

CASEYS GENERAL STORES INC  
Form 10-Q  
September 09, 2011  
Table of Contents

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of  
the Securities Exchange Act of 1934  
For the Fiscal Quarter Ended July 31, 2011  
Commission File Number 0-34700

# CASEY S GENERAL STORES, INC.

(Exact name of registrant as specified in its charter)

IOWA  
(State or other jurisdiction of  
incorporation or organization)

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

Edgar Filing: CASEYS GENERAL STORES INC - Form 10-Q

ONE CONVENIENCE BOULEVARD,

ANKENY, IOWA  
(Address of principal executive offices)

50021  
(Zip Code)

(515) 965-6100

(Registrant's telephone number, including area code)

NONE

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of Accelerated filer and large accelerated filer@ in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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

Class	Outstanding at September 6, 2011
Common stock, no par value per share	38,052,409 shares

**Table of Contents**

**CASEY S GENERAL STORES, INC.**

**INDEX**

	<b>Page</b>
<b>PART I</b>	
<b><u>FINANCIAL INFORMATION</u></b>	
<b>Item 1.</b>	
<b><u>Condensed Consolidated Financial Statements</u></b>	
<u>Condensed consolidated balance sheets July 31, 2011 and April 30, 2011 (unaudited)</u>	3
<u>Condensed consolidated statements of earnings three months ended July 31, 2011 and 2010 (unaudited)</u>	5
<u>Condensed consolidated statements of cash flows three months ended July 31, 2011 and 2010 (unaudited)</u>	6
<u>Notes to unaudited condensed consolidated financial statements</u>	8
<b>Item 2.</b>	
<b><u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u></b>	13
<b>Item 3.</b>	
<b><u>Quantitative and Qualitative Disclosure about Market Risk.</u></b>	22
<b>Item 4.</b>	
<b><u>Controls and Procedures.</u></b>	22
<b>PART II</b>	
<b><u>OTHER INFORMATION</u></b>	
<b>Item 1.</b>	
<b><u>Legal Proceedings.</u></b>	22
<b>Item 1A.</b>	
<b><u>Risk Factors.</u></b>	23
<b>Item 6.</b>	
<b><u>Exhibits.</u></b>	24
<b><u>SIGNATURE</u></b>	26

**Table of Contents****PART I - FINANCIAL INFORMATION****Item 1. Financial Statements.****CASEY S GENERAL STORES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS***(Unaudited)**(DOLLARS IN THOUSANDS)*

	July 31, 2011	April 30, 2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 139,017	59,572
Receivables	22,337	20,154
Inventories	163,942	159,200
Prepaid expenses	2,439	1,180
Deferred income taxes	11,195	10,405
Income tax receivable		43,376
<b>Total current assets</b>	<b>338,930</b>	<b>293,887</b>
Other assets, net of amortization	11,817	11,721
Goodwill	104,206	88,042
Property and equipment, net of accumulated depreciation of \$797,914 at July 31, 2011 and of \$777,342 at April 30, 2011	1,254,103	1,217,305
<b>Total assets</b>	<b>\$ 1,709,056</b>	<b>1,610,955</b>

*See notes to unaudited condensed consolidated financial statements.*

**Table of Contents****CASEY S GENERAL STORES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS***(Unaudited)**(Continued)**(DOLLARS IN THOUSANDS)*

## LIABILITIES AND SHAREHOLDERS' EQUITY

	July 31, 2011	April 30, 2011
<b>Current liabilities:</b>		
Notes payable to bank	\$	600
Current maturities of long-term debt	1,002	1,167
Accounts payable	245,808	215,675
Accrued expenses	92,460	77,058
Income taxes payable	5,194	
<b>Total current liabilities</b>	<b>344,464</b>	<b>294,500</b>
Long-term debt, net of current maturities	678,653	678,680
Deferred income taxes	213,502	203,078
Deferred compensation	13,857	13,858
Other long-term liabilities	18,938	16,943
<b>Total liabilities</b>	<b>1,269,414</b>	<b>1,207,059</b>
<b>Shareholders' equity:</b>		
Preferred stock, no par value		
Common stock, no par value	6,057	3,996
Retained earnings	433,585	399,900
<b>Total shareholders' equity</b>	<b>439,642</b>	<b>403,896</b>
	<b>\$ 1,709,056</b>	<b>1,610,955</b>

