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## **Casey's General Stores Continues To Roll-Out Their New Store Design That Addresses Changes In The Market, While Developing New Stores In Their Current Nine-State Operating Area As Well As Neighboring States**



**Services**  
**Grocery Stores**  
**(STAN-NASDAQ)**



**Robert J. Myers**  
**President and CEO**

Robert J. Myers was born on November 7, 1946 in Des Moines, Iowa. He graduated from Saydel High School, Des Moines, IA in 1965 and entered the U.S. Army in May of 1966 at the age of 19. He was commissioned a Second Lieutenant in May of 1967 where in spent the next 22 years. His service included tours of duty in Viet Nam, Saudi Arabia, Germany, and Kuwait. His duties included com-

mand at every level up through Battalion.

Robert attended numerous military and civilian schools including the U.S. Army Command and General Staff College and Air Force Institute of Technology. He earned a B.S. degree in management from Coker College, Hartsville, S.C. His military awards and decorations include the Bronze Star, five meritorius medals, 3 Army Commendation medals, Joint Service Commendation medal, the Army Achievement medal, Parachutist Badge and numerous other awards and decorations.

Robert married Janice Sue (Foggia) Myers in May 1967. Upon retiring from the Army in 1988 he joined Casey's General Stores, Inc. and began his work as Facilities Manager of the Corporate Headquarters Facilities on January 1, 1989. He is now President and Chief Executive Officer of Casey's.



**William J. Walljasper**  
**Senior Vice President & CFO**

Bill is an Iowa native growing up in Marshalltown, Iowa. He attended Wartburg

College in Waverly, Iowa where he graduated in 1986 with a degree in Finance. He also holds an MBA from Drake University. Prior to joining Casey's General Stores, Bill was a Claims Adjuster and Workers Compensation Specialist working for several different insurance companies throughout the Midwest. He joined Casey's in April 1990 as the Risk Manager responsible for the analysis and purchasing of all insurance coverage for the company and development of their self-insurance program. Shortly thereafter, he was promoted to Director of Human Resources and Risk Management. In March 1998, Bill then became Vice President of Human Resources, where in addition to his previous duties he oversaw all employee benefits and training. He was appointed to the position of Vice President of Finance in December 2003 and one year later was named the Chief Financial Officer. His current position is Senior Vice President and Chief Financial Officer.

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**Interview conducted by:**  
**Interview conducted by:**  
**Lynn Fosse, Senior Editor**  
**CEOCFOinterviews.com**

**CEOCFO:** Mr. Myers, what is the vision of Casey's today and how, if at all, has that changed in the current economic scenario?

**Mr. Myers:** "We continue to focus on our Midwestern roots, and develop stores in our current nine-state operating area. Certainly, we focus on all of the communities in that area as we like all of them. We like the rural communities, but we like the larger communities as well. We have developed a new store design that has addressed what we think are changes

in the market and we are quite pleased with the results of this new store design. So we continue to roll that out and will do so in the future. In addition to that, we looking at surrounding states and you can kind of pick those off beginning with North Dakota, Arkansas, Kentucky, Tennessee, Ohio and Michigan. Therefore, we will be looking at those other states here in the not-so-distant future, for continued expansion into those areas. That is pretty well the track that we are on right now.”

**CEOCFO:** What is different about the new stores?

**Mr. Myers:** “Our new stores are roughly a thousand square feet larger. We felt like we were deficient in our cooler space, especially in light of all the new energy drinks, soft drinks, and things like that that were coming into the market that were very popular. So we boosted up the number of cooler doors from nine to somewhere around fourteen cooler doors now and that is a pretty significant increase. In addition to that we knew that we were deficient in our fountain and coffee presentations. We addressed that specific area and thirdly we knew that our kitchens were such that we couldn’t expand into other areas of prepared foods, nor had we designed them for the future. So we created a larger kitchen area, brought in a sub sandwich program, which by the way, we think we have the best pizza in the country and we also now think we have the best sub sandwich in the country. Along with that we moved the check-out to the center of the store and we put sit-down seating in the store. We have addressed all of our concerns, and again we are quite pleased with the results.”

**CEOCFO:** For people that don’t know Casey’s or who are not in the area, tell us who is coming to your stores and why they are coming?

