Each American Depositary Share represents ten Series L Shares.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is incomplete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer is not permitted.

SUBJECT TO COMPLETION, DATED , 2004

PROSPECTUS

Offering of 98,840,861 Series L Shares

in the form of American Depositary Shares

COCA-COLA FEMSA, S.A. DE C.V.

We are offering up to 98,840,861 newly issued Series L Shares to holders of our Series L Shares and, in the form of American Depositary Shares or ADSs, to holders of our ADSs in a rights offering. Our Series L Shares have limited voting rights. Each ADS represents ten Series L Shares. Holders of record on , 2004, which is the record date, will be entitled to subscribe for Series L Shares or ADSs, as applicable, in the offering.

Holders of Series L Shares will receive one Series L Share right evidencing the right to subscribe for 0.3650632 Series L Shares for each Series L Share you hold on the record date. In order to exercise your Series L Share right, you must pay a subscription price equal to the Mexican peso equivalent of U.S.$2.216 determined at the effective official exchange rate for transactions published in the *Diario Oficial de la Federación* (The Official Gazette of Mexico) on the date on which such subscription is made. As a result, the Mexican peso equivalent may vary based solely on changes in the published exchange rate prior to the expiration date.

Holders of ADSs will receive one ADS right evidencing the right to subscribe for 0.3650632 ADSs for each ADS you hold on the record date. In order to exercise your ADS right, you must pay a subscription price of U.S.$22.16 per ADS, plus an ADS issuance fee of U.S.$0.05 per ADS.

The offering will commence on , 2004 at 8:00 a.m. Mexico City time (9:00 a.m. New York City time) and will expire on , 2004 at 4:00 p.m. Mexico City time (5:00 p.m. New York City time). Rights to acquire the Series L Shares or the ADSs are not negotiable or transferable.

The Series L Shares are listed on the Mexican Stock Exchange under the symbol KOFL, and the ADSs are listed on the New York Stock Exchange under the symbol KOF. On , 2004, the last reported sale price for the Series L Shares on the Mexican Stock Exchange was Ps. (U.S.$ at an exchange rate of Ps. per U.S. dollar, the exchange rate published on , 2004 in the *Diario Oficial de la Federación* (The Official Gazette of Mexico)), and the last reported sale price of the ADSs on the New York Stock Exchange was U.S.$ per ADS.

Series L Shares not subscribed for in the offering will be cancelled. If all of the Series L Shares, including in the form of ADSs, are subscribed for in the offering, Coca-Cola FEMSA will receive net proceeds of approximately U.S.$219,031,348, subject to exchange rate fluctuations. **Holders of our other series of shares, in particular the subsidiaries of The Coca-Cola Company and of Fomento Económico Mexicano, S.A. de C.V., will not subscribe for Series L Shares or ADSs in the offering.**

See Risk Factors beginning on page 8 to read about factors you should consider before investing in the Series L Shares or ADSs.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

, 2004

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WHERE YOU CAN FIND MORE INFORMATION ABOUT COCA-COLA FEMSA

We have filed with the Securities and Exchange Commission, which we refer to as the SEC, a registration statement on Form F-3 under the Securities Act of 1933. This prospectus does not contain all of the information included in the registration statement, certain parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about Coca-Cola FEMSA and our Series L Shares and ADSs, you should refer to our registration statement and its exhibits. This prospectus summarizes the contents of contracts and other documents that we refer you to. Since this prospectus may not contain all of the information that is important to you, you should review the full text of these documents. We have included copies of these documents as exhibits to our registration statement.

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. As a foreign private issuer, we and our shareholders are exempt from some of the reporting requirements of the Securities Exchange Act of 1934, including the proxy solicitation rules, the rules regarding the furnishing of annual reports to stockholders, and Section 16 short-swing profit reporting for our officers and directors and for holders of more than 10% of our shares. You may read and copy any materials filed with the SEC at its Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20459. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We also file reports electronically with the SEC, which are available on the SEC s website at *www.sec.gov.*

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document that we have filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, and certain later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the following documents:

our annual report on Form 20-F for the fiscal year ended December 31, 2003, filed with the SEC on April 5, 2004;

our report on Form 6-K reporting results for the quarter ended March 31, 2004, submitted to the SEC on April 26, 2004;

the consolidated balance sheet of Corporación Interamericana de Bebidas, S.A. de C.V., formerly known as Panamerican Beverages, Inc. and subsidiaries, and which we refer to as Panamco, as of December 31, 2002 and 2001 and the related consolidated statements of operations, of shareholders equity and comprehensive income (loss) and of cash flows for each of the three years in the period ended December 31, 2002 included in its annual report on Form 10-K for the fiscal year ended December 31, 2002, filed with the SEC on March 28, 2003;

the condensed consolidated financial statements of Panamco included in its filing on Form 10-Q for the fiscal quarter ended March 31, 2003, filed with the SEC on May 6, 2003; and

any future filings on Form 6-K made by us with the SEC under the Securities Exchange Act of 1934, as amended, after the date of this prospectus and prior to the termination of the offering of Series L Shares and ADSs that are identified in such forms as being incorporated into this prospectus.

You may request a copy of any and all of the information that has been incorporated by reference in this prospectus and that has not been delivered with this prospectus, at no cost, by writing to us at Guillermo González Camarena No. 600, Col. Centro de Ciudad Santa Fé, Delegación Álvaro Obregón, Mexico, D.F., 01210, Mexico. Our telephone number at this location is (52-55) 5081-5121.

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WHERE YOU CAN FIND MORE INFORMATION ABOUT THE RIGHTS OFFERING

The terms and procedures of the rights offering are described in this prospectus under Prospectus Summary The Rights Offering and The Rights Offering. You may refer any questions regarding the rights offering to the information agent:

Information Agent

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Telephone: (800) 322-2885 or (212) 929-5500

You may obtain copies of this prospectus and the documents incorporated by reference without charge from the information agent.

