

CASEYS GENERAL STORES INC  
Form DEF 14A  
August 06, 2007

## SCHEDULE 14A INFORMATION

### Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as  
permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**CASEY S GENERAL STORES, INC.**

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(Name of Registrant as Specified In Its Charter)

**[NOT APPLICABLE]**

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(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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August 6, 2007

To Our Shareholders:

The Annual Meeting of the shareholders of Casey's General Stores, Inc. will be held at the Casey's General Stores, Inc. Corporate Headquarters, One Convenience Blvd., Ankeny, Iowa, at 9:00 A.M., central time, on Friday, September 14, 2007. The formal Notice of Annual Meeting and Proxy Statement, which are contained in the following pages, outline the election of directors to be considered by the shareholders at the meeting.

It is important that your shares be represented at the meeting whether or not you are personally able to attend. Accordingly, we ask that you please sign, date and return the enclosed Proxy Card promptly. If you later find that you may be present for the meeting or for any other reason desire to revoke your proxy, you may do so at any time before it is voted.

Your copy of the Company's Annual Report and Form 10-K for 2007 is also enclosed. Please read it carefully. It gives you a report on the Company's operations for the fiscal year ended April 30, 2007.

We look forward to seeing you at the meeting and thank you for your continued interest in the Company.

Sincerely,  
Robert J. Myers  
President and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

SEPTEMBER 14, 2007

To the Shareholders of Casey's General Stores, Inc.:

The Annual Meeting of the shareholders of Casey's General Stores, Inc., an Iowa corporation, will be held at the Casey's General Stores, Inc. Corporate Headquarters, One Convenience Boulevard, Ankeny, Iowa, on Friday, September 14, 2007, at 9:00 A.M., central time, for the following purposes:

1. To elect nine members to the Board of Directors to serve until the next ensuing Annual Meeting of shareholders or until their successors are elected and qualified; and
2. To transact such other business as may properly come before the meeting or at any adjournment thereof.

The Board of Directors has fixed the close of business, July 20, 2007, as the record date for the determination of shareholders entitled to notice of and to vote at this meeting and at any and all adjournments thereof. A list of such holders will be open for examination by any shareholder, at the Company's Corporate Headquarters at the address described above, beginning two business days after the date hereof and continuing through the meeting.

By Order of the Board of Directors,  
John G. Harmon  
Senior Vice President and Secretary

August 6, 2007

**PROXY STATEMENT**

This Proxy Statement and the accompanying proxy card or voting instruction card (either, the proxy card ) are being mailed beginning on or about August 6, 2007, to each holder of record of the Common Stock, no par value (the Common Stock ), of Casey s General Stores, Inc. (the Company ) at the close of business on July 20, 2007. Proxies in the form enclosed are solicited by the Board of Directors of the Company for use at the Annual Meeting of shareholders to be held at the Casey s General Stores, Inc. Corporate Headquarters, One Convenience Boulevard, Ankeny, Iowa 50021, at 9:00 A.M., central time, on Friday, September 14, 2007.

For participants in the Casey s General Stores, Inc. Dividend Reinvestment and Stock Purchase Plan, the proxy card represents the number of full and fractional shares in the participant s plan account, as well as other shares registered in the participant s name. If the proxy card is properly executed and returned, the shares represented thereby will be voted at the meeting in accordance with the shareholder s instructions. If no instructions are given, the proxy will be voted **FOR** the election as directors of the nominees named herein. A person giving a proxy may revoke it at any time before it is voted. Any shareholder attending the meeting may, on request, vote his or her own shares even though the shareholder has previously sent in a proxy card. Unless revoked, the shares of Common Stock represented by proxies will be voted on all matters to be acted upon at the meeting.

For participants in the Casey s General Stores 401(k) Plan (the KSOP ), the proxy card will also serve as a voting instruction card for Delaware Charter Guarantee & Trust Company (the Trustee ), the trustee of the KSOP, with respect to the shares held in the participants accounts. A participant cannot direct the voting of shares allocated to the participant s account in the KSOP unless the proxy card is signed and returned. If proxy cards representing shares in the KSOP are not returned, those shares will be voted by the Trustee in the same proportion as the shares for which signed proxy cards are returned by the other participants in the KSOP.

The cost of soliciting proxies will be borne by the Company. The Company expects to solicit proxies primarily by mail. Proxies may also be solicited personally and by telephone by certain officers and regular employees of the Company. The Company may reimburse brokers and their nominees for their expenses in communicating with the persons for whom they hold shares of the Company.

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**SHARES OUTSTANDING**

Holders of record of the Common Stock at the close of business on the record date, July 20, 2007, will be entitled to vote on all matters to be presented at the Annual Meeting. On the record date, 50,649,462 shares of Common Stock were outstanding. Each such share of Common Stock will be entitled to one vote on all matters.

The following table contains information with respect to each person, including any group, known to the Company to be the beneficial owner of more than 5% of the Common Stock of the Company as of the dates indicated in the footnotes following the table. Except as otherwise indicated, the persons listed in the table have the voting and investment powers with respect to the shares indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
T. Rowe Price Associates, Inc.  100 E. Pratt Street  Baltimore, MD 21202	3,086,400(1)	6.1%
NWQ Investment Management  Company, LLC  2049 Century Park East  16th Floor  Los Angeles, CA 90067	3,107,536(2)	6.2%
Barclays Global Investors, NA  45 Fremont Street  San Francisco, CA 94105	3,270,773(3)	6.48%

- (1) Based on Amendment No. 10 to the Schedule 13G filed by T. Rowe Price Associates, Inc. ( *Price Associates* ), a registered investment advisor, with the Securities and Exchange Commission (the *SEC* ), dated February 14, 2007. Such information indicates that Price Associates had sole voting power over 902,100 shares and sole dispositive power over 3,086,400 shares.
- (2) Based on Schedule 13G filed by NWQ Investment Management Company, LLC ( *NWQ* ), a registered investment advisor, with the SEC dated February 9, 2007. Such information indicates that NWQ had sole voting power over 2,955,036 shares and sole dispositive power over 3,107,536 shares.
- (3) Based on Schedule 13G filed by Barclays Global Investors, NA, Barclays Global Fund Advisors and Barclays Global Investors, Ltd, with the SEC dated January 9, 2007. Such information indicates that such entities had sole voting power over 3,039,519 shares and sole dispositive power of 3,270,773 shares.

## VOTING PROCEDURES

Under Iowa corporate law and the Amended and Restated Bylaws, as amended, of the Company (the Bylaws ), the holders of a majority of the issued and outstanding shares of Common Stock entitled to vote must be present or represented by proxy in order to constitute a quorum to conduct business at the 2007 Annual Meeting.

Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. For purposes of determining the number of votes cast, all votes cast for or to withhold authority are included. Abstentions and any broker non-votes, which occur when brokers are prohibited from exercising voting authority for beneficial owners who have not provided voting instructions, will not be counted for the purpose of determining the number of votes cast.

## PROPOSAL 1

### ELECTION OF DIRECTORS

The Board of Directors currently consists of nine persons. Under the Restatement of the Restated and Amended Articles of Incorporation (the Restated Articles ), the Board of Directors may consist of up to nine persons, and individuals may be elected by the Board to fill any vacancies or to occupy any new directorships, with such individual serving in each case until the next annual meeting of shareholders and until a successor is duly elected and qualified.

The Board of Directors have accepted the recommendations of the Nominating Committee that the nine individuals named below be designated as nominees for election as directors of the Company at the 2007 Annual Meeting of shareholders. All nominees are currently directors of the Company. All have been previously elected by the shareholders except Diane C. Bridgewater who was appointed to the Board of Directors on March 6, 2007 to fill the vacancy left by the death of Jack Taylor. Directors are elected to hold office until the next annual election and, in each case, until their respective successors are duly elected and qualified.

Additional information regarding each of these nominees is set forth below. The number of shares of Common Stock of the Company beneficially owned by each of the nominees as of July 20, 2007 is set forth on page 10. Except as may be otherwise expressly stated, all nominees for directors have been employed in the capacities indicated for more than five years.

It is intended that all proxies in the accompanying form, unless contrary instructions are given thereon, will be voted for the election of all the persons designated by the Board of Directors as nominees. In the event of death or disqualification of any nominee, or the refusal or inability of any nominee to serve as a director, the enclosed proxy may be voted with discretionary authority for the election of a substitute nominee approved by the Board of Directors.

The Board of Directors recommends a vote **FOR** election of the following nominees as directors of the Company:

**Ronald M. Lamb**, 71, Chairman of the Board and Chairman of the Executive Committee. Mr. Lamb served as a Vice President of the Company from 1976 until 1987 when he was elected Chief Operating Officer. He served as President and Chief Operating Officer of the Company from September 1988 until May 1, 1998, and as Chairman of the Board and Chief Executive Officer from then until June 21, 2006. Mr. Lamb has been a director of the Company since 1981.

**Robert J. Myers**, 60, President and Chief Executive Officer of the Company. Mr. Myers has been associated with the Company since 1989. He served as Senior Vice President from December 1998 until May 2002, and Chief Operating Officer from May 2002 until he was elected to his current position as President and Chief Executive Officer on June 21, 2006.

**Donald F. Lamberti**, 69, former Chairman of the Executive Committee. Mr. Lamberti co-founded the Company in 1967 and served as its President from 1975 to 1988, when he assumed the position of Chief Executive Officer. He served as Chairman of the Executive Committee from 1998 until his retirement on April 30, 2003. Mr. Lamberti, a director of the Company since 1967, also serves as a member of the Board of Trustees of Buena Vista University and the Board of Directors of Keep Iowa Beautiful.

**John R. Fitzgibbon**, 85, consultant and former Vice Chairman and Chief Executive Officer of First Group Companies and former Chief Executive Officer of Iowa-Des Moines National Bank (currently Wells Fargo Bank, N.A.). Mr. Fitzgibbon has served as a director of the Company since 1983.

**Kenneth H. Haynie**, 74, former shareholder with the Des Moines, Iowa law firm of Ahlers & Cooney, P.C. Since his retirement on December 31, 2002, he has served in an of counsel capacity, with no interest in the ownership or earnings of the law firm. He has served as a director of the Company since 1987.

**Patricia Clare Sullivan**, 79, former President and CEO (1977-1993), President of External Affairs (1993-1995) of Mercy Health Center of Central Iowa, Des Moines, Iowa. Ms. Sullivan has served as a director of the Company since 1996.

**Johnny Danos**, 67, President of the Greater Des Moines Community Foundation, a charitable public foundation dedicated to improving the quality of life in Greater Des Moines. Mr. Danos was employed by KPMG LLP (and its predecessor firms) for over 30 years, and retired as the managing partner of its Des Moines office in 1995. He has been a director of the Company since March 2, 2004. Mr. Danos also is a member of the Board of Directors of the Federal Home Loan Bank of Des Moines.

**William C. Kimball**, 59, retired Chairman and Chief Executive Officer of Medicap Pharmacy, Inc., a national franchisor of community retail pharmacies. Mr. Kimball also serves as a member of the Board of Directors of Principal Mutual Funds and as Past Chair of the Board of Trustees of William Penn University. Mr. Kimball has been a director of the Company since March 2, 2004.

**Diane C. Bridgewater**, 44, Vice-President and Chief Financial Officer and Treasurer of Life Care Services, LLC, a Des Moines-based manager and developer of continuing care retirement communities throughout the United States. Prior to her employment with Life Care Services, LLC, Ms. Bridgewater was employed by Pioneer, a DuPont Company for 18 years, most recently as its Vice President and Chief Financial Officer (2006). She also served as Vice President and Business Director, North America Operations (2004-2006) and Global Customer and Sales Services Director (2001-2003). Ms. Bridgewater has been a director of the Company since March 6, 2007.