*See notes to unaudited condensed consolidated financial statements.*

**Table of Contents**

**CASEY S GENERAL STORES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**

*(Unaudited)*

*(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)*

	Three months ended July 31,	
	2011	2010
Total revenue	\$ 1,873,832	1,362,027
Cost of goods sold (exclusive of depreciation and amortization, shown separately below)	1,607,050	1,128,056
Gross profit	266,782	233,971
Operating expenses	171,416	152,386
Depreciation and amortization	22,895	19,563
Interest, net	8,934	2,527
Earnings before income taxes	63,537	59,495
Federal and state income taxes	24,146	22,209
Net earnings	\$ 39,391	37,286
Earnings per common share		
Basic	\$ 1.04	.73
Diluted	\$ 1.03	.73
Basic weighted average shares outstanding	38,024,376	50,946,829
Plus effect of stock options	307,838	282,287
Diluted weighted average shares outstanding	38,332,214	51,229,116

*See notes to unaudited condensed consolidated financial statements.*

**Table of Contents**

**CASEY S GENERAL STORES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(Unaudited)*

*(DOLLARS IN THOUSANDS)*

	Three Months Ended July 31,	
	2011	2010
<b>Cash flows from operations:</b>		
Net earnings	\$ 39,391	37,286
<b>Adjustments to reconcile net earnings to net cash provided by operations:</b>		
Depreciation and amortization	22,895	19,563
Other amortization	385	292
Stock based compensation	477	810
Loss on sale and disposal of property and equipment	386	112
Deferred income taxes	9,634	(1,056)
Excess tax benefits related to stock option exercises	(268)	(154)
<b>Changes in assets and liabilities:</b>		
Receivables	(2,183)	(922)
Inventories	(2,243)	1,699
Prepaid expenses	(1,259)	(1,126)
Accounts payable	30,133	18,731
Accrued expenses	15,189	6,735
Income taxes	50,318	22,764
Other, net	4	(1,037)
<b>Net cash provided by operations</b>	<b>162,859</b>	<b>103,697</b>
<b>Cash flows from investing:</b>		
Purchase of property and equipment	(47,514)	(39,352)
Payments for acquisition of stores, net of cash acquired	(31,115)	(295)
Proceeds from sale of property and equipment	322	287
<b>Net cash used in investing activities</b>	<b>(78,307)</b>	<b>(39,360)</b>
<b>Cash flows from financing:</b>		
Payments of long-term debt	(384)	(13,959)
Net borrowing of short-term debt	(600)	
Proceeds from exercise of stock options	1,316	988
Payments of cash dividends	(5,707)	(5,097)
Excess tax benefits related to stock option exercises	268	154
<b>Net cash used in financing activities</b>	<b>(5,107)</b>	<b>(17,914)</b>

**Table of Contents**

**CASEY S GENERAL STORES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(Unaudited)*

*(Continued)*

*(DOLLARS IN THOUSANDS)*

	Three Months Ended July 31,	
	2011	2010
Net increase in cash and cash equivalents	79,445	46,423
Cash and cash equivalents at beginning of the period	59,572	151,676
Cash and cash equivalents at end of the period	\$ 139,017	198,099

**SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION**

	Three Months Ended July 31,	
	2011	2010
Cash paid (received) during the period for:		
Interest, net of amount capitalized	\$ 126	1,847
Income taxes	(36,035)	283

*See notes to unaudited condensed consolidated financial statements.*



**Table of Contents**

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

*(Dollars in Thousands, Except Share and Per Share Amounts)*

**1. Presentation of Financial Statements**

*The accompanying condensed consolidated financial statements include the accounts and transactions of the Company and its wholly-owned subsidiaries. All material inter-company balances and transactions have been eliminated in consolidation.*

**2. Basis of Presentation**

*The accompanying condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although management believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these interim condensed consolidated financial statements be read in conjunction with the Company's most recent audited financial statements and notes thereto. In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of July 31, 2011 and April 30, 2011, and the results of operations for the three months ended July 31, 2011 and 2010, and cash flows for the three months ended July 31, 2011 and 2010.*

**3. Revenue Recognition**

*The Company recognizes retail sales of gasoline, grocery and general merchandise, prepared food and fountain and commissions on lottery, prepaid phone cards, and video rentals at the time of the sale to the customer. Vendor rebates in the form of rack display allowances are treated as a reduction in cost of sales and are recognized pro rata over the period covered by the applicable rebate agreement. Vendor rebates in the form of billbacks are treated as a reduction in cost of sales and are recognized at the time the product is sold.*

**4. Fair Value Disclosure**

*The fair value of the Company's long-term debt excluding capital lease obligations is estimated based on the current rates offered to the Company for debt of the same or similar issues. The fair value of the Company's long-term debt excluding capital lease obligations was approximately \$636,000 at July 31, 2011 and April 30, 2011. The Company has an aggregate \$100,000 line of credit with no balance owed at July 31, 2011 and \$600 owed at April 30, 2011.*