In addition, you may refer questions regarding the completion of the ADS subscription rights certificate to The Bank of New York, our ADS rights agent:

ADS Rights Agent

The Bank of New York

101 Barclay Street

New York, New York 10286

Telephone: (800) 507-9357

PRESENTATION OF FINANCIAL INFORMATION

Our audited consolidated balance sheets as of December 31, 2003 and 2002 and the related consolidated statements of income, changes in stockholders equity and changes in financial position for the years ended December 31, 2003, 2002 and 2001 are included in our annual report on Form 20-F for the year ended December 31, 2003, which is incorporated by reference into this prospectus.

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in Mexico, which we refer to as Mexican GAAP. Mexican GAAP differs in certain significant respects from generally accepted accounting principles in the United States, which we refer to as U.S. GAAP. Notes 25 and 26 to our consolidated financial statements provide a description of the principal differences between Mexican GAAP and U.S. GAAP as they relate to us, together with a reconciliation to U.S. GAAP of net income, stockholders equity and certain other selected financial data.

Unless otherwise specified, we have presented financial data for all full-year periods included in our consolidated financial statements in constant Mexican pesos as of December 31, 2003. We have presented financial data as of March 31, 2004 and for the three-month periods ended March 31, 2004 and March 31, 2003 in constant Mexican pesos as of March 31, 2004. We believe that the effect of not restating the financial data for the full-year periods included in our consolidated financial statements in constant Mexican pesos as of March 31, 2004 would not be material, as the Mexican Consumer Price Index was 1.57% for the three-month period ended March 31, 2004.

This prospectus contains translations of certain Mexican peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Mexican peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. U.S. dollar amounts have been translated from Mexican pesos at an exchange rate of Ps.11.174 to U.S.$1.00, the exchange rate quoted by dealers to us for the settlement of obligations in foreign currencies on March 31, 2004. On March 31, 2004 and on July , 2004, the noon buying rates for Mexican pesos as published by the Federal Reserve Bank of New York were Ps.11.1830 to U.S.$1.00 and Ps. to U.S.$1.00, respectively.

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We acquired Panamco on May 6, 2003. Unless otherwise indicated, our consolidated financial statements include Panamco only from May 2003. As a result, our consolidated financial statements for the year ended and as of December 31, 2003 and for the three months ended and as of March 31, 2004 are not comparable to prior periods. These financial statements may also not be comparable to subsequent periods, as Panamco is only included in our consolidated financial statements for eight months in 2003. We have, however, included in this prospectus an unaudited pro forma income statement which includes Panamco from January 1, 2003. We have prepared the unaudited pro forma financial information for information purposes only. It does not purport to indicate the results of operations that would actually have occurred had the transaction been in effect on the date indicated or which may be expected to be achieved in the future. The financial statements of Panamco incorporated by reference in this prospectus are prepared in accordance with U.S. GAAP and in U.S. dollars, and as such, are not comparable to our financial statements, which are presented in accordance with Mexican GAAP and in Mexican pesos.

Unless the context otherwise requires, the terms Coca-Cola FEMSA, our company, we, us and our are used in this prospectus to refer to Coca-Cola FEMSA, S.A. de C.V. and its subsidiaries on a consolidated basis. References herein to U.S. dollars, U.S.$, dollars or $ are to the lawful currency of the United States of America. References herein to Mexican pesos or Ps. are to the lawful currency of Mexico.

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PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus and the documents incorporated by reference and does not contain all of the information that may be important to you. You should read carefully this entire prospectus and the documents incorporated by reference.

Our Business

We are the largest *Coca-Cola* bottler in Latin America, with our territories representing approximately 40% of *Coca-Cola* sales volumes in Latin America, and the second largest bottler of *Coca-Cola* trademark beverages in the world, calculated in each case by sales volume in unit cases sold in our territories in 2003. We operate in the following territories:

Mexico a substantial portion of central Mexico (including Mexico City) and southeast Mexico (including the Gulf region).

Central America Guatemala City and surrounding areas, Nicaragua (nationwide), Costa Rica (nationwide) and Panama (nationwide).

Colombia most of the country.

Venezuela nationwide.

Brazil the area of greater São Paulo, Campiñas, Santos, the state of Mato Grosso do Sul and part of the state of Goias.

Argentina federal capital of Buenos Aires and surrounding areas.

Our single most important brand is *Coca-Cola*, which accounted for 60.2% of our total consolidated sales volume in 2003. *Fanta, Sprite, Lift* and *Fresca*, our next largest brands in consecutive order, accounted for 5.1%, 3.1%, 2.4% and 2.1%, respectively, of sales volumes in 2003. We produce, market and distribute *Coca-Cola* trademark beverages in each of our territories in containers authorized by The Coca-Cola Company, which consist of a variety of returnable and non-returnable presentations in the form of glass bottles, cans and plastic bottles made of polyethylene terephtalate. In addition to *Coca-Cola* trademark beverages, we produce, market and distribute certain other proprietary brands and beverages licensed from third parties other than The Coca-Cola Company in a variety of presentations.

In May 2003, we expanded our operations throughout Latin America by acquiring 100% of Panamco, then the largest soft drink bottler in Latin America in terms of sales volumes in 2002. Prior to the acquisition of Panamco, our territories consisted of parts of central and southeast Mexico and the federal capital of Argentina and surrounding areas. Through our acquisition of Panamco, we began producing and distributing *Coca-Cola* trademark beverages in additional territories in the central and the gulf regions of Mexico and in Central America (Guatemala, Nicaragua, Costa Rica and Panama), Colombia, Venezuela and Brazil, along with bottled water, beer and other beverages in some of these territories.