The Board of Directors and executive officers of the Company will miss Jack Taylor, a director of the Company since 1993, who passed away on October 6, 2006. Mr. Taylor provided energy and well-reasoned counsel to the Board and will be missed by all who knew him.



## GOVERNANCE OF THE COMPANY

In accordance with applicable Iowa law, the business and affairs of the Company are managed under the direction of the Board of Directors. Directors are expected to attend all Board meetings and meetings of the committees on which they serve, and each annual shareholders' meeting. All of the members of the Board of Directors attended last year's Annual Meeting of shareholders, except Ms. Bridgewater who was not a member of the Board of Directors at that time.

The Board of Directors held six meetings during the fiscal year ended April 30, 2007, and each member of the Board of Directors attended 75% or more of the aggregate number of Board meetings and meetings of committees on which the member served. At intervals between formal meetings, members of the Board are provided with various items of information regarding the Company's operations and are frequently consulted on an informal basis with respect to pending business.

Messrs. Fitzgibbon, Haynie, Danos and Kimball and Ms. Sullivan and Ms. Bridgewater are considered independent directors, as that term is defined in Nasdaq Listing Standards. As such, a majority of the Board of Directors is considered independent as so defined. In reaching this conclusion, the Board of Directors considered the facts and circumstances of Mr. Haynie's relationship with Ahlers & Cooney, P.C., and determined that the relationship was not material and does not interfere with Mr. Haynie's independent judgment in carrying out his responsibilities as a director. The independent directors met in executive session without management present during two of the Board meetings held during the fiscal year ended April 30, 2007, and the Board of Directors has determined that such executive sessions will be held at least twice each year in the future.

### **Board Committees**

The Bylaws of the Company establish four standing committees of the Board of Directors: the Executive Committee, the Audit Committee, the Compensation Committee and the Nominating Committee. In addition, the Bylaws authorize the Board of Directors to establish other committees for selected purposes.

#### *Executive Committee*

The Executive Committee, presently consisting of Messrs. Lamb (Chair), Fitzgibbon and Haynie, is authorized, within certain limitations set forth in the Bylaws, to exercise the power and authority of the Board of Directors between meetings of the full Board. The Committee met once during the fiscal year ended April 30, 2007.

#### *Audit Committee*

The Audit Committee presently consists of Messrs. Danos (Chair), Fitzgibbon, and Kimball, Ms. Sullivan and Ms. Bridgewater, all of whom are independent under the criteria established by the SEC and Nasdaq. The Board of Directors has approved the designation of Mr. Danos as an audit committee financial expert as that is defined under Item 401(h) of SEC Regulation S-K.

The Audit Committee performs the duties set forth in its written Charter (which is available on the Company's website [www.caseys.com](http://www.caseys.com)). Under its Charter, the Audit Committee is directly responsible for the appointment, termination, compensation and oversight of the independent public accounting firm it retains to audit the Company's books and records. The Audit Committee regularly reports to the Board on the audit and the non-audit activities of the auditors, approves all audit engagement fees and pre-approves any non-audit engagement and compensation of the independent auditors.

The Audit Committee has established a regular schedule of meetings to be held five times each year with financial management personnel, internal accounting and auditing staff and the independent auditor. During these meetings, the Committee also meets separately in executive sessions with the internal auditing staff and the independent auditor. The Committee met five times during the fiscal year ended April 30, 2007.

#### *Compensation Committee*

The Compensation Committee presently consists of Messrs. Fitzgibbon (Chair), Danos, Kimball, Ms. Sullivan and Ms. Bridgewater, all of whom are independent under the Nasdaq criteria. The Compensation Committee annually reviews the performance of the Chief Executive Officer and reviews management's evaluation of the performance of the Company's senior officers and their compensation arrangements, and makes recommendations to the Board of Directors concerning the compensation of the Chief Executive Officer and the Company's senior officers. The Committee's determination (and its deliberations) of the Chief Executive Officer's compensation are done in executive session, without the presence of management, including the Chief Executive Officer. The Compensation Committee makes recommendations to the Board of Directors with respect to executive officer compensation and only the independent members of the Board of Directors make the final determination.

As set forth in its written Charter (which is available on the Company's website [www.caseys.com](http://www.caseys.com)), the Committee has authority to retain and terminate executive compensation consulting firms to advise the Committee and, from time to time, retains compensation consultants to assist with the Committee's review and development of its compensation recommendations. Most recently, the Committee retained Hewitt Associates as a consultant to assist it in preparing the employment agreement between the Company and Mr. Myers that was executed in March 2007.

The Committee also administers the 2000 Stock Option Plan of the Company. The current practice is to consider a grant of stock options every other year in June. The Board of Directors has approved a policy statement concerning the granting of stock options, as described on page 14. Grants of all stock options are required to be made at fair market value of the underlying shares on the grant date.

The Committee met three times during the fiscal year ended April 30, 2007. The report of the Compensation Committee is included herein on page 18.

#### *Compensation Committee Interlocks and Insider Participation*

No member of the Compensation Committee is or has been an officer or employee of the Company or had any relationship that is required to be disclosed as a transaction with a related party.

#### *Nominating Committee*

The Nominating Committee presently consists of Ms. Sullivan (Chair), Messrs. Fitzgibbon, Danos and Kimball, and Ms. Bridgewater all of whom are independent under the Nasdaq criteria. The Nominating Committee generally reviews the qualifications of candidates proposed for nomination to the Board of Directors, recommends to the Board candidates for election at the Annual Meeting of shareholders, and performs the other duties set forth in its written Charter (which is available on the Company's website [www.caseys.com](http://www.caseys.com)). The Committee met three times during the fiscal year ended April 30, 2007.

The Nominating Committee will consider nominees recommended by shareholders if they are submitted in accordance with the Amended and Restated Bylaws ( Bylaws ). Briefly, the Bylaws contain advance notice procedures relating to shareholder nominations of directors and other business to be brought before an annual meeting of shareholders other than by or at the direction of the Board of Directors. Under the Bylaws, in order for a shareholder to nominate a director candidate for election at an annual meeting of shareholders, the shareholder must deliver written notice thereof to the Secretary of the Company at least 90 days prior to the one-year anniversary date of the date of the immediately preceding annual meeting of shareholders. In the case of shareholder nominations to be considered at the 2008 Annual Meeting, therefore, such notice must be received by the Secretary by no later than June 16, 2008. The notice must set forth certain information concerning such shareholder and the shareholder's nominee(s), including their names and addresses, a representation that the shareholder is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, a description of all arrangements or understandings between the shareholder and each nominee, such other information as would be required to be included in a proxy statement pursuant to the proxy rules of the SEC had the nominee(s) been nominated by the Board of Directors, and the consent of each nominee to serve as a director of the Company if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure. A copy of the Bylaws may be obtained by request addressed to John G. Harmon, Senior Vice President and Secretary, Casey's General Stores, Inc., P.O. Box 3001, Ankeny, Iowa 50021.

The Nominating Committee's Charter sets forth, among other things, the minimum qualifications that the Nominating Committee believes must be met by a Nominating Committee-recommended nominee, and the specific qualities or skills that the Nominating Committee believes are necessary for one or more of the Company's directors to possess. In considering individuals for nomination as directors, the Nominating Committee typically solicits recommendations from the current directors and is authorized to engage search firms to assist in the process, although it has not done so to date.

**DIRECTOR COMPENSATION**

During the fiscal year ended April 30, 2007, each director who was not a Company employee was compensated for services as a director by an annual retainer of \$25,000 and a meeting fee of \$1,000 for each shareholder, Board and Committee meeting attended. The Chair of the Compensation, Nominating and Audit Committees were compensated for such services by an annual retainer of \$5,000. Company employees serving on the Board do not receive any compensation for services as a director. The Company reimburses all directors for travel and other necessary business expenses incurred in the performance of their services for the Company and extends coverage to them under the Company's group life insurance plan, with individual coverages of up to \$50,000 each.

Under the Non-Employee Directors' Stock Option Plan approved by the shareholders at the 1995 Annual Meeting (the Director Stock Plan), each Eligible Non-Employee Director (defined in the Director Stock Plan as any person who is serving as a non-employee director of the Company on the last day of a fiscal year) annually receives an option to purchase 2,000 shares of Common Stock. The exercise price of all options awarded under the Director Stock Plan is the average of the last reported sale prices of shares of Common Stock on the last trading day of each of the 12 months preceding the award of the option. The term of such options is ten years from the date of grant, and each option is exercisable immediately upon grant. The aggregate number of shares of Common Stock that may be granted pursuant to the Director Stock Plan may not exceed 200,000 shares, subject to adjustment to reflect any future stock dividends, stock splits or other relevant capitalization changes. In accordance with the terms of the Director Stock Plan, Messrs. Fitzgibbon, Haynie, Taylor, Danos, Kimball, Lamberti, and Ms. Sullivan each received an option on May 1, 2006 to purchase 2,000 shares of Common Stock at an exercise price of \$22.36 per share.

The following table sets out the compensation paid to or on behalf of our directors during the fiscal year ended April 30, 2007:

**Director Compensation Table**

Director	Fees Earned or Paid in Cash (\$)¹	Option Awards (\$)²	All Other Compensation (\$) <sup>3</sup>	Total (\$)
Donald F. Lamberti	\$ 28,500	\$ 18,500	\$ 287,653 <sup>4</sup>	\$ 334,653
John R. Fitzgibbon	47,000	18,500	38	65,538
Kenneth H. Haynie	28,500	18,500	38	47,038
Jack P. Taylor <sup>5</sup>	28,500	18,500	48	47,048
Patricia Clare Sullivan	45,000	18,500	38	63,538
Johnny Danos	51,000	18,500	62	69,562
William C. Kimball	41,500	18,500	96	60,096
Diane C. Bridgewater <sup>6</sup>	11,250		48	11,298

<sup>1</sup> Amounts include fees earned or paid in Fiscal Year 2007 (May 1, 2006 through April 30, 2007).

<sup>2</sup> The stock option award of May 1, 2006, is calculated at the aggregate grant date fair value computed in accordance with FAS 123R. As of the fiscal year ended April 30, 2007, each director held the following aggregate number of stock options: Mr. Lamberti: 6,000 shares; Mr. Fitzgibbon: 18,000 shares; Mr. Haynie: 18,000 shares; Ms. Sullivan: 8,000 shares; Mr. Danos: 6,000 shares; Mr. Kimball: 6,000 shares; and Ms. Bridgewater: 0 shares.

<sup>3</sup> Except in the case of Mr. Lamberti, the indicated amounts represent the dollar value of life insurance premiums.

<sup>4</sup> With his retirement on April 30, 2003, Mr. Lamberti, a founder of the Company, is receiving retirement benefits under a Non-Qualified Supplemental Executive Retirement Plan (SERP). The indicated amount includes (i) a retirement benefit under the SERP equal in amount to \$275,000 per year and (ii) the annual premiums for life and health insurance for Mr. Lamberti.

<sup>5</sup> Mr. Taylor died October 6, 2006 and received director fees for only a portion of Fiscal Year 2007.

<sup>6</sup> Ms. Bridgewater was appointed a director on March 6, 2007, and earned a portion of her retainer in Fiscal Year 2007.

#### **Certain Relationships and Related Transactions**

The Company has a written policy requiring the approval by the Audit Committee of transactions between the Company and related parties that are required to be disclosed under Item 404 of Regulation S-K, unless the transaction is available to all employees generally or unless the transaction involves less than \$5,000, when aggregated with all similar transactions. Related parties include senior officers or directors (and their immediate family members), shareholders owning more than five percent of the Company or an entity that is either owned or controlled by such individuals or an entity over which such individuals have a substantial ownership interest or control.