**Mr. Myers:** “First and foremost we are convenient, but secondly people come to Casey’s because they want to shop with us. Although we have many destination items within the store, not the least of which is gasoline; we offer so much more than just gasoline.”

**Mr. Walljasper:** “Due to our small town business model, we do rely very heavily on repeat traffic. These are the customers that are coming into the store who are very rural oriented. If I had to actually give you a profile of our customers it is probably a customer between 25-35 years old, I would say blue collar, because we are in an agricultural community.”

**CEOCFO:** Do people come to you specially for your pizza or your donuts or are they eating just because they happen to be in a Caseys?

**Mr. Myers:** “Yes they are selecting our pizza over Pizza Hut because they like our pizza better or any other competitor as far as that is concerned. We are a convenience store and a whole lot more.”

**Mr. Walljasper:** “Probably the fact that many people don’t realize is we have about 1478 locations in the Midwest; we are a top-ten retailer of pizza in the na-

**“First and foremost we are convenient, but secondly people come to Casey’s because they want to shop with us. Although we have many destination items within the store, not the least of which is gasoline; we offer so much more than just gasoline.” - Robert J. Myers**

tion. We also happen to be in the top-ten retailer of donuts in the nation. So we are very ingrained in the prepared food business that has been added since the early 1980’s.”

**CEOCFO:** How do you attract high quality employees?

**Mr. Myers:** “That is a continuous emphasis on our part, hiring quality employees, and by the way that challenge is getting easier for us right now in these economic times. We are continually focusing on the customer service issues, at all levels of our organization. We know that we are going to have relatively high turnover of the clerks and cooks and that sort of thing. Our focus is on the store manager and stabilizing that turnover and we have been very successful on that. Our store managers are certainly competitively compensated for their effort and they are also compensated for the performance of their store. It is a direct reflection on them and their abilities. In all levels, in all areas our attention is on the focus of

customer service and properly training our employees.”

**CEOCFO:** Is there a difference in your urban and rural stores?

**Mr. Myers:** “We don’t do anything differently. Our stores, urban and rural stores each have their own separate characteristics, for example in our rural community; you can expect lower volumes across the board. On the other hand, your expenses are likely to be lower in those rural stores. In those metro locations you will have much higher volumes, but you will also have much higher costs, beginning with labor and moving on up through the other expense items. They both tend to equalize themselves out at least in our perspective. In both kinds of stores they appear to be very profitable for us.”

**CEOCFO:** Speaking of profit, you have announced earnings recently and they were quite substantial; tell us what has been happening and how do you continue?

**Mr. Myers:** “We begin each fiscal year by internally developing goals and objectives in every area of the company. In fact, it is a process that begins

several months before the end of the fiscal year. We then translate that into external goals, which we publish and make known to all of our investors. From that we are able to develop a projected earning per share. We believe very strongly that our goal each year is to continually improve our earnings per share and that is how we go about that process. I am really simplifying that process, but it is a very in-depth process for us.”

**CEOCFO:** You had record earnings in spite of the challenging economy, so what does Casey’s know that allows you to be that successful?

**Mr. Myers:** “I think it is much a reflection of our industry as anything else that we tend not to at least up to this point, to be impacted like other business has when you have an economic downturn. People still need to buy gasoline, and there is a tendency we believe for people to come in and order our prepared food items as opposed to a sit-down restaurant. A combination of all of those things continuously

emphasizes the management of each aspect of our business and trying to improve that. I think those are the things that have led to our success.”

**CEOCFO:** You mentioned expansion into other states; do you have a target number of stores and are you finding more location opportunities at this moment in history?

**Mr. Myers:** “Certainly we establish our goal each year in terms of percentage of store growth, and we don’t care how that comes about, whether that is in the acquisition of someone else or in the building of these stores. Indeed it is a pretty tough market for us right now in acquiring stores. So we are kind of shifting our focus around. But in addition to that, it is not just the store growth count, it is the improvement of the existing stores and we replace a number of our stores each year. With our new design, it has been proven to be a great strategy for us. In addition to that we are constantly doing work in our stores doing major remodels all of which are providing a very reasonable return on our investment. So those kinds of things in combination with our store growth are adding up to a significant increase in sales.”

**CEOCFO:** What is the financial picture like today?

**Mr. Myers:** “Well we are in a very good position and we don’t need to borrow money. We have a lot of money in reserve; we can certainly cover our capital budget estimates for this year without having to borrow money.”