The Coca-Cola Company and Fomento Económico Mexicano, S.A. de C.V., a Mexican holding company with interests in the beverages sector and other related businesses that we refer to as FEMSA, have significant influence on the conduct of our business and together possess the ability to control our company. The Coca-Cola Company indirectly owns all of our Series D Shares, representing 39.6% of our outstanding capital stock and 46.4% of our capital stock with full voting rights. FEMSA indirectly owns all of our Series A Shares, representing 45.7% of our capital stock and 53.6% of our capital stock with full voting rights. The remaining 14.7% of our capital stock consists of Series L Shares with limited voting rights, which are the subject of this offering, that trade on the Mexican Stock Exchange and, in the form of ADSs, on the New York Stock Exchange.

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Our principal executive offices are located at Guillermo González Camarena No. 600, Col. Centro de Ciudad Santa Fé, Delegación Álvaro Obregón, Mexico, D.F., 01210, Mexico. Our telephone number at this location is (52-55) 5081-5100. Our website is *www.cocacola-femsa.com.mx*.

Recent Developments

On May 7, 2004, we obtained a favorable final ruling from a Mexican federal court allowing us to deduct losses in the amount of Ps.3,049.0 million arising from a sale of shares during 2002. As a result of the ruling, we expect to recover approximately Ps.1,330.3 million, which will increase our 2004 consolidated net income by approximately Ps.1,200 million. More than 85% of this increase will be in the form of a cash reimbursement and the balance will be in the form of a tax deduction.

On June 8, 2004 a group of Brazilian investors, among them Mr. José Luis Cutrale, a recently appointed member of our board of directors, made a capital contribution to our Brazilian operations in exchange for a 16.9% equity stake in these operations. Mr. Cutrale is a Brazilian entrepreneur with extensive experience in the Brazilian consumer products industry and is an international producer of fruit juices, with customers around the world, including The Minute Maid Company, a division of The Coca-Cola Company.

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SELECTED FINANCIAL DATA

Historical

The following table presents selected financial data of our company. This information should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements, and the notes thereto included in our annual report on Form 20-F for the year ended December 31, 2003, which is incorporated by reference into this prospectus. The selected financial data is presented on a consolidated basis, and is not necessarily indicative of our financial position or results of operations at or for any future date or period.

	Year Ended December 31,					
	2003(1)(2)	2003(1)	2002	2001	2000	1999
	(millions of U.S. dollars or constant Mexican pesos at December 31, 2003, except per share data)					
Income Statement Data:						
Mexican GAAP						
Net sales	$ 3,175.8	Ps. 35,486.8	Ps. 18,518.6	Ps. 17,636.5	Ps. 16,979.0	Ps. 15,205.9
Total revenues	3,197.5	35,729.4	18,667.5	17,771.6	17,052.7	15,253.9
Cost of sales	1,609.1	17,980.3	8,680.8	8,255.8	8,300.8	7,942.5
Gross profit	1,588.4	17,749.1	9,986.8	9,515.8	8,751.9	7,311.4
Operating expenses	987.9	11,038.7	5,319.3	5,351.0	5,405.5	4,819.9
Goodwill amortization			40.6	108.3	116.1	125.7
Income from operations	600.5	6,710.4	4,626.8	4,056.5	3,230.3	2,365.8
Net income	208.7	2,332.0	2,660.8	2,325.9	1,427.3	1,068.2
Majority net income	206.9	2,311.8	2,660.8	2,325.9	1,427.3	1,068.2
Majority income per share(3)	0.12	1.36	1.87	1.63	1.00	0.75
U.S. GAAP						
Net sales	$ 3,175.8	Ps. 35,486.8	Ps. 18,187.7	Ps. 17,273.5	Ps. 16,604.0	Ps. 16,791.0
Total revenues	3,197.5	35,729.4	18,320.6	19,237.2	19,030.4	17,755.0
Income from operations(4)	565.8	6,322.8	4,388.1	3,941.0	3,277.6	2,421.2
Net income	205.7	2,298.4	2,624.4	2,392.1	1,604.7	1,223.8
Net income per share(3)	0.12	1.35	1.84	1.68	1.13	0.86
Balance Sheet Data:						
Mexican GAAP						
Total assets	$ 5,496.7	Ps. 61,419.8	Ps. 17,086.7	Ps. 15,116.8	Ps. 12,920.4	Ps. 12,040.4
Long-term debt	2,327.8	26,011.0	3,296.0	3,066.7	3,365.0	3,584.5
Capital stock	237.6	2,655.5	2,463.9	2,463.9	2,463.9	2,463.9
Majority stockholders equity	2,027.3	22,653.1	9,668.1	8,163.2	6,210.4	5,676.8
Total stockholders equity	2,041.9	22,816.6	9,668.1	8,163.2	6,210.4	5,676.8
U.S. GAAP						
Total assets	$ 5,503.5	Ps. 61,496.1	Ps. 17,154.1	Ps. 15,764.8	Ps. 15,133.7	Ps. 14,358.4
Long-term debt	2,327.8	26,011.0	3,296.0	3,066.7	3,368.6	3,593.4
Capital stock	237.6	2,655.5	2,463.9	2,463.9	2,463.9	2,463.9
Total stockholders equity	1,973.2	22,048.9	9,294.4	8,208.5	7,441.3	6,322.1
Other Data:						
Mexican GAAP						
Depreciation(5)	$ 86.6	Ps. 967.5	Ps. 572.2	Ps. 638.3	Ps. 698.0	Ps. 587.8

Capital expenditures		171.0		1,910.4		1,409.7		865.3		966.8	1,817.7
U.S. GAAP											
Depreciation(5)	$	86.4	Ps.	965.6	Ps.	555.9	Ps.	716.1	Ps.	809.2	Ps. 710.8
Capital expenditures		171.0		1,910.4		1,394.3		1,001.7		1,088.6	1,146.7

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(1) Includes the new territories acquired in the Panamco acquisition from May 2003.
(2) Translation to U.S. dollar amounts at an exchange rate of Ps.11.174 to U.S.$1.00 solely for the convenience of the reader.
(3) For the years ended December 31, 1999 through December 31, 2002, computed on the basis of 1,425 million shares outstanding. For the year ended December 31, 2003, computed on the basis of 1,704.3 million shares outstanding, the weighted average shares outstanding during 2003 after giving effect to the capital increase in May 2003 in connection with the Panamco acquisition.
(4) We include employee profit sharing as part of income from operations for purposes of U.S. GAAP.
(5) Excludes breakage of bottles and cases (Ps.273.6 million in 2003) and amortization of other assets, and pension and seniority premiums (Ps.755.1 million in 2003). See the consolidated statements of changes in financial position included in our consolidated financial statements.