At one store location in Des Moines, Iowa, the Company owns the building and currently leases the land from a trust created by Mr. Lamberti's mother. The Company's lease extends until September 2012 and provides for a fixed monthly rental payment of \$1,300 and payment of an amount equal to 1% of sales by the store. The Company has an option to purchase the property for its fair market value at the end of the lease term. The amounts paid by the Company under the lease during the past three fiscal years were \$62,740 in fiscal 2007, \$57,370 in fiscal 2006 and \$45,406 in fiscal 2005. The Company does not intend to lease additional store sites or buildings from affiliated persons.

Adjacent to the above store location is an approximately 18-acre largely underdeveloped tract that served as the location of the Company's headquarters until 1990. The property and buildings located there were owned by Broadway Distributing Company, an Iowa general partnership consisting of the Company (50% interest), Mr. Lamberti (25% interest) and Walter J. Carlson (25% interest), a former director and officer of the Company. The Company leased this property from the partnership until 1995, but then discontinued the payment of rent on the same. The Company continued to pay the real estate taxes and utilities on a portion of the property without any formal arrangement with the other two partners, equal in amounts to \$39,430 in fiscal 2007, \$49,406 in fiscal 2006 and \$44,739 in fiscal 2005. The partnership sold the property for \$950,000 in October, 2006, under terms that were reviewed and approved by the Audit Committee of the Company. Following a review by the Audit Committee of the terms of the partnership agreement and the facts and circumstances relating to the various uses of the property since 1995, and after receiving additional information and advice from Corporate Counsel for the Company and outside legal counsel on the appropriate basis for allocating the sale proceeds among the Company and the two individual partners, the Audit Committee determined to allocate the net sale proceeds as follows: \$495,330 to the Company, \$192,250 to Mr. Lamberti and \$192,250 to Mr. Carlson, which was accepted by all parties. This allocation reflected, among other factors, a reimbursement from the partnership for certain property taxes paid by the Company, amounts collected by the Company from a sublessee of a portion of the property, and the estimated values of two strips of partnership property taken and used by the Company in connection with the adjacent Company store.

**BENEFICIAL OWNERSHIP OF SHARES OF COMMON STOCK****BY DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth, as of July 20, 2007, the beneficial ownership of shares of the Company's Common Stock, the only class of capital stock outstanding, by the current directors and nominees for directors of the Company, the executive officers named in the Summary Compensation Table herein, and all current directors and executive officers as a group. Except as otherwise indicated, the shareholders listed in the table have the voting and investment powers with respect to the shares indicated.

Name of Beneficial Owner	Direct Ownership	Shares Subject to Options(1)	KSOP Shares(2)	Total Amount and Nature of Beneficial Ownership(3)	Percent of Class
Ronald M. Lamb	809,470			809,470	1.60%
Robert J. Myers	8,000	50,000	6,704	64,704	*
Donald F. Lamberti	2,052,196	8,000		2,060,196	4.07%
John R. Fitzgibbon	138,255(4)	20,000		158,255	*
Kenneth H. Haynie	34,662	20,000		54,662	*
Patricia Clare Sullivan	5,700	10,000		15,700	*
Johnny Danos	7,175	8,000		15,175	*
William C. Kimball	2,410(5)	8,000		10,410	*
Diane C. Bridgewater		2,000		2,000	*
John G. Harmon		30,000	120,257	150,257	*
Terry W. Handley		50,000	9,106	59,106	*
William J. Walljasper		37,000	4,374	41,374	*
Sam J. Billmeyer		30,000	3,503	33,503	*
All current executive officers and directors as a group (13 persons)	3,057,868	273,000	143,944	3,474,812	6.86%

\* Less than 1%

- (1) Consisting of shares (which are included in the totals) that are subject to acquisition through the exercise of stock options granted under the 2000 Stock Option Plan or the Director Stock Plan, but which cannot be presently voted by the executive officers or non-employee directors holding the options. See *DIRECTOR COMPENSATION* and *COMPENSATION DISCUSSION AND ANALYSIS Long-Term Incentive Compensation* herein. Certain of the options held by the executive officers are not currently exercisable and cannot be exercised within 60 days hereof.
- (2) The amounts shown (which are included in the totals) consist of shares allocated to the named executive officers' accounts in the KSOP as of April 30, 2007 (the most recent allocation made by the Trustee of the KSOP) over which the officer exercises voting power. Under the trust agreement creating the KSOP, the shares of Common Stock held by the Trustee are voted by the Trustee in accordance with the participants' directions or, if no directions are received, in the same manner and proportion as the Trustee votes shares for which the Trustee does receive timely instructions.
- (3) Except as otherwise indicated, the amounts shown are the aggregate numbers of shares attributable to the individuals' direct ownership of shares, shares subject to the exercise of options, and KSOP shares.
- (4) The amount shown includes an aggregate of 38,255 shares held by a family trust and affiliated businesses of Mr. Fitzgibbon.
- (5) The amount shown includes 410 shares held by the spouse of Mr. Kimball.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, (the Exchange Act ), requires the Company's officers, directors and owners of more than 10% of the outstanding Common Stock to file reports of ownership and changes in ownership with the SEC, and also to furnish the Company with a copy of all such reports that they file. Based solely upon a review of the copies of the reports furnished to the Company, all such reporting persons complied with such reporting obligations during the fiscal year ended April 30, 2007, except (i) Mr. Fitzgibbon filed one report late with respect to his exercise of an option granted under the Director Stock Plan, and (ii) Mr. Haynie filed two reports late with respect to his resignation as trustee of a family trust holding Company shares, and his exercise of an option granted under the Director Option Plan.

## COMPENSATION DISCUSSION AND ANALYSIS

The following section provides a discussion and analysis of compensation paid or awarded to the named executive officers for the fiscal year ended April 30, 2007 (Fiscal Year 2007). In this section, the words *our* and *we* refer to the Company, and *Committee* refers to the Compensation Committee of the Board of Directors. For a discussion of director compensation, please see page 8.

### **Executive Compensation Strategy/Objectives**

Our executive compensation policies are designed to attract, motivate and retain executives who will contribute to the long-term success of the Company, and to reward executives for achieving both short-term and long-term strategic goals of our Company. We also believe it is important to align the interests of the executives with those of shareholders. In order to achieve these objectives, compensation for executive officers is linked directly to our Company's financial performance as well as the attainment of each executive officer's individual performance goals.

### **Components of Compensation**

Our compensation program has four primary components: base salary; short-term incentive (bonus) compensation, a long-term incentive in the form of stock option grants, and benefits. A significant portion of an executive's compensation is placed at risk, and the only fixed compensation paid is base salary and benefits. The remaining total compensation (short-term incentive bonuses and long-term stock option awards) for our named executive officers is not guaranteed and the value to the executive is based on the Company's and the executive's performance.

Each executive's total compensation is reviewed in June of each year. Compensation decisions made in June regarding salary increases become effective as of the prior May 1. Stock options typically are awarded every other year. All of these decisions are made in the context of the Company's performance against targets and the individual's performance against performance goals and objectives.

In making recommendations with respect to any element of an executive officer's compensation, the Committee considers the total compensation, including salary, annual bonus and long-term incentive compensation. The Committee's goal is to recommend compensation that is reasonable and competitive when all elements of potential compensation are considered.

### ***Base Salary***

Our Chief Executive Officer recommends the individual base salaries for all other executive officers and the Vice Presidents. Base salaries for executive officers and Vice Presidents of the Company are determined primarily on the basis of each executive officer's experience, performance and responsibilities. Comparative data provided by an executive compensation consulting firm also has been considered from time to time by the Committee. Individual salaries are reviewed annually. The base salaries of Messrs. Myers, Lamb and Harmon are set forth in their employment agreements with the Company and may be adjusted during the terms thereof with the consent of the individual officer.

In Fiscal Year 2007, the Board elected Mr. Myers to the office of President and Chief Executive Officer and approved an increase in Mr. Myers salary, effective May 1, 2006, from \$305,000 to \$500,000. Effective May 1, 2007, Mr. Myers' base salary was increased to \$600,000. In recommending the increases, the Committee considered Mr. Myers' experience, performance and responsibilities, along with the quality of Mr. Myers' leadership in promoting the Company's strategic growth. The other named executive officers received salary increases based on individual performance, as well as overall internal and external pay equity that ranged from 3.3% to 12.5%.



**Annual Incentive Payments (Bonus)**

The executive officers of the Company, including the named executive officers and its Vice Presidents, annually participate in an incentive compensation bonus pool.

The purpose of the bonus award is to reward superior performance by the Company's executive officers that has resulted in the Company achieving certain financial performance levels in terms of earnings per share and return on invested capital. At the beginning of each fiscal year (typically in June), the performance goals are established through a process that includes input from senior management and results in a recommendation by the Committee to the Board of Directors.

In fiscal 2007, the target for the incentive compensation award was 35% of base salary. The performance goals for the fiscal year ended April 30, 2007 were based on earnings per share (75%) and return on invested capital (25%). Each metric, which is described below, is closely tied to the execution of strategic business objectives and in the aggregate are designed to increase shareholder value.

*Earnings per share:* The growth of earnings per share is related to the growth of shareholder value and is an important measure used by the investing community to evaluate our financial performance. Long-term sustained growth should positively impact our share price and market capitalization. The Board of Directors also considers one-time and extraordinary charges and adjusts earnings per share targets so that management is not advantaged by favorable items or disadvantaged by unfavorable items that are not relevant to current operating performance.

*Return on invested capital:* Return on invested capital (ROIC) is determined by dividing operating income after depreciation and tax before interest by average invested capital. We believe that ROIC is a useful measure of management's effectiveness in creating value for our shareholders.

The chart below summarizes the relative weighting of the performance goals and funding levels applied for the fiscal year ended April 30, 2007:

2007 Annual Incentive Performance Goal Weighting

Goal	Weightings	Targets			
		A	B	C	D
Earnings per share	75%	<sup>1</sup> 7.5%	11.25%	18.75%	26.25%
Return on Invested Capital	25%	<sup>1</sup> 2.5%	3.75%	6.25%	8.75%
Maximum % of Base Salary Percentage		10%	15%	25%	35%

<sup>1</sup> Percentage of Base Salary  
Achievement of Targets

Generally, the Committee sets the target levels based on the Company's operating plan for the year, which includes a series of goals to ensure short-term growth objectives are met or exceeded, and performance is consistent with what is necessary for long-term earnings and shareholder value growth. Minimum and maximum objectives are set slightly above and below the target levels. In making the annual determination of the minimum, target and maximum levels, the Committee may consider the specific circumstances facing the Company during the coming year and expectations regarding earnings per share and Company performance, including the Company's operating plan. The Committee believes that it is important for the executive officers to function as a cohesive team, and therefore establishes the performance targets on the basis of the Company's performance as a whole and not with a focus on individual or divisional areas of responsibility.

The Committee believes that targets can be achieved with consistent superior performance throughout the year. During the past three years, the Company has achieved performance in excess of the minimum levels necessary to receive an incentive award in only one year; no incentive awards were made for the 2007 and 2005 fiscal years.

After the end of the fiscal year, the Committee reviews the Company's actual performance against each of the performance goals established at the outset of the year and uses the performance weightings to establish the total annual incentive program bonus pool. Total bonus payments for all employees in the aggregate may not exceed the Company funded amount.

For the fiscal year ended April 30, 2007, the range in earnings per share that would result in payment of an annual bonus was \$1.27 to \$1.33. In the case of return on invested capital, the range extended from 10.2% to 10.5%. Because neither of the minimum thresholds were reached, no annual incentive bonuses were made to the named executive officers in respect of the Company's performance during the 2007 fiscal year.