**Mr. Walljasper:** “We just completed our fiscal year, ending April 30, 2009. At that point we had about \$146 million in cash and cash equivalents on the balance sheet. Long-term debt at that point was just a little bit over \$167 million. We are paying down debt, and we will continue to pay down debt as Bob alluded to, based on the goal that he outlined previously. We will not have a financial obstacle for many years, although that could change with larger acquisitions that would come into the mix. When you are looking at our average long-term debt with total capital ratio we are about 24 or 25%. We are very solid financially and we own all of our assets. So we are in the position to

take advantage of any opportunity that may present itself.”

**CEOCFO:** Do you see acquisition of chains more so than individual stores?

**Mr. Walljasper:** “It is a mixture of both. We are obviously looking for small stores, as well as looking for chains. We are really opportunistic as they present themselves. We also have a very solid team in our store development area along with numerous brokers scattered around our nine-state area and can assist us in finding locations. Yes we are going to have onesy, twosy, type acquisitions and we will have some smaller chains as well. We will take advantage of those types of opportunities as they present themselves, and should not have an obstacle financially for growth, and should not have an obstacle for infrastructure. We doubled the size of our distribution center about four years ago and it has capacity for another 500 to 700 locations. So we are set up very well for expansion.”

**CEOCFO:** Is the investment community paying attention?

**Mr. Walljasper:** “Yes they are paying attention, and I say that simply because the amount of requests that I have for conference calls and the requests that I have for face-to-face meetings throughout the country. We currently have about seven analysts that follow our stock, and we are currently looking to gain a few more here in the near future. Our time is pretty full with requests. There has been a lot of interest in our stock. There has been in the past, but more so now because of the performance that we have over the last several years despite the challenge of economic times. We perform very well. The convenience store industry that Bob alluded to is an industry where we sell a lot of items that I deem to be comfort items. They are your normal buying habits, and customers are reluctant to give up their normal buying habits even in challenging times. That would be one of the last things they give up and that could mean simply a cup of coffee in the morning or a pack of cigarettes, or it could be a slice of pizza. It is a routine that is hard to give up.”

**CEOCFO:** Why should potential investors pick Casey’s out of the crowd?

**Mr. Walljasper:** “Potential investors run the gamut. Each investor has their own nuance and own investment style. They have to make their own decisions as to whether our particular company is a fit for their portfolio, but when you look at Casey’s General Stores, we are one of the few C stores (convenience stores) that have really shown a history of solid same-store sales growth. Financially we are as strong as anybody in the industry and continue to be strong. We have a very disciplined almost conservative approach to handling our business model. That disciplined approach certainly has proved to be very successful in a year, more significantly over the last several years. We have some things that are a little bit different than most C stores, for instance we are one of the few C stores that does self distribution. That provides a significant advantage from a buying perspective. Also owning our own assets and delivering our own groceries provides a very solid benefit to us with respect to infrastructure and the ability to drive our margins. We are in a very fragmented market area with about two-thirds of the C store operators in our nine-state operating area are operating ten stores or less. It is very fragmented so it is certainly very ripe for consolidation, and our financial strength will position us very well. So to roll up that question based on the history that we have had, the numbers that we have put up over the last several years, the position that we are in to springboard going forward, I think we are a very attractive opportunity for investors.”

**Mr. Myers:** “And we pay a nice dividend!”

**Mr. Walljasper:** “We are the only C store that does pay a dividend, and we have actually increased that dividend every year for the last eight or nine fiscal years.”

**CEOCFO:** Final thoughts, what should people reading about Casey’s General Stores remember most?

**Mr. Myers:** “We believe that we are a really conservative organization, a disciplined organization. We are very much focused on people, whether those people are customers or shareholders or are employees. We don’t subscribe to a lot of the

practices of other C stores. We think we have the best pizza and sub sandwiches in the country. So it is a combination of a lot of different things, not just one single thing.”

**Mr. Walljasper:** “We do things differently than other C stores, and Bob just alluded to that. We have a proprietary prepared food program that is second to none. We self distribute; we pay dividends. We focus on really two main areas and that is earnings growth and a return

on invested capital. That is how executives here at the corporate office are compensated. We are not necessarily going to grow for growth’s sake. It has to make sense for our shareholders, and that is a good take-away to have everybody understand.”

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