	Three Months Ended March 31, (unaudited)		
	2004[1]	2004	2003
	(millions of U.S. dollars or constant Mexican pesos at March 31, 2003, except per share data)		
Mexican GAAP			
Net sales	$ 927.8	Ps. 10,367.4	Ps. 4,303.5
Total revenues	934.2	10,439.0	4,356.6
Cost of sales	482.2	5,388.4	2,100.6
Gross profit	452.0	5,050.5	2,256.0
Operating expenses	311.2	3,477.7	1,211.3
Bottler agreements amortization			5.9
Income from operations	140.7	1,572.7	1,038.8
Net income	77.7	868.6	490.9
Majority net income	77.7	868.4	490.9
Majority income per share	0.04	0.47	0.34
U.S. GAAP			
Net sales	$ 927.8	Ps. 10,367.4	Ps. 4,274.2
Total revenues	934.2	10,439.0	4,325.2
Income from operations[2]	137.7	1,538.9	971.7
Net income	83.0	927.5	483.3
Net income per share	0.04	0.5	0.4

(1) Translation to U.S. dollar amounts at an exchange rate of Ps.11.174 to U.S.$1.00 solely for the convenience of the reader.
(2) We include employee profit sharing as part of income from operations for purposes of U.S. GAAP.

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Pro Forma

The following table presents unaudited pro forma income statement information for our company giving effect to the acquisition of Panamco as if it had occurred on January 1, 2003. The unaudited pro forma income statement information should be read in conjunction with the unaudited income statement and related footnotes contained in this prospectus. See Unaudited Pro Forma Income Statement.

	Year Ended December 31, (unaudited)	
	2003[1]	2003
	(millions of U.S. dollars or constant Mexican pesos at December 31, 2003, except per share data)	
Mexican GAAP		17,665
Net earnings	*$ 29,776*	*17,477*
Earnings per share		
Basic	*$ .59*	*.35*
Diluted	*$ .59*	*.35*

7. *On September 29, 2006, the Company authorized the issuance of $100,000 aggregate principal amount of its 5.72% Senior Notes consisting of $50,000 Series A, due September 30, 2019, and $50,000 Series B, due March 30, 2020. The Company received the $50,000 Series A proceeds on September 29, 2006, and received the additional $50,000 Series B proceeds on March 30, 2007. Interest on the 5.72% Senior Notes, Series A and Series B, is payable on the 30th day of March and September in each year, at the rate of 5.72% per annum. Principal prepayments commence on September 30, 2012 and March 30, 2013 for Series A and Series B, respectively. The Company may prepay the 5.72% Senior Notes, Series A and B, in whole or in part at any time in an amount not less than $2,000 in the case of a partial prepayment at a redemption price calculated in accordance with the Note Purchase Agreement dated as of September 29, 2006 between the Company and the purchasers of the 5.72% Senior Notes.*

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8. *The Company is named as a defendant in five (5) lawsuits (hot fuel cases) brought in the federal courts in Kansas and Missouri against a variety of gasoline retailers. The complaints generally allege that the Company, along with numerous other retailers, has misrepresented gasoline volumes dispensed at its pumps by failing to compensate for expansion that occurs when fuel is sold at temperatures above 60°F. Fuel is measured at 60°F in wholesale purchase transactions and computation of motor fuel taxes in Kansas and Missouri. The complaints all seek certification as class actions on behalf of gasoline consumers within those two states, and one of the complaints also seeks certification for a class consisting of gasoline consumers in all states. The actions generally seek recovery for alleged violations of state consumer protection or unfair merchandising practices statutes, negligent and fraudulent misrepresentation, unjust enrichment, civil conspiracy and violation of the duty of good faith and fair dealing, and several seek injunction relief and punitive damages. These actions are part of a number of similar lawsuits that have been filed in recent weeks in different states against a wide range of defendants that produce, refine, distribute and/or market gasoline products in the United States. The Federal Judicial Panel on Multidistrict Litigation recently assigned all of the pending cases to the United States District Court for the Eastern District of Kansas for rulings on discovery matters, various pre-trial motions and class certification issues applicable to all of the cases. All other proceedings, including discovery, have been stayed pending rulings on various motions and proposals now pending in that Court.*

The Company also is named as defendant in an action brought under the Fair Labor Standards Act on behalf of two named plaintiffs individually and all persons who are or were employed during the three-year period immediately preceding May 31, 2007 as assistant managers at any store operated by the Company or one of its subsidiaries, who worked overtime during any given week within that period and have not filed individual complaint to recover uncompensated overtime wages. The Company has filed an answer denying the claims, as well as a motion for change of venue to the U.S. District Court for the Southern District of Iowa sitting in Des Moines, which was granted on August 30, 2007. Plaintiffs have asked the Court to conditionally certify the class so that the case may proceed as a collective action. The Company has resisted that request and has undertaken an internal investigation of matters bearing on the issue of whether class certification is appropriate.