#### ***Long-term Incentive Compensation***

Under the long-term incentive program, stock options may be granted to executive officers and other key employees of the Company under the terms of the 2000 Stock Option Plan (Option Plan). The size of an individual's stock option award is based primarily on individual performance and the individual's responsibilities and position with the Company. The Option Plan is designed to assist the Company in attracting, retaining and motivating executive officers and other key employees, and to align the interests of the executive officers and other key employees with those of our shareholders. The stock options are granted with an exercise price equal to the fair market value of our Common Stock on the date of grant. Option recipients are required to enter into standard option grant agreements which reflect the specific terms of the stock option and terms of forfeiture should the individual leave the employment of the Company.

It has been the Committee's practice generally to award options to key Company employees in every other year. Because options were awarded in Fiscal Year 2006, no options were awarded in Fiscal Year 2007.

Based on recommendations developed by Mr. Myers and reviewed by the Committee in June 2007, stock options were awarded in June 2007 to the executive officers (except Mr. Lamb, who declined to accept any grant of options) and other key employees. The June 2007 option awards were subject to a three-year vesting restriction and may not be exercised during that initial three-year period.

In March 2007, the Board adopted a policy providing that option awards can only be adopted by the Committee at an in-person or telephonic meeting, as opposed to written consent. Options now can be awarded only within a two week period following the release of the Company's annual financial results in June as long as directors are not in possession of material non-public information about the Company. The grant date is the date of the meeting when the grant is approved and the price is the closing price of our Common Stock on the Nasdaq exchange on that date. Details of every stock option award will be reflected in Committee minutes and the Senior Vice President and Secretary will verify that grant documents are consistent with the grants authorized by the Committee and memorialized in the minutes.

#### ***Benefits and Perquisites***

With limited exceptions, the Committee's policy is to provide benefits to executive officers that are the same as those offered to all employees of the Company. We provide comprehensive health benefits, as well as life insurance and a disability program for all benefits-eligible employees, including the named executive officers. In addition, we offer retirement benefits through the Casey's General Stores 401(k) Plan to a broad employee population including most of the named executive officers. We review our benefit plans periodically in comparison to those offered by other comparably sized central Iowa companies.

We generally provide limited perquisites. We pay the health insurance premiums for Messrs. Lamb and Harmon, as well as the premiums for long-term disability insurance coverages for all of the named executive officers (with the exception of Mr. Lamb). We also pay the group life insurance premiums for all of the named executive officers. We also maintain a 10-year level premium term life insurance policy with a death benefit of \$1,000,000 that insures the life of Mr. Myers, and which is payable upon his death to a beneficiary designated by him. At the end of Mr. Myers' employment agreement, we will assign ownership of such policy to Mr. Myers, if he so requests, and Mr. Myers shall thereafter be responsible for the payment of the associated premiums.

The named executive officers and other members of senior management are provided with Company-owned automobiles, and are subject to applicable employment related taxes for their personal use of these automobiles. The Company also pays for a country club membership that is currently held in the name of Mr. Myers.

We own a corporate aircraft for the exclusive business use of our employees, including but not limited to the named executive officers. Personal use of the aircraft is not permitted under Company policy.

### **Separation and Change in Control Benefits**

We have entered into separate employment and change in control agreements with Mr. Lamb, Mr. Myers and Mr. Harmon.

Under our employment agreement with Mr. Myers (Myers Agreement), we may terminate the employment of Mr. Myers with or without cause at any time. For this purpose, the term "cause" includes, but is not limited to, unsatisfactory performance, misconduct, insubordination, personal or professional conduct which may bring public embarrassment or disgrace to the Company, or a violation of the Company's Code of Business Conduct and Ethics. In the event of a termination for cause, the Company would be obligated to pay Mr. Myers his base salary through the date of such termination. In the event of termination without cause, we are obligated to pay Mr. Myers his base salary through the date of termination, and then for a period of 12 months following the date of such termination. In the event of a "change of control" of the Company, the Myers Agreement would terminate and Mr. Myers would become entitled to all of the payments and benefits set forth in his existing "change of control" employment agreement with the Company (dated March 25, 1997), except that Mr. Myers also would remain entitled to the insurance and retirement payment benefits included in the Myers Agreement. In the event Mr. Myers terminates his employment of his own volition prior to the end of the Myers Agreement, the Company's only obligation to Mr. Myers is to pay his base salary to him through the date of voluntary termination.

The Myers Agreement also contains provisions requiring Mr. Myers to maintain in confidence any confidential information and trade secrets of the Company obtained by him during the term of the agreement, and also restricts his employment in competition with the Company for a period of ten years following his termination of employment with the Company. The agreement with Mr. Myers, as CEO, will end on June 21, 2011.

If Mr. Myers' severance subjects him to a golden parachute excise tax, he is not entitled to any "gross-up" to reimburse him for the excise tax. As a result of Section 409A of the Internal Revenue Code, severance payments may be delayed for six months after termination of employment.

We entered into amended and restated employment agreements with each of Messrs. Lamb and Harmon in October 1997. Mr. Lamb's agreement was amended in March 1998, when he became Chief Executive Officer, and again on July 13, 2006, in connection with his transition from that position to Chairman of the Executive Committee. The agreement with Mr. Lamb currently has a one year term, and is renewable annually at the discretion of the Board of Directors. Mr. Harmon's agreement was amended in June 2001 and July 2004 to extend its term for another three years, and was further amended as of July 12, 2006 to extend its term until March 1, 2014.

Each of the agreements with the foregoing executive officers continues their levels of responsibility on an equivalent basis to the duties performed by each of them prior to the effective date of the agreement. Under his agreement, Mr. Lamb currently receives compensation exclusive of bonuses at the rate of \$700,000 per year, and Mr. Harmon receives compensation exclusive of bonuses at the rate of \$310,000 per year. In each case, such compensation is subject to adjustment as the Company and the officer mutually shall agree. In addition, each officer receives Company-paid medical, long-term disability and group life insurance coverages and all other benefits generally provided by the Company to its employees and officers.

In each case, the officer's employment may be terminated as a result of death, disability, cause or good reason, both before or following any change in control of the Company. For this purpose, good reason is generally defined as a diminution in compensation or level of responsibility, forced relocation to another area, or the failure to continue employment upon the stated terms and conditions. Cause is generally defined as an act of personal dishonesty intended to result in personal enrichment of the officer, repeated instances of noncompliance by the officer with his duties to the Company that are not remedied after notice of the same, or the conviction of the officer of a felony.

Under the agreements, the death of Mr. Lamb would obligate the Company to pay his surviving spouse the officer's salary for a period of 24 months, after which the spouse would receive monthly benefits equal to one-half of the officer's retirement benefits for a period of 20 years or until the spouse's death, whichever occurs first. A similar obligation would arise in the event of the death of Mr. Harmon, except that the period during which full salary would be paid would be 12 rather than 24 months. In the event Mr. Lamb becomes disabled, he would be entitled to disability benefits equal to one-half of his then-current salary until he is no longer disabled or until his death, whichever occurs first. In the event he recovers from his disability, Mr. Lamb would be eligible to receive retirement benefits thereafter until death as described below. Mr. Harmon is not entitled to receive any disability payments under his agreement with the Company.

In the event of termination for cause (or termination by the officer other than for good reason), each of the officers is entitled to receive his salary to the date of termination. In the event an officer terminates employment for good reason or for any termination by the Company other than for cause, the Company would be obligated to pay such officer (i) his salary through the date of termination, (ii) a pro-rata portion of the highest annual bonus received during the three previous fiscal years, if any, (iii) a payment equal to two times the sum of the officer's salary and the foregoing bonus amount and (iv) all compensation previously deferred. Certain employee benefits also would be continued for a two-year period following the date of termination. If an officer terminates employment for good reason or is terminated for any reason other than for cause within three years following a change of control, the Company would be obligated to pay such officer as it would for a good reason termination described above, except that the multiple would be three times the sum of the officer's salary and highest recent bonus rather than two times. Similarly, certain employee benefits also would be continued for a three-year period following the date of termination. In the event of such a termination, the Company would be obligated to reduce the payment amount to the maximum deductible amount permitted under the golden parachute tax provisions and Section 162(m) of the Internal Revenue Code of 1986.

We also maintain change in control employment agreements with Messrs. Handley, Walljasper, Billmeyer and nine other officers. The purpose of these agreements is to encourage such individuals to carry out their duties in the event of a possible change of control of the Company. Under the terms of these agreements, the individuals may become entitled to receive certain payments upon their termination of employment or if their job duties or compensation and benefits are substantially reduced within two years following a change of control of the Company. The maximum amount payable is three times the sum of the individual's salary and the highest annual bonus received by such individual during the two preceding years. In addition, the agreements provide for the continuation of certain benefits for up to two years after termination.

## Retirement Arrangements

All executives are eligible to participate in the Casey's General Stores 401(k) Plan under the same terms and conditions as other salaried employees. The current plan is the result of a merger (effective April 30, 2003) of a former employee stock ownership plan and a defined contribution 401(k) plan. The plan covers all employees who meet minimum age and service requirements; as of April 30, 2007, there were approximately 3,885 participants in the plan. Shares of our Common Stock held by the plan trustee are allocated to participant accounts and may be distributed to eligible participants upon death, disability, retirement or termination of employment.

In connection with the approval of the 1997 employment agreements, the Board of Directors adopted a Non-Qualified Supplemental Executive Retirement Plan (SERP) for Messrs. Lamb and Harmon. The SERP provides for the payment of an annual retirement benefit to the officer for the earlier of a period of 20 years or until his death, after which such benefits shall be paid to the officer's spouse for a period ending on the 20th anniversary of the officer's retirement or the spouse's death, whichever occurs first. The SERP was amended on July 12, 2006 to establish a maximum amount (\$285,000) that will be used in lieu of Mr. Harmon's then-current salary in determining the retirement benefits payable to Mr. Harmon under the SERP.

Upon his retirement, Mr. Lamb will be entitled under the SERP to receive an annual retirement benefit equal to one-half of his then-current salary. In the case of Mr. Harmon, optional retirement is available upon his reaching age 55. In such event, the retirement benefits available to Mr. Harmon at age 55 would be equal to one-fourth of the stated amount of \$285,000 (being \$71,250). The amount of the retirement benefit would increase by 5% for each additional year of employment thereafter until he reaches age 60, when the maximum retirement benefit, equal to one-half of the stated amount of \$285,000 (being \$142,500), would be payable to Mr. Harmon. Each of the two officers also are entitled to Company-paid medical insurance coverage during retirement under their employment agreements.

At the time of approval of the SERP, the Board of Directors also approved the execution of a trust agreement with UMB Bank, n.a. for the purpose of creating a trust to secure its obligations under the SERP in the event of a change of control of the Company. In such event, the trust would be funded in an amount equal to the maximum amount payable to the officers under the SERP, either in cash or pursuant to an irrevocable letter of credit established by the Company for that purpose. Payment of the retirement benefits to the officers thereafter would be made by the trustee from the trust funds, at the times and in the amounts provided in the SERP.

Mr. Myers is not a participant in the SERP, and is not eligible to receive any payments from the SERP. If Mr. Myers remains employed by the Company as President and Chief Executive Officer throughout the term of the Myers Agreement, then commencing on January 1, 2012 and continuing for a period of ten years thereafter, the Company will pay an annual retirement benefit to Mr. Myers (or his spouse, in the event of his death during said period) equal to one-half of the average of his base salary (not including any bonus payments) for the last three years of his employment under the Myers Agreement. If Mr. Myers' employment by the Company terminates before June 21, 2011, whether with or without cause (as defined in the Myers Agreement), the Company shall have no obligation to make the foregoing retirement payments to Mr. Myers (or his spouse).