**Table of Contents****5. Disclosure of Compensation Related Costs, Share Based Payments**

The 2009 Stock Incentive Plan (the Plan), was approved by the Board in June 2009 and approved by the shareholders in September 2009. The Plan replaced the 2000 Option Plan and the Non-employee Director Stock Plan (together, the Prior Plans). There are 4,454,604 shares still available for grant at July 31, 2011. Awards made under the Plan may take the form of stock options, restricted stock or restricted stock units. Each share issued pursuant to a stock option will reduce the shares available for grant by one, and each share issued pursuant to an award of restricted stock or restricted stock units will reduce the shares available for grant by two. On June 10, 2011, restricted stock units with respect to a total of 9,198 shares were granted to certain officers and key employees for the equity component of the 2011 fiscal year incentive compensation award. These awards were granted at no cost to the grantee. These awards will vest on May 1, 2014 and compensation expense is currently being recognized ratably over the vesting period. Additional information regarding the Plan is provided in the Company's 2009 Proxy Statement.

On June 23, 2011, stock options totaling 441,000 shares were granted to certain officers and key employees at an exercise price equal to the Company's closing stock price on that day. These awards were granted at no cost to the employee. These awards will vest on June 23, 2014 and compensation expense is currently being recognized ratably over the vesting period.

On June 23, 2011, restricted stock units totaling 15,000 shares were granted to the CEO. This award was also granted at no cost to the employee. This award will vest on June 23, 2014 and compensation expense is currently being recognized ratably over the vesting period.

At July 31, 2011, options for shares (which expire between 2012 and 2021) were outstanding for the Plan and Prior Plans. Information concerning the issuance of stock options under the Plan and Prior Plans is presented in the following table:

	Number of Shares	Weighted Average Exercise Price
Outstanding April 30, 2011	775,609	\$ 23.38
Granted	441,000	44.39
Exercised	(64,500)	20.41
Forfeited		
Outstanding at July 31, 2011	1,152,109	\$ 31.59

At July 31, 2011, all outstanding options had an aggregate intrinsic value of \$15,449 and a weighted average remaining contractual life of 7.6 years. The vested options totaled 371,109 shares with a weighted average exercise price of \$22.18 per share and a weighted average remaining contractual life of 4.6 years. The aggregate intrinsic value for the vested options as of July 31, 2011, was \$8,468. The aggregate intrinsic value for the total of all options exercised during the three months ended July 31, 2011, was \$1,512 and the total fair value of shares granted during the three months ended July 31, 2011, was \$6,461.

**Table of Contents**

Total compensation costs recorded for the three months ended July 31, 2011 and 2010, respectively, were \$477 and \$810 for the stock option and restricted stock unit awards. As of July 31, 2011, there was \$7,283 of total unrecognized compensation costs related to the Plan and Prior Plans for stock options and \$989 of unrecognized compensation costs related to restricted stock units which are expected to be recognized ratably through fiscal 2014.

**6. Acquisitions**

During the first three months of fiscal 2012, the Company acquired 27 stores through a variety of single store and multi-store transactions with several unrelated third parties. The stores were valued using a discounted cash flow model on a location by location basis. The acquisitions were recorded by allocating the purchase price to the assets acquired, including intangible assets and liabilities assumed, based on their estimated fair values at the acquisition date. The excess of the cost of the acquisition over the net amounts assigned to the fair value of the assets acquired and the liabilities assumed is recorded as goodwill. All of the goodwill associated with these transactions will be deductible for income tax purposes over 15 years.

Allocation of the purchase price for the transactions in aggregate is as follows (in thousands):

<i>Assets acquired:</i>	
<i>Inventories</i>	\$ 2,499
<i>Property and equipment</i>	12,665
<i>Total assets</i>	15,164
<i>Liabilities assumed:</i>	
<i>Accrued expenses</i>	213
<i>Total liabilities</i>	213
<i>Net tangible assets acquired, net of cash</i>	14,951
<i>Goodwill and other intangible assets</i>	16,164
<i>Total consideration paid, net of cash acquired</i>	\$ 31,115

The allocation of the purchase price to assets acquired and liabilities assumed is preliminary pending finalization of management's analysis.