In both of the above matters, management does not believe the Company is liable to the defendants for the conduct complained of, and intends to contest the matters

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vigorously. While the outcome of any pending litigation cannot be predicted, management does not believe that the pending litigation will have a material adverse affect on the Company s business or its financial position. The outcome of litigation is always uncertain, however, and unforeseen results can occur. It is possible that such outcomes could materially affect net income in a particular quarter or annual period.

9. *In July 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN48), which is an Interpretation of FASB Statement No. 109, Accounting for Income Taxes. The Company was required to adopt the provisions of FIN 48, effective May 1, 2007. This interpretation was issued to clarify the accounting for uncertainty in income taxes recognized in the financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.*

The Company recognized additional tax liabilities of $646 with a corresponding reduction to beginning retained earnings as of May 1, 2007 as a result of the adoption of FIN 48. The total amount of gross unrecognized tax benefits was $4,037, as of May 1, 2007, the date of adoption. Of this amount, $3,286 represents the amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate. These unrecognized tax benefits relate to the state income tax filing positions and federal tax credits claimed for the Company s corporate subsidiaries. The Company does not expect the aggregate amount of unrecognized tax benefits to change significantly within the next twelve months. The total amount of accrued interest and penalties for such unrecognized tax benefits was $130 as of May 1, 2007, the date of adoption. Interest and penalties related to income taxes are classified as income tax expense in our financial statements.

The statute of limitations for federal and states remains open for the years 2003 and forward.

In September 2006, the FASB issued Statement of Financial Accounting Standard (SFAS) No. 157, Fair Value Measurements, which clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing an asset or liability. Additionally, it establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The Company has not yet determined the impact that the implementation of SFAS No. 157 will have on the consolidated financial statements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007.

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In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115, which permits many financial instruments and certain other items to be measured at fair value at the option of the Company. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company does not expect SFAS No. 159 to have a significant impact on the consolidated financial statements.

10. The Company s financial condition and results of operations are affected by a variety of factors and business influences, certain of which are described in the cautionary statement relating to Forward-Looking Statements included in the Annual Report on Form 10-K for the fiscal year ended April 30, 2007. These interim consolidated condensed financial statements should be read in conjunction with that Cautionary Statement.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations *(Dollars in Thousands)*.

Overview

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), operate convenience stores under the name Casey s General Store in nine Midwestern states, primarily Iowa, Missouri and Illinois. All stores offer gasoline for sale on a self-serve basis and carry a broad selection of food (including freshly prepared foods such as pizza, donuts and sandwiches), beverages, tobacco products, health and beauty aids, automotive products and other non-food items. On July 31, 2007, there were a total of 1,463 Casey s General Stores in operation, of which 1,448 were owned by the Company and 15 stores were operated by 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 or fourth year of operation.

The Company derives its revenue primarily from the retail sale of gasoline and the products offered in Company stores. The Company also generates a small amount of its revenues from the Company s franchisees and from the wholesale sale of certain grocery and general merchandise items and gasoline to franchised stores.

Approximately 61% of all Casey s General Stores are located in areas with populations of fewer than 5,000 persons, while approximately 13% of all stores are located in communities with populations exceeding 20,000 persons. The Company operates a central warehouse, the Casey s Distribution Center, adjacent to its Corporate Headquarters facility in Ankeny, Iowa, through which it supplies grocery and general merchandise items to Company and franchised stores.

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At July 31, 2007, the Company owned the land at 1,368 locations and the buildings at 1,378 locations, and leased the land at 80 locations and the buildings at 70 locations. The Company treats all operating leases on a straight line basis.

Long-lived assets are reviewed quarterly for impairment or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company did not incur any impairment charges during the three-months ended July 31, 2007. The Company values the locations addressed above based on their expected resale value. The impairment charges are a component of operating expenses when they occur.

Three Months Ended July 31, 2007 Compared to Three Months Ended July 31, 2006 (Dollars and Gallons in Thousands)

Three months ended 7/31/07	**Gasoline**	**Grocery & other merchandise**	**Prepared food & fountain**	**Other**	**Total**
Sales	$ 938,019	259,788	75,442	5,928	1,279,177
Gross profit	49,477	88,297	46,538	3,872	188,184
Margin	5.3%	34.0%	61.7%	65.3%	14.7%
Gasoline Gallons	313,385				

Three months ended 7/31/06	**Gasoline**	**Grocery & other merchandise**	**Prepared food & fountain**	**Other**	**Total**
Sales	$ 799,480	225,206	65,682	5,226	1,095,594
Gross profit	28,545	72,636	41,305	2,866	145,352
Margin	3.6%	32.3%	62.9%	54.8%	13.3%
Gasoline Gallons	290,590				

Net sales for the first quarter of fiscal 2008 increased by $183,583 (16.8%) over the comparable period in fiscal 2007. Retail gasoline sales increased by $138,539 (17.3%) as the number of gallons sold increased by 22,795 (7.8%) while the average retail price per gallon increased 8.7%. During this same period, retail sales of grocery and general merchandise increased by $34,582 (15.4%) while prepared food and fountain sales increased by $9,760 (14.9%) due to the addition of 45 new Company Stores and a greater number of stores in operation for at least three years.

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The other sales category primarily consists of wholesale gasoline and grocery sales to franchise stores and lottery, prepaid phone card, and video rental commissions received. These sales increased $702 (13.4%) for the first quarter of fiscal 2008 while the gross profit margin increased $1,006 (35.1%) primarily due to the increase in lottery commissions and prepaid phone card commissions from the comparable period in the prior year.