## Deductibility of Compensation for Tax Purposes

We periodically review the terms of the employment agreements with the executive officers and from time to time consider modifications to the same. We also are aware of the statutory limitations placed on the deductibility of compensation in excess of \$1 million which is earned by an executive officer in any year that is not considered to be performance-based. However, shareholder interests are at times best served by not restricting the Committee's discretion and flexibility in developing compensation programs, even though the programs may result in non-deductible compensation expenses. Accordingly, the Committee may from time to time approve elements of compensation for certain officers that are not fully deductible.

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis that begins on page 12. Based on the Compensation Committee's review and the discussions with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

**COMPENSATION COMMITTEE**

John R. Fitzgibbon, Chair

Patricia Clare Sullivan

Johnny Danos

William C. Kimball

Diane C. Bridgewater

*Notwithstanding anything to the contrary set forth in any of the Company's previous or future filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate by reference this Proxy Statement or future filings made by the Company under those statutes, the Compensation Committee Report and the Audit Committee Report are not deemed filed with the Securities and Exchange Commission and shall not be deemed incorporated by reference into any of those prior filings or into any future filings made by the Company under those statutes.*

### EXECUTIVE OFFICERS AND THEIR COMPENSATION

The Company currently has six executive officers and nine other Vice Presidents. The current executive officers are as follows:

Name	Current Office Held	First Became Executive Officer	Age
Ronald M. Lamb	Chairman of the Executive Committee	1976	71
Robert J. Myers	President and Chief Executive Officer	1999	60
John G. Harmon	Senior Vice President and Secretary	1987	53
Terry W. Handley	Chief Operating Officer	2002	47
William J. Walljasper	Senior Vice President and Chief Financial Officer	2004	42
Sam J. Billmeyer	Senior Vice President of Transportation & Support Operations	2006	50

Each of the executive officers has served the Company in various executive or administrative positions for at least the last five years.

### EXECUTIVE COMPENSATION

The table below summarizes the total compensation paid or earned by each of the named executive officers for the fiscal year ended April 30, 2007 (Fiscal Year 2007). Stock option grants made in June 2007 are *not* included in the table below.

#### Summary Compensation Table

Name and Principal Position	Year <sup>1</sup>	Salary(\$)	Option Awards(\$) <sup>2</sup>	Change in Pension Value and Nonqualified Deferred Compensation Earnings(\$) <sup>3</sup>	All Other Compensation (\$) <sup>4</sup>	Total (\$)
Ronald M. Lamb, Chairman Of Executive Committee	2007	\$ 700,000	\$ 3,319	\$ 647,300	\$ 21,635	\$ 1,372,254
Robert J. Myers, President and Chief Executive Officer <sup>5</sup>	2007	\$ 475,625	\$ 15,885	\$ 350,000	\$ 20,109	\$ 861,619
John G. Harmon, Senior Vice President and Secretary	2007	\$ 300,000	\$ 15,885	\$ 195,477	\$ 20,768	\$ 532,130
Terry W. Handley, Chief Operating Officer	2007	\$ 305,000	\$ 15,885	\$	\$ 26,695	\$ 347,580
William J. Walljasper, Senior Vice President and Chief Financial Officer <sup>6</sup>	2007	\$ 250,000	\$ 15,885	\$	\$ 21,905	\$ 287,790
Sam J. Billmeyer,	2007	\$ 200,000	\$ 15,885	\$	\$ 19,085	\$ 234,970

Senior Vice President of Transportation & Support  
Operations<sup>7</sup>



- 1 Year is Fiscal Year 2007: May 1, 2006 through April 30, 2007.
- 2 The amounts indicated reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended April 30, 2007, in accordance with FAS 123R, for options granted under the 2000 Stock Option Plan and includes amounts from options granted prior to Fiscal Year 2007. Assumptions used in the calculation of these amounts are included in footnote 1, Significant Accounting Policies Stock-Based Compensation to the Company's audited financial statements for the fiscal year ended April 30, 2007, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 29, 2007.
- 3 The amounts indicated reflect the aggregate change in the present value of Mr. Lamb's and Mr. Harmon's accumulated benefit under the SERP during Fiscal Year 2007, and in the case of Mr. Myers, the future benefits payable under his employment agreement.
- 4 The amounts indicated under All Other Compensation are detailed below:

Name	KSOP Matching Contribution	Life Insurance Premiums	Health and Disability Premiums	Automobile Expense	Club Dues	Other	Total
Ronald M. Lamb	\$	\$ 96	\$ 12,590	\$ 8,949	\$	\$	\$ 21,635
Robert J. Myers	\$ 4,222	\$ 96	\$ 1,010	\$ 7,845	\$ 6,936	\$	\$ 20,109
John G. Harmon	\$	\$ 96	\$ 13,490	\$ 7,182	\$	\$	\$ 20,768
Terry W. Handley	\$ 5,523	\$ 96	\$ 9,301	\$ 11,775	\$	\$	\$ 26,695
William J. Walljasper	\$ 6,062	\$ 96	\$ 9,011	\$ 6,736	\$	\$	\$ 21,905
Sam J. Billmeyer	\$ 6,947	\$ 96	\$ 4,433	\$ 7,609	\$	\$	\$ 19,085

- 5 Mr. Myers' current position became effective June 20, 2006. Prior to that date, Mr. Myers served as President and Chief Operating Officer.
- 6 Mr. Walljasper's current position became effective June 20, 2006. Prior to that date, Mr. Walljasper served as Vice-President and Chief Financial Officer.
- 7 Mr. Billmeyer's current position became effective June 20, 2006. Prior to that date, Mr. Billmeyer served as Vice President of Transportation.

**Outstanding Equity Awards at 2007 Fiscal Year-End**

**Option Awards**

Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Ronald M. Lamb					
Robert J. Myers	07-26-99	10,000		\$ 14.9375	07-26-09
	05-24-01	10,000		11.74	05-24-11
	06-06-03	10,000		14.08	06-06-13
	07-05-05		10,000	20.68	07-05-15
John G. Harmon	07-26-99	10,000		\$ 14.9375	07-26-09
	06-06-03	10,000		14.08	06-06-13
	07-05-05		10,000	20.68	07-05-15
Terry W. Handley	07-26-99	10,000		\$ 14.9375	07-26-09
	05-24-01	10,000		11.74	05-24-11
	06-06-03	10,000		14.08	06-06-13
	07-05-05		10,000	20.68	07-05-15
William J. Walljasper	07-26-99	5,000		\$ 14.9375	07-26-09
	05-24-01	2,000		11.74	05-24-11
	06-06-03	10,000		14.08	06-06-13
	07-05-05		10,000	20.68	07-05-15
Sam J. Billmeyer	06-06-03	10,000		\$ 14.08	06-06-13
	07-05-05		10,000	20.68	07-05-15

**Option Exercises**

Name	Number of Shares Acquired on Exercise (#)	Realized on Exercise (\$) <sup>1</sup>
Ronald M. Lamb	30,000	326,975

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Robert J. Myers	10,000	138,020
John G. Harmon		
Terry W. Handley	8,000	107,566
William J. Walljasper	5,000	48,189
Sam J. Billmeyer		

<sup>1</sup> The value realized represents the difference between the exercise price of the option shares and the market price of the option shares on the date the option was exercised. The value realized was determined without considering any taxes which may have been owed.

### Nonqualified Deferred Compensation

Under our Executive Nonqualified Excess Plan (Deferred Compensation Plan), certain employees, including the named executive officers, may voluntarily defer a up to 20% of their base salary and up to 100% of any bonuses awarded under the Company's incentive compensation program. Unlike our tax-qualified 401(k) Savings Plan, the participant deferrals under our Deferred Compensation Plan are not matched by the Company.

Elections to defer a portion of base salary and bonus are made by eligible participants in December of each year for amounts to be deferred in the following year. Our Deferred Compensation Plan offers certain employees a competitive deferral feature that can be used to supplement the limited deferrals permitted under our tax-qualified defined contribution plan (KSOP).

Messrs. Myers, Handley, and Walljasper are the only persons listed in the Summary Compensation Table who were participants in the Deferred Compensation Plan in Fiscal Year 2007. Details regarding their participation follows.

	Executive Contributions In Last FY (\$)	Registrant Contributions In Last FY (\$) <sup>1</sup>	Aggregate Earnings in Last FY (\$) <sup>2</sup>	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)
Robert J. Myers	148,500		62,892		553,334
William J. Walljasper	29,975		8,307		81,905
Terry W. Handley	20,333		7,899		79,494

<sup>1</sup> The Company makes no contributions to deferrals.

<sup>2</sup> None of the earnings were included as compensation in the Summary Compensation Table.

Forty-one investment options are available in which plan participants can direct their investment, and the participant's investment return is based on their investment selections. Deferrals are immediately vested. Distributions from the plan are allowed at various times, including termination of employment, death, specified date, disability, change of control and in the event of unforeseen emergency. The Deferred Compensation Plan is unfunded and is not subject to the fiduciary requirements of ERISA. The table below shows the funds available under the Deferred Compensation Plan and their rates of return for Fiscal Year 2007:

Name of Fund	1 Year Rate of Return (April 30, 2007)
Principal Global Investors	4.89%
Money Market Division	
Fidelity Management & Research	11.53%
Fidelity VIP High Income Division	
Janus	6.98%
Janus Aspen Flexible Bond Division	
Principal Global Investors	7.59%
Bond Division	
Principal Global Investors	6.83%
Government & High Quality Bond Div.	
Fidelity Management & Research	7.78%
Fidelity VIP Asset Manager Division	
Vanguard Group	14.61%
Vanguard VIF Balanced Division	
Fidelity Management & Research	17.43%
Fidelity VIP Equity-Income Division	
Franklin Templeton Investments	17.12%
Franklin Mutual Shares Division	
Putnam Investment Management, LLC	14.29%
Putnam VT Growth & Income Div.	
AIM Advisors, Inc.	16.82%
AIM V.I. Core Equity Division	
Fayez Sarofim & Co.	16.45%
Dreyfus VIF Appreciation Division	
Janus	8.01%
Janus Aspen Fundamental Equity Div.	
Vanguard	15.11%

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Vanguard VIF Equity Index Division	
AIM Advisors, Inc.	5.61%
AIM V.I. Capital Appreciation Div.	
Fidelity Management & Research	8.92%
Fidelity VIP Contrafund Division	
Fidelity Management & Research	7.46%
Fidelity VIP Growth Division	
MFS Investment Management	7.55%
MFS VIT Emerging Growth Division	

Name of Fund	1 Year Rate of Return (April 30, 2007)
Putnam Investment Management, LLC	6.02%
Putnam VT Voyager Division	
T. Rowe Price Associates, Inc.	11.94%
Equity Growth Division	
Franklin Templeton Investments	10.42%
Franklin Rising Dividends Division	
Neuberger Berman/Jacobs Levy	15.89%
MidCap Value Division	
Principal Global Investors	17.65%
MidCap Division	
Vanguard Group	13.40%
Vanguard VIF MidCap Index Div.	
AIM Advisors, Inc.	10.83%
AIM V.I. Dynamics Division	
Fidelity Management & Research	7.21%
Fidelity VIP MidCap Division	
Mellon Equity	11.04%
MidCap Growth Division	
Franklin Templeton Investments	9.50%
Franklin Small Cap Value Secs Div.	
J.P. Morgan/Mellon Equity	7.47%
SmallCap Value Division	
AIM Advisors, Inc.	9.32%
AIM V.I. Small Cap Equity Division	
J.P. Morgan Fleming Asset Management	5.44%
JP Morgan Small Company Division	
Principal Global Investors	7.30%
SmallCap Division	
The Dreyfus Corporation	-3.52%
Dreyfus VIF Developing Leaders Div.	
MFS Investment Management	8.21%
MFS VIT New Discovery Div.	