Cost of goods sold as a percentage of net sales was 85.3% for the first quarter of fiscal 2008, compared to 86.7% for the comparable period in the prior year. The gross profit margins on retail gasoline sales increased (to 5.3%) during the first quarter of fiscal 2008 from the first quarter of the prior year (3.6%). The gross profit margin per gallon also increased (to $.1579) in the first quarter of fiscal 2008 from the comparable period in the prior year ($.0982). Although the Company achieved above average gross profit margins per gallon for the first quarter of fiscal 2008, management expects market conditions to return to historical levels of 10 to 11 cents over the long term. The gross profits on retail sales of grocery and other merchandise increased (to 34%) from the comparable period in the prior year (32.3%), while the prepared food margin decreased (to 61.7%) from the comparable period in the prior year (62.9%). The decrease in the prepared food margin was caused by increased product costs primarily in the fountain and coffee areas.

Operating expenses as a percentage of net sales were 9.5% for the first quarter of fiscal 2008 compared to 9.2% for the comparable period in the prior year. Operating expenses increased 21.3% in the first quarter of 2008 from the comparable period in the prior year. Nearly 3% of this increase was related to additional incentive pay resulting from a more profitable quarter, and another 2% related to an increase in the number of large health insurance claims. The remaining portion of the increase was attributable to the addition of 45 more stores since the close of the comparable period in the prior year.

Net earnings increased by $12,875 (76.2%). The increase in net earnings was attributable primarily to the increase in the gross profit margin per gallon of gasoline sold. However, the increase in net earnings was partially offset by the increases in operating expenses.

Critical Accounting Policies

Critical accounting policies are those accounting policies that management believes are important to the portrayal of the Company s 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.

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Inventory. Inventories, which consist of merchandise and gasoline, are stated at the lower of cost or market. For gasoline, 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 applied to inventory values determined primarily by the FIFO method for warehouse inventories and the retail inventory method (RIM) for store inventories, except for cigarettes, beer, pop, and prepared foods, which are valued at cost. RIM is an averaging method widely used in the retail industry because of its practicality.

Under RIM, inventory valuations are at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to sales. Inherent in the RIM calculations are certain management judgments and estimates that could affect the ending inventory valuation at cost and the resulting gross margins.

Vendor allowances include rebates and other funds received from vendors to promote their products. The Company often receives such allowances on the basis of quantitative contract terms that vary by product and vendor or directly on the basis of purchases made. Rebates are recognized as reductions of inventory costs when purchases are made; reimbursements of an operating expense (e.g., advertising) are recorded as reductions of the related expense.

Long-lived Assets. The Company periodically monitors under-performing 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, including goodwill where applicable, an impairment loss is recognized. Impairment is based on the estimated fair value of the asset. Fair value is based on management s estimate of the amount that could be realized from the sale of assets in a current transaction between willing parties. The estimate is derived from offers, actual sale or disposition of assets subsequent to year end, and other indications of asset 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. Management expects to continue its on-going evaluation of under-performing stores, and may periodically sell specific stores where further operational and marketing efforts are not likely to improve their performance. The Company did not incur any impairment charges during the three months ended July 31, 2007.

Self-insurance. The Company is primarily self-insured for employee health care, workers compensation, general liability, and automobile claims. The self-insurance claim liability 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 high degree of variability in the liability estimates. Some factors affecting the uncertainty

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of claims include the time frame of development, settlement patterns, litigation and adjudication direction, and medical treatment and cost trends. The liability is not discounted.

Recent Accounting Pronouncements. In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN48), which is an Interpretation of FASB Statement No. 109, *Accounting for Income Taxes*. The Company was required to adopt the provisions of FIN 48, effective May 1, 2007. This interpretation was issued to clarify the accounting for uncertainty in income taxes recognized in the financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

The Company recognized additional tax liabilities of $646 with a corresponding reduction to beginning retained earnings as of May 1, 2007 as a result of the adoption of FIN 48. The total amount of gross unrecognized tax benefits was $4,037, as of May 1, 2007, the date of adoption. Of this amount, $3,286 represents the amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate. These unrecognized tax benefits relate to the state income tax filing positions and federal tax credits claimed for the Company s corporate subsidiaries. The Company does not expect the aggregate amount of unrecognized tax benefits to change significantly within the next twelve months. The total amount of accrued interest and penalties for such unrecognized tax benefits was $130 as of May 1, 2007, the date of adoption. Interest and penalties related to income taxes are classified as income tax expense in our financial statements.

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Reclassifications. Net sales and cost of goods sold were reduced by $386 for the three months ended July 31, 2006 for video rental commissions that were previously recorded as gross rather than as net commissions.

Liquidity and Capital Resources ***(Dollars in Thousands)***

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, 2007, the Company s ratio of current assets to current liabilities was 1.08 to 1. The ratio at July 31, 2006 and April 30, 2007 was .77 to 1 and 1.03 to 1, respectively. Management believes that the Company s current $50,000 bank line of credit, together with cash flow from operations will be sufficient to satisfy the working capital needs of our business.

Net cash provided by operations increased $46,296 (294.1%) in the three months ended July 31, 2007 from the comparable period in the prior year, primarily as a result of a larger net income, a decrease in accounts payable, an increase in accrued expenses, a smaller increase in inventories and a larger increase in income taxes payable. Cash used in investing in the three months ended July 31, 2007 remained relatively constant. Cash used in financing increased, primarily due to an increase in the short-term debt for the comparable period in the prior year.

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 2008, the Company expended $23,486 for property and equipment, primarily for the construction, acquisition and remodeling of Company stores, compared to $23,321 for the comparable period in the prior year. The Company anticipates expending approximately $135,000 in fiscal 2008 for construction, acquisition and remodeling of Company stores, primarily from existing cash and funds generated by operations.

As of July 31, 2007, the Company had long-term debt of $187,440, consisting of $100,000 in principal amount of 5.72% Senior Notes, Series A and B, $30,000 in principal amount of 7.38% Senior Notes, $23,000 in principal amount of Senior Notes, Series A through Series F, with interest rates ranging from 6.18% to 7.23%, $22,857 in principal amount of 7.89% Senior Notes, Series A, $2,370 of mortgage notes payable, and $9,213 of capital lease obligations.