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Principal Real Estate Investors	23.82%
Real Estate Securities Division	
Putnam Investment Management, LLC	18.97%
Putnam VT International Equity Div.	
Principal Global Investors	20.86%
International SmallCap Division	
Franklin Templeton Investments	21.42%
Franklin Mutual Discovery Division	
Janus	21.13%
Janus Aspen Worldwide Growth Div.	
AIM Advisors, Inc.	10.64%
AIM V.I. Global Health Care Div.	
AIM Advisors, Inc.	8.83%
AIM V.I. Small Cap Growth Div.	



**RETIREMENT ARRANGEMENTS**

As indicated in the Compensation Discussion and Analysis, Messrs. Lamb and Harmon participate in a Non-Qualified Supplemental Executive Retirement Plan ( SERP ). See page 17 for further details. The Employment Agreement between the Company and Mr. Myers provides for payments triggered upon retirement under certain circumstances. See page 17 for further details.

The table below indicates the present value of the accrued benefit under each plan for each named executive officer. The plans do not provide for an offset for Social Security benefits.

Name	Plan Name	Number of Years of Credited Service (#) <sup>1</sup>	Present Value of Accumulated Benefit (\$) <sup>2</sup>	Payments During Last Fiscal Year (\$)
Ronald M. Lamb	Non-Qualified Supplemental Executive Retirement Plan		3,711,260	
Robert J. Myers	Employment Agreement <sup>3</sup>		350,000	
John G. Harmon	Non-Qualified Supplemental Executive Retirement Plan		479,597	

Terry W. Handley

William J. Walljasper

Sam J. Billmeyer

- <sup>1</sup> Years of Credited Service is not applicable to the benefits payable under the SERP or the Employment Agreement with Mr. Myers.
- <sup>2</sup> Present Value of Accumulated Benefit is calculated as of the same pension plan measurement date used for purposes of the Company's audited financial statements. Present Value of Accumulated Benefit is the actuarial present value of accumulated benefits under the plan, determined generally using the same assumptions used for financial statement reporting under GAAP, and is reported as a lump sum regardless of the form of payment under the plan.
- <sup>3</sup> Mr. Myers' Employment Agreement contains a benefit triggered upon his retirement that is described on page 15. He does not, however, have an interest in the SERP.

**Employment Agreement with Robert J. Myers**

Mr. Myers' employment agreement was discussed above on page 15. The following table sets out the payments that could be paid to Mr. Myers upon a termination of his employment. The amounts shown assume that the termination event occurred on or was effective as of the fiscal year ended April 30, 2007, and thus include amounts earned through such time and are estimates of the amounts which would be paid out to Mr. Myers upon his termination. The actual amounts to be paid out can only be determined at the time of Mr. Myers' actual separation from the Company.

In addition to the amounts shown below, upon termination of employment for any reason, Mr. Myers will receive payment of his (i) vested benefits under the Company's deferred compensation plan (as described on page 22 herein), (ii) vested account balance under the KSOP and (iii) accrued but unpaid vacation.

## Potential Payments upon Termination or Change in Control as of April 30, 2007

Executive Benefits and Payments Upon Termination	Robert J. Myers				Involuntary Termination		Change in Control (Not for Cause/ Good Reason Termination) <sup>7</sup>
	Voluntary Termination		Death <sup>3</sup>	Disability <sup>4</sup>	For Cause Termination <sup>5</sup>	Involuntary Cause Termination <sup>6</sup>	
	Voluntary Termination <sup>1</sup>	Retirement <sup>2</sup>					
Severance Pay	\$	\$	\$	\$	\$	\$ 475,625	\$ 1,533,625
Value of Long-term Incentives <sup>8</sup>	\$	\$	\$	\$	\$	\$	\$ 44,700
Post-employment Health Care <sup>9</sup>	\$	\$	\$	\$ 192	\$	\$	\$ 192
Life Insurance Proceeds	\$	\$	\$ 1,050,000	\$	\$	\$	\$
Disability Benefits	\$	\$	\$	\$ 270,000	\$	\$	\$
<b>Total</b>	\$	\$	\$ 1,050,000	\$ 270,192	\$	\$ 475,625	\$ 1,578,517

- <sup>1</sup> Upon voluntary termination, the Company's only obligation is to pay salary up to the date of termination. All previously vested options remain exercisable for three months and all unvested options are forfeited as of the effective date of the voluntary termination.
- <sup>2</sup> Upon retirement, all previously vested options remain exercisable for three months and all unvested options are forfeited as of the effective date of retirement. If Mr. Myers remains President and CEO until June 21, 2011, then commencing on January 1, 2012 Mr. Myers will receive one-half of the average of his base salary for the last three years of his employment until his death and following his death, to his surviving spouse until the earlier of December 31, 2021 or the death of his surviving spouse.
- <sup>3</sup> Upon death, Mr. Myers' beneficiaries would receive payment of the proceeds of Company provided life insurance. All previously vested options remain exercisable by Mr. Myers' legal representative or beneficiaries for twelve months after the date of death.
- <sup>4</sup> Upon Mr. Myers' becoming permanently incapacitated by reasons of sickness, accident or other physical or mental disability, as such incapacitation is defined by the Company's Long-Term Disability carrier for a period exceeding 26 weeks during any twelve (12) month period, Mr. Myers' Employment Agreement will terminate and he will only be entitled to disability benefits under the Company's Long-Term Disability Plan. If an executive officer becomes disabled as defined in the Company-provided Long-Term Disability Plan, the officer would receive monthly disability payments equal to \$5,000 per month to age 65.
- <sup>5</sup> Upon termination for Cause, the Company is obligated to pay salary up to date of termination. If the termination is for deliberate, willful or gross misconduct, all rights to exercise options expire upon the receipt of such notice of termination.
- <sup>6</sup> Upon an involuntary termination other than for Cause, the Company is obligated to pay Mr. Myers his current base salary for a period of twelve months following the date of such termination, conditioned upon Mr. Myers complying with the non-competition and non-solicitation provisions in his Employment Agreement. All previously vested options remain exercisable for three months and all unvested options are forfeited as of the effective date of the termination.
- <sup>7</sup> Upon termination within two years (or normal retirement date, whichever is earlier) following a Change in Control for (a) reasons other than Cause or disability by the Company or (b) for Good Reason by Mr. Myers, the Company is obligated to pay (i) salary through the date of termination and a prorated portion of an annual bonus amount, (ii) severance equal to three times the sum of current annual base salary and a calculated bonus amount; (iii) compensation previously deferred, including accrued interest; and (iv) continued benefits during the remainder of the two year employment period, including life insurance. The Company may reduce any payment if it would be non-deductible by the Company for federal income tax purposes because of Section 280G of the Internal Revenue Code. In addition, all unexercised stock options will become fully vested. If Mr. Myers' employment is terminated due to death following a Change of Control, his legal representative is entitled to salary through the date of termination, a prorated annual

bonus based on the last fiscal year and compensation previously deferred, including interest. If Mr. Myers' employment is terminated due to disability within two years following a Change of Control, he is entitled to salary through the date of termination, a prorated annual bonus based on the last three fiscal years and compensation previously deferred, including interest. He is also entitled to disability and other benefits under any Company plan. If Mr. Myers' employment is terminated due to Cause, he is only entitled to salary through the date of termination and compensation previously deferred, including accrued interest.

<sup>8</sup> The amounts reported for long-term incentives (stock options) represent the in-the-money value of stock options that vest as a result of a termination of employment. The in-the-money value of stock options is calculated based on the closing stock price on April 30, 2007 (\$25.15), the last trading day of the fiscal year. No amount is reported for options that were vested prior to April 30, 2007.

<sup>9</sup> Includes the estimated cost of continued life insurance benefits.

**Employment Agreements with Other Named Executive Officers**

Mr. Lamb and Mr. Harmon have employment agreements that were discussed on pages 15 and 16. Mr. Walljasper, Mr. Handley and Mr. Billmeyer each have change of control employment agreements that were discussed on page 16.

**Potential Payments Upon Termination or Change in Control as of April 30, 2007**

The following tables set out the payments that could be paid to the other named executive officers upon a termination of employment. The amounts shown assume that the termination was effective as of the fiscal year ended April 30, 2007, and thus include amounts earned through such time and are estimates of the amounts which would be paid out to the executives upon their termination. The actual amounts to be paid out can only be determined at the time of their actual separation from the Company.

In addition to the amounts shown below, upon termination of employment for any reason, the other named executive officers will receive payment, as applicable, of (i) their vested benefits under the Company's deferred compensation and retirement plans (as described on pages 17 and 22 herein), (ii) their vested account balances under the KSOP and (iii) their accrued but unpaid vacation.

Executive Benefits and Payments Upon Termination	Ronald M. Lamb				Involuntary Termination		
	Voluntary Termination		Involuntary Termination			Change in Control (Not for Cause/ Good Reason)	
	Voluntary Termination <sup>1</sup>	Retirement <sup>2</sup>	Death <sup>3</sup>	Disability <sup>4</sup>	For Cause Termination <sup>5</sup>	Not for Cause or Good Reason <sup>6</sup>	Change in Control (Not for Cause/ Good Reason Termination) <sup>7</sup>
Severance Pay	\$	\$ 7,000,000	\$ 4,550,000	\$	\$	\$ 1,890,000	\$ 2,835,000
Value of long-term Incentives <sup>8</sup>	\$	\$	\$	\$	\$	\$	\$
Post-employment Health Care <sup>9</sup>	\$	\$ 133,488	\$ 133,488	\$ 133,488	\$	\$ 133,488	\$ 133,488
Life Insurance Proceeds	\$	\$	\$ 50,000	\$	\$	\$	\$
Disability Benefits	\$	\$	\$	\$	\$	\$	\$
<b>Total</b>	\$	\$ 7,133,488	\$ 4,733,488	\$ 133,488	\$	\$ 2,023,488	\$ 2,968,488

<sup>1</sup> Upon voluntary termination, the Company's only obligation is to pay salary up to the date of termination, a prorated annual bonus based on the previous fiscal year and any compensation previously deferred. All previously vested options remain exercisable for three months and all unvested options are forfeited as of the effective date of the termination.