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To date, the Company has funded capital expenditures primarily from the proceeds of the sale of Common Stock, issuance of 6- 1/4% Convertible Subordinated Debentures (which were converted into shares of Common Stock in 1994), the above-described Senior Notes, a mortgage note, 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, the bank line of credit, and additional long-term debt or other securities as circumstances may dictate, and are not expected to adversely affect liquidity.

Cautionary Statements ***(Dollars in Thousands)***

The foregoing Management s Discussion and Analysis of Financial Condition and Results of Operations contains various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements represent the Company s expectations or beliefs concerning future events, including (i) any statements regarding future sales and gross profit percentages, (ii) any statements regarding the continuation of historical trends and (iii) any statements regarding the sufficiency of the Company s cash balances and cash generated from operations and financing activities for the Company s future liquidity and capital resource needs. 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 limitations, the following factors described more completely in the Form 10-K for the fiscal year ended April 30, 2007:

Competition. The Company s business is highly competitive, and marked by ease of entry and constant change in terms of the numbers and type of retailers offering the products and services found in Company stores. Many of the food (including prepared foods) and non-food items similar or identical to those sold by the Company are generally available from a variety of competitors in the communities served by Company stores, and the Company competes with other convenience store chains, gasoline stations, supermarkets, drug stores, discount stores, club stores, mass merchants and fast-food outlets (with respect to the sale of prepared foods). Sales of such non-gasoline items (particularly prepared food items) have contributed substantially to the Company s gross profits from retail sales in recent years. Gasoline sales are also intensely competitive. The Company competes with both independent and national brand gasoline stations in the sale of gasoline, other convenience store chains and several non-traditional gasoline retailers such as supermarkets in specific markets. Some of these other gasoline retailers may have access to more favorable arrangements for gasoline supply then do the Company or the firms that supply its stores. Some of the Company s competitors have

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greater financial, marketing and other resources than the Company, and, as a result, may be able to respond better to changes in the economy and new opportunities within the industry.

Gasoline operations. Gasoline sales are an important part of the Company s sales and earnings, and 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 the supply of gasoline available in the retail gasoline market, uncertainty or volatility in the wholesale gasoline market, increases in wholesale gasoline costs generally during a period and price competition from other gasoline marketers. The market for crude oil and domestic wholesale petroleum products is marked by significant volatility, and is affected by general political conditions and instability in oil producing regions such as the Middle East and South America. The volatility of the wholesale gasoline market makes it extremely difficult to predict the impact of future wholesale cost fluctuation on the Company s operating results and financial conditions. These factors could materially impact the Company s gasoline gallon volume, gasoline gross profit and overall customer traffic levels at Company stores. Any substantial decrease in profit margins on gasoline sales or in the number of gallons sold by Company stores could have a material adverse effect on the Company s earnings.

The Company purchases its gasoline from a variety of independent national and regional petroleum distributors. Although in recent years the Company s suppliers have not experienced any difficulties in obtaining sufficient amounts of gasoline to meet the Company s needs, unanticipated national and international events could result in a reduction of gasoline supplies available for distribution to the Company. Any substantial curtailment in gasoline supplied to the Company could adversely affect the Company by reducing its gasoline sales. Further, management believes that a significant amount of the Company s business results from the patronage of customers primarily desiring to purchase gasoline and, accordingly, reduced gasoline supplies could adversely affect the sale of non-gasoline items. Such factors could have a material adverse impact upon the Company s earnings and operations.

Tobacco Products. Sales of tobacco products represent a significant portion of the Company s revenues. Significant increases in wholesale cigarette costs and tax increases on tobacco products, as well as national and local campaigns to discourage smoking in the United States, could have an adverse affect on the demand for cigarettes sold by Company stores. The Company attempts to pass price increases onto its customers, but competitive pressures in specific markets may prevent it from doing so. These factors could materially impact the retail price of cigarettes, the volume of cigarettes sold by Company stores and overall customer traffic.

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Environmental Compliance Costs. 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 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 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. The Company currently has 3,088 USTs, of which 2,623 are fiberglass and 465 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. In each of the years ended April 30, 2007 and 2006, the Company spent approximately $1,431 and $1,519, respectively, for assessments and remediation. During the three months ended July 31, 2007, the Company expended approximately $259 for such purposes. Substantially all of these expenditures have been submitted for reimbursement from state-sponsored trust fund programs and as of July 31, 2007, approximately $10,253 has been received from such programs since their inception. Such amounts are typically subject to statutory provisions requiring repayment of the reimbursed funds for non-compliance with upgrade provisions or other applicable laws. The Company has an accrued liability at July 31, 2007 of approximately $354 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.

Although the Company regularly accrues expenses for the estimated costs related to its future corrective action or remediation efforts, there can be no assurance that such accrued amounts will be sufficient to pay such costs, or that the Company has identified all environmental liabilities at all of its current store locations. In addition, there can be no assurance that the Company will not incur substantial expenditures in the future for remediation of contamination or related claims that have not been discovered or asserted with respect to existing store locations or locations that the Company may acquire in the future, or that the Company will not be subject to any claims for reimbursement of funds disbursed to the Company under the various state programs or that additional regulations, or amendments to existing regulations, will not require additional expenditures beyond those presently anticipated.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The Company s exposure to market risk for changes in interest rates relates primarily to its investment portfolio and long-term debt obligations. The Company places its investments with high quality credit issuers and, by policy, limits the amount of credit exposure to any one issuer. As stated in its policy, the Company s first priority is to reduce the risk of principal loss. Consequently, the Company seeks to preserve its invested funds by limiting default risk, market risk and reinvestment risk. The Company mitigates default risk by investing in only high quality credit securities that it believes to be low risk and by positioning its 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. The Company believes that an immediate 100 basis point move in interest rates affecting the Company s floating and fixed rate financial instruments as of July 31, 2007 would have an immaterial effect on the Company s pretax earnings.

Item 4. 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 the Chief Financial Officer have concluded that the Company s current disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission s rules and forms.

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.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is named as a defendant in five lawsuits (hot fuel cases) brought in the federal courts in Kansas and Missouri against a variety of gasoline retailers. The complaints generally allege that the Company, along with numerous other retailers, has misrepresented gasoline volumes dispensed at its pumps by failing to compensate for

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expansion that occurs when fuel is sold at temperatures above 60ºF. Fuel is measured at 60ºF in wholesale purchase transactions and computation of motor fuel taxes in Kansas and Missouri. The complaints all seek certification as class actions on behalf of gasoline consumers within those two states, and one of the complaints also seeks certification for a class consisting of gasoline consumers in all states. The actions generally seek recovery for alleged violations of state consumer protection or unfair merchandising practices statutes, negligent and fraudulent misrepresentation, unjust enrichment, civil conspiracy, and violation of the duty of good faith and fair dealing; several seek injunctive relief and punitive damages.

These actions are part of a number of similar lawsuits that have been filed in recent months in approximately 25 states against a wide range of defendants that produce, refine, distribute, and/or market gasoline products in the United States. On June 18, 2007, the Federal Judicial Panel on Multidistrict Litigation ordered that all of the pending hot fuel cases be transferred to the U.S. District Court for the Eastern District of Kansas for coordinated or consolidated pretrial proceedings, including rulings on discovery matters, various pretrial motions, and class certification. All other proceedings have been stayed pending rulings on such matters. Management does not believe the Company is liable to the defendants for the conduct complained of, and intends to contest the matters vigorously.

On May 30, 2007, a complaint was filed against the Company in the United States District Court for the Northern District of Iowa by two former employees, in which the claim is made that Casey s failed to properly pay overtime compensation properly to two or more of its assistant managers. Specifically, plaintiffs claim that the assistant managers were treated as nonexempt employees entitled to overtime pay, but that the Company did not properly record all hours worked and failed to pay the assistant managers overtime pay for all hours worked in excess of 40 per week. The action purports to be a collective action under the Fair Labor Standards Act (essentially equivalent to a class action) brought on behalf of all persons who are currently or were employed during the three-year period immediately preceding the filing of [the] complaint as Assistant Managers at any Casey s General Store operated by [the] Defendant (directly or through one of its wholly owned subsidiaries), who worked overtime during any given week within that period, and who have not filed a complaint to recover overtime wages. The complaint seeks relief in the form of back wages owed all members of the class during the three-year period preceding the filing of the complaint, liquidated damages, attorneys fees, and costs.

The Company filed an answer denying the claims, as well as a motion for change of venue to the U.S. District Court for the Southern District of Iowa sitting in Des Moines. That motion was granted on August 30, 2007 and the case will now be transferred to Des Moines. Plaintiffs have asked the Court to conditionally certify the class so that the case may proceed as a collective action. The Company has resisted that request and has undertaken an internal investigation of matters bearing on the class certification issue. Management does not believe the Company is liable to the plaintiffs for the conduct complained of, and intends to contest the matter vigorously.

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, property damage and employment claims, environmental remediation or contamination, and claims by state and federal regulatory authorities relating to the sale of products pursuant to state or federal licenses or permits. Claims for compensatory or exemplary damages in those actions may be substantial. 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 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in our 2007 Annual Report on Form 10-K.

Item 6. Exhibits.

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 *(incorporated by reference from the Registration Statement on Form 8-A (0-12788) filed June 19, 1989 relating to Common Share Purchase Rights),* and amendments thereto *(incorporated by reference from the Form 8 (Amendment No. 1 to the Registration Statement on Form 8-A filed June 19, 1989) filed September 10, 1990; the Form 8-A/A (Amendment No. 3 to the Registration Statement on Form 8-A filed June 19, 1989) filed March 30, 1994; the Form 8-A12G/A (Amendment No. 2 to the Registration Statement on Form 8-A filed June 19, 1989) filed July 29, 1994; the Current Report on Form 8-K filed May 10, 1999; and the Current Report on Form 8-K filed September 27, 1999.)*

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4.4	Note Agreement dated as of December 1, 1995 between Casey s General Stores, Inc. and Principal Mutual Life Insurance Company *(incorporated by reference from the Current Report on Form 8-K filed January 11, 1996).*
4.6	Note Agreement dated as of April 15, 1999 among the Company and Principal Life Insurance Company and other purchasers of the 6.18% to 7.23% Senior Notes, Series A through Series F *(incorporated by reference from the Current Report on Form 8-K filed May 10, 1999).*
4.7	Note Purchase Agreement dated as of May 1, 2000 among the Company and the purchasers of the 7.89% Senior Notes, Series 2000-A *(incorporated by reference from the Current Report on Form 8-K filed May 23, 2000).*
4.8	Note Purchase Agreement dated as of September 29, 2006 among the Company and the purchasers of the 5.72% Senior Notes, Series A and Series B *(incorporated by reference from the Current Report on Form 8-K filed September 29, 2006).*
31.1	Certification of Robert J. Myers under Section 302 of the Sarbanes Oxley Act of 2002
31.2	Certification of William J. Walljasper under Section 302 of the Sarbanes Oxley Act of 2002
32.1	Certificate of Robert J. Myers under Section 906 of Sarbanes-Oxley Act of 2002
32.2	Certificate of William J. Walljasper under Section 906 of Sarbanes-Oxley Act of 2002

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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 7, 2007	By: /s/ William J. Walljasper
	Its: Senior Vice President & Chief Financial Officer
	(Authorized Officer and Principal Financial Officer)

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EXHIBIT INDEX

The following exhibits are filed herewith:

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