- <sup>2</sup> Assuming he retired on April 30, 2007, Mr. Lamb would be eligible to receive an annual retirement benefit under the SERP equal to one-half his then-current salary for the earlier of a period of 20 years or until the officer's death, after which such benefits shall be paid to his spouse for a period ending on the 20th anniversary of his retirement or the spouse's death, whichever occurs first. All previously vested options remain exercisable for three months and all unvested options are forfeited as of the effective date of retirement.
- <sup>3</sup> Upon the death of Mr. Lamb, the Company is obligated to pay his monthly salary to his surviving spouse for 24 months after his date of death; and following that 24 month period, monthly payments of one-fourth of his salary to his surviving spouse for twenty years from his date of death or until the death of his spouse, whichever occurs first. In addition, the Company will provide health insurance to Mr. Lamb's surviving spouse, until his spouse's death, except to the extent Medicare coverage is available. All previously vested options remain exercisable by the officer's legal representatives or beneficiaries for twelve months after the date of death.
- <sup>4</sup> If Mr. Lamb's employment is terminated by reason of disability, Mr. Lamb will be paid his salary through the date of termination, a prorated annual bonus based on the previous fiscal year and any compensation previously deferred. Mr. Lamb is also entitled to receive disability benefits equal to one-half his salary through the end of the year in which he reaches age 65 or until he is no longer disabled or until death, whichever first occurs. The payments are reduced by the amount of disability payments under any insurance policy. In addition, the Company shall continue to offer health insurance to Mr. Lamb and his spouse, similar to other key employees, until the death of Mr. Lamb and his spouse, except to the extent Medicare coverage is available.
- <sup>5</sup> Upon termination for Cause, the Company's only obligation is to pay salary through the date of termination and compensation previously deferred, together with accrued interest. If the termination is for deliberate, willful or gross misconduct, all rights to exercise options expire upon the receipt of such notice of termination.
- <sup>6</sup> Upon an involuntary termination other than for Cause or the officer's termination for Good Reason (except during a three-year period following a Change of Control), the Company is obligated to pay Mr. Lamb (a) his salary through the date of termination; (b) a prorated annual bonus for the current year based on the highest annual bonus in the last three fiscal years; (c) severance in the amount of two times the sum of salary and the highest annual bonus in the last three fiscal years; (d) compensation previously deferred (including accrued interest); (e) for two years, continuation of benefits comparable to those maintained by the Company for key employees; and (f) health insurance for the life for the officer and his spouse until their respective dates of death, except to the extent Medicare coverage is available.
- <sup>7</sup> Upon termination of employment during the three year period following any Change of Control a) by the Company other than for Cause, disability or death or b) by the officer for Good Reason, the Company is obligated to pay Mr. Lamb (i) his salary through date of termination; (ii) a prorated annual bonus for the current year based on the highest annual bonus in the last three fiscal years; (iii) severance in the amount of three times the sum of salary and the highest annual bonus in the last three fiscal years; (iv) compensation previously deferred (including accrued interest); (v) for three years, continuation of benefits comparable to those maintained by the Company for key employees; and (vi) health insurance for the life of the officer and his spouse until their respective dates of death, except to the extent Medicare coverage is available.
- <sup>8</sup> The amounts reported for long term incentives (stock options) represent the in-the-money value of stock options that vest as a result of a termination of employment. The in-the-money value of stock options is calculated based on the closing stock price on April 30, 2007 (\$25.15), the last trading day of the fiscal year. No amount is reported for options that were vested prior to April 30, 2007.
- <sup>9</sup> Includes the estimated cost of continued life insurance benefits.

Executive Benefits and Payments Upon Termination	John G. Harmon				Involuntary Termination		
	Voluntary Termination				For Cause Termination <sup>5</sup>	Not for Cause or Good Reason <sup>6</sup>	Change in Control (Not for Cause/ Good Reason Termination) <sup>7</sup>
	Voluntary Termination <sup>1</sup>	Retirement <sup>2</sup>	Death <sup>3</sup>	Disability <sup>4</sup>			
Severance Pay	\$	\$	\$ 1,725,000	\$	\$	\$ 799,500	\$ 1,199,250
Value of long-term Incentives <sup>8</sup>	\$	\$	\$	\$	\$	\$	\$ 44,700
Post-employment Health Care <sup>9</sup>	\$	\$	\$ 36,871	\$ 36,871	\$	\$ 36,871	\$ 36,871
Life Insurance Proceeds	\$	\$	\$ 50,000	\$	\$	\$	\$
Disability Benefits	\$	\$	\$	\$ 705,000	\$	\$	\$
<b>Total</b>	\$	\$	\$ 1,811,871	\$ 741,871	\$	\$ 836,371	\$ 1,280,821

<sup>1</sup> Upon voluntary termination, the Company's only obligation is to pay salary up to the date of termination, a prorated annual bonus based on the previous fiscal year and any compensation previously deferred. All previously vested options remain exercisable for three months and all unvested options are forfeited as of the effective date of the termination.

<sup>2</sup> Mr. Harmon is not eligible to receive any payments under the SERP until he reaches age 55. At that point, upon his optional retirement Mr. Harmon would be eligible for one-fourth of his then-current salary, for the earlier of a period of 20 years or until his death, after which such benefits shall be paid to his spouse for a period ending on the 20th anniversary of his retirement or the spouse's death, whichever occurs first. The maximum amount of salary to be used to calculate Mr. Harmon's benefits is \$285,000. He also would be entitled to Company-paid medical insurance under his employment agreement. All previously vested options remain exercisable for three months and all unvested options are forfeited as of the effective date of retirement.

<sup>3</sup> Upon the death of Mr. Harmon, the Company is obligated to pay his monthly salary to his surviving spouse for 12 months after his date of death; and following that 12 month period, monthly payments of one-fourth of his salary to his surviving spouse for twenty years from his date of death or until the death of his spouse, whichever comes first. In addition, the Company will provide health insurance to Mr. Harmon's surviving spouse, until his spouse's death, except to the extent Medicare coverage is available. All previously vested options remain exercisable by the officer's legal representatives or beneficiaries for twelve months after the date of death.

<sup>4</sup> If Mr. Harmon's employment is terminated by reason of disability, the Company shall continue to offer health insurance to Mr. Harmon and his spouse, similar to other key employees, until the death of Mr. Harmon and his spouse, except to the extent Medicare coverage is available. If an executive officer becomes disabled as defined in the Company-provided Long-Term Disability Plan, the officer would receive monthly disability payments equal to \$5,000 per month to age 65.

<sup>5</sup> Upon termination for Cause, the Company's only obligation is to pay salary through the date of termination and compensation previously deferred, together with accrued interest. If the termination is for deliberate, willful or gross misconduct, all rights to exercise options expire upon the receipt of such notice of termination.

<sup>6</sup> Upon an involuntary termination other than for Cause or the officer's termination for Good Reason (except during a three-year period following a Change of Control), the Company is obligated to pay Mr. Harmon (a) his salary through the date of termination; (b) a prorated annual bonus for the current year based on the highest annual bonus in the last three fiscal years; (c) severance in the amount of two times the sum of salary and the highest annual bonus in the last three fiscal years; (d) compensation previously deferred (including accrued interest); (e) for two years, continuation of benefits comparable to those maintained by the Company for key employees; and (f) health insurance for the life of the officer and his spouse until their respective dates of death, except to the extent Medicare coverage is available.

<sup>7</sup> Upon termination of employment during the three year period following any Change of Control (a) by the Company other than for Cause, disability or death or (b) by the officer for Good Reason, the Company is obligated to pay Mr. Harmon (i) his salary through date of termination; (ii) a prorated annual bonus for the current year based on the highest annual bonus in the last three fiscal years; (iii) severance in the amount of three times the sum of salary and the highest annual bonus in the last three fiscal years; (iv) compensation previously deferred (including accrued interest); (v) for three years, continuation of benefits comparable to those maintained by the Company for key employees; and (vi) health insurance for the life of the officer and his spouse until their respective dates of death, except to the extent Medicare coverage is available.

<sup>8</sup> The amounts reported for long term incentives (stock options) represent the in-the-money value of stock options that vest as a result of a termination of employment. The in-the-money value of stock options is calculated based on the closing stock price on April 30, 2007 (\$25.15), the last trading day of the fiscal year. No amount is reported for options that were vested prior to April 30, 2007.

<sup>9</sup> Includes the estimated cost of continued health and life insurance benefits.

**William J. Walljasper**

Executive Benefits and Payments Upon Termination	Voluntary Termination				For Cause	Involuntary Termination Change in Control (Not for Cause/ Good Reason)
	Voluntary Termination <sup>1</sup>	Retirement <sup>2</sup>	Death <sup>3</sup>	Disability <sup>4</sup>	Termination <sup>5</sup>	Termination <sup>6</sup>
Severance Pay	\$	\$	\$	\$	\$	\$ 816,500
Value of long-term Incentives <sup>7</sup>	\$	\$	\$	\$	\$	\$ 44,700
Post-employment Health Care <sup>8</sup>	\$	\$	\$	\$ 18,214	\$	\$ 18,214
Life Insurance Proceeds	\$	\$	\$ 50,000	\$	\$	\$
Disability Benefits	\$	\$	\$	\$ 1,335,000	\$	\$
<b>Total</b>	\$	\$	\$ 50,000	\$ 1,353,214	\$	\$ 879,414

**Terry W. Handley**

Executive Benefits and Payments Upon Termination	Voluntary Termination				For Cause	Involuntary Termination Change in Control (Not for Cause/ Good Reason)
	Voluntary Termination <sup>1</sup>	Retirement <sup>2</sup>	Death <sup>3</sup>	Disability <sup>4</sup>	Termination <sup>5</sup>	Termination <sup>6</sup>
Severance Pay	\$	\$	\$	\$	\$	\$ 995,500
Value of long-term Incentives <sup>7</sup>	\$	\$	\$	\$	\$	\$ 44,700
Post-employment Health Care <sup>8</sup>	\$	\$	\$	\$ 18,794	\$	\$ 18,794
Life Insurance Proceeds	\$	\$	\$ 50,000	\$	\$	\$
Disability Benefits	\$	\$	\$	\$ 1,065,000	\$	\$
<b>Total</b>	\$	\$	\$ 50,000	\$ 1,083,794	\$	\$ 1,058,994

**Sam J. Billmeyer**

Executive Benefits and Payments Upon Termination	Voluntary Termination				For Cause	Involuntary Termination Change in Control (Not for Cause/ Good Reason)
	Voluntary Termination <sup>1</sup>	Retirement <sup>2</sup>	Death <sup>3</sup>	Disability <sup>4</sup>	Termination <sup>5</sup>	Termination <sup>6</sup>
Severance Pay	\$	\$	\$	\$	\$	\$ 654,600
Value of long-term Incentives <sup>7</sup>	\$	\$	\$	\$	\$	\$ 44,700
Post-employment Health Care <sup>8</sup>	\$	\$	\$	\$ 9,058	\$	\$ 9,058
Life Insurance Proceeds	\$	\$	\$ 50,000	\$	\$	\$
Disability Benefits	\$	\$	\$	\$ 870,000	\$	\$
<b>Total</b>	\$	\$	\$ 50,000	\$ 879,058	\$	\$ 708,358

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- 1 Upon voluntary termination, the Company's only obligation to the executive officer is to pay salary up to the date of termination. All previously vested options remain exercisable for three months and all unvested options are forfeited as of the effective date of the voluntary termination.
- 2 Upon retirement, the Company's only obligation to the executive officer is to pay salary up to the date of retirement. All previously vested options remain exercisable for three months and all unvested options are forfeited as of the effective date of retirement.
- 3 Upon death, the named executive officers' beneficiaries would receive payment of the proceeds of Company provided life insurance. All previously vested options remain exercisable by the officer's legal representatives or beneficiaries for twelve months after the date of death.
- 4 If an executive officer becomes disabled as defined in the Company-provided Long-Term Disability Plan, the officer would receive monthly disability payments equal to \$5,000 per month to age 65.
- 5 Upon termination for Cause, the Company's only obligation is to pay salary through the date of termination. If the termination is for deliberate, willful or gross misconduct, all rights to exercise options expire upon the receipt of such notice of termination.
- 6 Upon termination within two years (or normal retirement date, whichever is earlier), following a Change in Control for (a) reasons other than Cause or disability by the Company or (b) for Good Reason by each officer, the Company is obligated to pay (i) salary through the date of termination and a prorated annual bonus amount, (ii) severance equal to three times the sum of current annual base salary and a calculated bonus amount; (iii) compensation previously deferred, including accrued interest; and (iv) continued benefits during the remainder of the two year employment period including health insurance and life insurance. The Company may reduce any payment if it would be non-deductible by the Company for federal income tax purposes because of Section 280G of the Internal Revenue Code. All unexercised stock options will become fully vested. If the officer's employment is terminated due to death following a Change of Control, his legal representative is entitled to salary through the date of termination, a prorated annual bonus amount and compensation previously deferred, including interest. If the officer's employment is terminated due to disability within two years following a Change of Control, he is entitled to salary through the date of termination, a prorated annual bonus amount and compensation previously deferred, including interest. The officer is also entitled to disability and other benefits under any Company plan. If the officer's employment is terminated due to Cause, the officer is only entitled to salary through the date of termination and compensation previously deferred, including accrued interest.
- 7 The amounts reported for long term incentives (stock options) represent the in-the-money value of stock options that vest as a result of a termination of employment. The in-the-money value of stock options is calculated based on the closing stock price on April 30, 2007 (\$25.15), the last trading day of the fiscal year. No amount is reported for options that were vested prior to April 30, 2007.
- 8 Includes the estimated cost of continued health and life insurance benefits.

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**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth information concerning the shares of Common Stock that may be issued upon exercise of options, warrants and rights under all equity compensation plans as of April 30, 2007, consisting of the Option Plan and the Director Stock Plan. Both of such plans have been approved by the shareholders.

	(a)	(b)	(c)
<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders	729,500	\$ 16.10	626,664
Equity compensation plans not approved by security holders	None	None	None
<b>Total</b>	<b>729,500</b>	<b>\$ 16.10</b>	<b>626,664</b>



**REPORT OF THE AUDIT COMMITTEE OF**

**THE BOARD OF DIRECTORS**

The Audit Committee operates under a Charter approved by the Board of Directors. All members of the Audit Committee are independent, as defined by the Securities and Exchange Commission as well as the applicable Nasdaq listing standards.

The Audit Committee reviews the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. The independent auditors are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles.

In this context, the Audit Committee has met and held discussions with management and the independent auditors. Management represented to the Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Committee also discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 (Communication With Audit Committees). The auditor's independence from the Company and its management also was discussed, including the matters in the written disclosures required by the Independence Standards Board Standard No. 1 (Independence Discussions With Audit Committees).

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended April 30, 2007.

**AUDIT COMMITTEE**

Johnny Danos, Chair

John R. Fitzgibbon

Patricia Clare Sullivan

William C. Kimball

Diane C. Bridgewater

**Selection of Auditor**

KPMG LLP was engaged by the Company to serve as its auditors for Fiscal Year 2007. Representatives of KPMG LLP will be in attendance at the Annual Meeting to be held on September 14, 2007, and will be available to respond to appropriate questions and may make a statement if they so desire.

**Independent Auditor Fees**

The following table sets forth the aggregate fees billed to the Company and subsidiaries for the last two fiscal years ended April 30, 2006 and April 30, 2007 by the Company's independent auditor, KPMG LLP:

	2006	2007
Audit Fees (a)	\$ 370,100	424,100
Audit-Related (b)	10,400	11,000
Tax Fees (c)	1,825	0
All Other Fees	0	0
	\$ 382,325	\$ 435,100

(a) *Includes fees for review of Securities and Exchange Commission filings and for internal controls attestation under Section 404 of the Sarbanes Oxley Act of 2002.*

(b) *Fees for audits of employee benefit plans.*

(c) *Fees for tax return preparation and tax consulting.*

The Chairman of the Audit Committee has advised the Board of Directors that the Audit Committee has determined the non-audit services rendered by KPMG LLP during the Company's most recent year are compatible with maintaining the independence of the auditors.

Prior to the issuance of its audit report, KPMG LLP communicated (i) its responsibility under existing standards generally accepted in the United States of America; (ii) all critical accounting policies and practices used by the Company; and (iii) other significant written communication between KPMG LLP and management of the Company.

**Pre-Approval Procedures**

Under its charter, the Audit Committee shall pre-approve all audit and any permitted non-audit services provided to the Company by the independent auditors and the fees to be paid for those services. The Audit Committee may delegate authority to subcommittees (consisting of one or more members) to grant pre-approvals of certain audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals are presented to the full Audit Committee at its next scheduled meeting. All of the services provided by the independent auditor to the Company during the year ended April 30, 2007 were pre-approved by the Audit Committee or its Chairman pursuant to delegated authority.

## ANNUAL REPORTS

The Company's 2007 Annual Report, including consolidated financial statements, is being mailed to shareholders with this Proxy Statement, but does not form a part of the material for the solicitation of proxies. The Company will provide without charge to each shareholder, on written request, a copy of the Company's Annual Report on Form 10-K for the year ended April 30, 2007, including the consolidated financial statements and schedules thereto, filed with the Securities and Exchange Commission. If a shareholder requests copies of any exhibits to such Form 10-K, the Company may require the payment of a fee covering its reasonable expenses. A written request should be addressed to the Senior Vice President and Secretary, Casey's General Stores, Inc., One Convenience Blvd., Ankeny, Iowa 50021-0845.

## SHAREHOLDER COMMUNICATIONS

It is the general policy of the Board that management speaks for the Company. To the extent shareholders would like to communicate with a Company representative, they may do so by contacting John Harmon, Senior Vice President and Secretary, One Convenience Boulevard, P.O. Box 3001, Ankeny, IA 50021. Mr. Harmon can be reached by telephone at 515/965-6105 and by email at john.harmon@caseys.com.

Any shareholder wishing to communicate with one or more Board members should address a written communication to Mr. Harmon at the address noted above. Mr. Harmon will forward such communication on to all of the members of the Board, to the extent such communications are deemed appropriate for consideration by the Board.

## SUBMISSION OF SHAREHOLDER PROPOSALS

Any proposal which a shareholder intends to present at the annual meeting of shareholders in September 2008 must be received by the Company by April 7, 2008 in order to be eligible for inclusion in the Company's proxy statement and proxy card relating to such meeting. Upon timely receipt of any such proposal, the Company will determine whether or not to include such proposal in the proxy statement and proxy in accordance with applicable SEC regulations governing the solicitation of proxies.

Under the Bylaws, a shareholder may bring other business before an annual meeting of shareholders only by delivering written notice to the Secretary of the Company at least 90 days prior to the one-year anniversary date of the date of the preceding annual meeting of shareholders. The notice must set forth certain information concerning such shareholder and all persons or entities acting in concert with the shareholder, including their names, addresses and number of shares owned of record, a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, a description of all arrangements or understandings between such shareholder and any other persons in connection with the proposal of such business, a representation that such shareholder is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to bring such business before the meeting and such other information regarding the proposal as would be required to be included in a proxy statement filed with the SEC. The Chairman of the meeting may determine that particular items of business were not properly brought before the annual meeting in accordance with the Bylaws, in which case any such business shall not be transacted.

A shareholder proponent must be a shareholder of the Company both at the time of giving of notice and at the time of the meeting and who is entitled to vote at the meeting. Any such notice must be given to the Secretary of the Company, whose address is One Convenience Blvd., Ankeny, Iowa 50021-0845. Any shareholder desiring a copy of the Bylaws will be furnished a copy without charge upon written request of the Secretary. The time limits described above also apply in determining whether notice is timely for purposes of Rule 14a-4(c)(1) under the Securities Exchange Act of 1934 relating to exercise of discretionary voting authority, and are separate and apart from, and in addition to, the SEC requirements that a shareholder must meet in order to have a shareholder proposal included in the Company's proxy statement for an annual meeting.

**OTHER MATTERS**

So far as the Board of Directors and the management of the Company are aware, no matters other than those described in this Proxy Statement will be acted upon at the meeting. If, however, any other matters properly come before the meeting, it is the intention of the persons named in the enclosed proxy to vote the same in accordance with their judgment on such other matters.

By Order of the Board of Directors,

John G. Harmon  
Senior Vice President and Secretary

August 6, 2007

**YOUR VOTE IS IMPORTANT. PLEASE COMPLETE AND SIGN THE ENCLOSED FORM OF PROXY AND RETURN IT PROMPTLY IN THE ACCOMPANYING POSTPAID ENVELOPE.**

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**CASEY S GENERAL STORES, INC.**

c/o UMB Bank, n.a.

P.O. Box 419064

Kansas City, MO 64141

ê Please fold and detach card at perforation before mailing. ê

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**CASEY S GENERAL STORES 401K PLAN**

You are entitled to direct the voting of the total number of shares of Common Stock of Casey s General Stores, Inc. allocated to your account in the KSOP through July 20, 2007, the record date for voting at the September 14, 2007 Annual Meeting of shareholders, if your completed and signed Instruction Card is received by the Trustee no later than September 11, 2007. If your voting instructions are not timely received by the Trustee, the shares allocated to your account and the other shares held by the Trustee for which no Instructions were timely received will be voted by the Trustee in the same manner and proportion as the Trustee votes shares for which the Trustee does receive timely Instructions.

DATED: \_\_\_\_\_, 2007

\_\_\_\_\_  
Participant s Signature

(Please sign exactly as your name appears)

**PLEASE MARK, SIGN, DATE AND RETURN THIS CARD  
PROMPTLY USING THE ENCLOSED ENVELOPE.**

ê Please fold and detach card at perforation before mailing. ê

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**CASEY S GENERAL STORES, INC.**

**INSTRUCTION CARD**

**ONE CONVENIENCE BOULEVARD**

**ANKENY, IOWA 50021**

**INSTRUCTIONS TO:** Delaware Charter Guarantee and Trust Company, as Trustee of the Casey s General Stores 401K Plan (the KSOP )

I hereby direct that the voting rights pertaining to all shares of Common Stock of Casey s General Stores, Inc. held by the Trustee and allocated to my account in the KSOP shall be exercised at the Annual Meeting of the shareholders of Casey s General Stores, Inc. to be held on September 14, 2007, or at any adjournment of such meeting, in accordance with the instructions below, in voting upon the election of Directors, and on any other business that may properly come before the meeting.

1. PROPOSAL 1 ELECTION OF DIRECTORS

**FOR ALL NOMINEES LISTED BELOW**

**WITHHOLD AUTHORITY** to vote for all nominees listed below

(exceptas marked to the contrary)

**(INSTRUCTIONS: To withhold authority to vote for any individual nominee, strike a line through the nominee s name.)**

Donald F. Lamberti  
John R. Fitzgibbon

Ronald M. Lamb  
Patricia Clare Sullivan

Robert J. Myers  
Kenneth H. Haynie

Diane C. Bridgewater  
William C. Kimball

Johnny Danos

2. In its discretion, the Trustee is authorized to vote upon such other business as may properly come before the meeting.

(To be signed on the other side)

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**CASEY S GENERAL STORES, INC.**

c/o UMB Bank, n.a.

P.O. Box 419064

Kansas City, MO 64141

ê Please fold and detach card at perforation before mailing. ê

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**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSAL 1.**

Dated: \_\_\_\_\_, 2007

\_\_\_\_\_  
Signature

Signature if held jointly

Please sign exactly as name appears. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

**PLEASE MARK, SIGN, DATE AND RETURN THE PROXY**

**CARD PROMPTLY USING THE ENCLOSED ENVELOPE**

ê Please fold and detach card at perforation before mailing. ê

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**CASEY S GENERAL STORES, INC.**

**PROXY**

**ONE CONVENIENCE BOULEVARD**

**ANKENY, IOWA 50021**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Ronald M. Lamb and Robert J. Myers as Proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated below, all of the shares of Common Stock of Casey s General Stores, Inc. held of record by the undersigned on July 20, 2007 at the Annual Meeting of shareholders to be held on September 14, 2007, or any adjournment thereof.

1. PROPOSAL 1 ELECTION OF DIRECTORS

**FOR ALL NOMINEES LISTED BELOW**

**WITHHOLD AUTHORITY** to vote for all nominees listed below

(except as marked to the contrary)

**(INSTRUCTIONS: To withhold authority to vote for any individual nominee, strike a line through the nominee s name.)**

Donald F. Lamberti	Ronald M. Lamb	Robert J. Myers	Diane C. Bridgewater	Johnny Danos
John R. Fitzgibbon	Patricia Clare Sullivan	Kenneth H. Haynie	William C. Kimball	

2. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

(To be signed on the other side)