**Table of Contents**

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

	Three months ended	
	July 31,	
	2011	2010
Total revenues	\$ 1,897,203	1,391,626
Net earnings	39,918	38,204
Earnings per share:		
Basic	\$ 1.05	.75
Diluted	\$ 1.04	.75

#### 7. Commitments and Contingencies

The Company is named as a defendant in four lawsuits ( hot fuel cases) brought in the federal courts in Kansas and Missouri against a variety of gasoline retailers. The complaints generally allege that the Company, along with numerous other retailers, has misrepresented gasoline volumes dispensed at its pumps by failing to compensate for expansion that occurs when fuel is sold at temperatures above 60°F. Fuel is measured at 60°F in wholesale purchase transactions and computation of motor fuel taxes in Kansas and Missouri. The complaints all seek certification as class actions on behalf of gasoline consumers within those two states, and one of the complaints also seeks certification for a class consisting of gasoline consumers in all states. The actions generally seek recovery for alleged violations of state consumer protection or unfair merchandising practices statutes, negligent and fraudulent misrepresentation, unjust enrichment, civil conspiracy, and violation of the duty of good faith and fair dealing; several seek injunctive relief and punitive damages. The amounts sought are not quantified.

These actions are among a total of 45 similar lawsuits that have been filed since November 2006 in 27 jurisdictions, including 25 states, the District of Columbia, and Guam against a wide range of defendants that produce, refine, distribute and/or market gasoline products in the United States. On June 18, 2007, the Federal Judicial Panel on Multidistrict Litigation ordered that all of the pending hot fuel cases (officially, the Motor Fuel Temperature Sales Practices Litigation ) be transferred to the U.S. District Court for the District of Kansas in Kansas City, Kansas, for coordinated or consolidated pretrial proceedings, including rulings on discovery matters, various pretrial motions, and class certification. Discovery efforts by both sides were substantially completed during the ensuing months, and the plaintiffs filed motions for class certification in each of the pending lawsuits.

In a Memorandum and Order entered on May 28, 2010, the Court ruled on the Plaintiffs Motion for Class Certification in two cases originally filed in the U.S. District Court for the District of Kansas, American Fiber & Cabling, LLC v. BP West Coast Products, LLC, et. al., Case No. 07-2053, and Wilson v. Ampride, Inc., et. al., Case No. 06-2582, in which the Company is a named Defendant. The Court determined that it could not certify a class

---

**Table of Contents**

as to claims against the Company in the American Fiber & Cabling case, having decided that the named Plaintiff had no standing to assert such claims. However, in the Wilson case the Court certified a class as to the liability and injunctive aspects of the Plaintiff's claims for unjust enrichment and violation of the Kansas Consumer Protection Act (KCPA) against the Company and several other Defendants. With respect to claims for unjust enrichment, the class certified consists of all individuals and entities (except employees or affiliates of the Defendants) that, at any time between January 1, 2001 and the present, purchased motor fuel at retail at a temperature greater than 60°F, in the state of Kansas, from a gas station owned, operated, or controlled by one or more of the Defendants. As to claims for violation of the KCPA, the class certified is limited to all individuals, sole proprietors and family partnerships (excluding employees or affiliates of Defendants) that made such purchases.

The Court also ordered the parties to show cause in writing why the Wilson case and the American Fiber & Cabling case should not be consolidated for all purposes. The matter is now under consideration by the Court. The court has scheduled the trial to commence on May 17, 2012. Management cannot estimate or quantify the relief sought nor the amount of possible loss or potential range of loss related to these actions. Management does not believe the Company is liable to the Plaintiffs for the conduct complained of, and intends to contest the matter vigorously.

From time to time we may be involved in other legal and administrative proceedings or investigations arising from the conduct of our business operations, including contractual disputes; employment or personnel matters; personal injury and property damage claims; and claims by federal, state, and local regulatory authorities relating to the sale of products pursuant to licenses and permits issued by those authorities. Claims for compensatory or exemplary damages in those actions may be substantial. While the outcome of such litigation, proceedings, investigations, or claims is never certain, it is our opinion, after taking into consideration legal counsel's assessment and the availability of insurance proceeds and other collateral sources to cover potential losses, that the ultimate disposition of such matters currently pending or threatened, individually or cumulatively, will not have a material adverse effect on our consolidated financial position and results of operation.

8. *Income Tax Contingencies*

The total amount of gross unrecognized tax benefits was \$6,148 at April 30, 2011. At July 31, 2011, we had a total of \$7,028 in gross unrecognized tax benefits. Of this amount, \$4,013 represents the amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate. The total amount of accrued interest and penalties for such unrecognized tax benefits was \$274 at July 31, 2011 and \$245 at April 30, 2011. Net interest and penalties included in income tax expense for the three months ended July 31, 2011 was an expense of \$29 and an expense of \$59 for the same period of 2010. These unrecognized tax benefits relate to certain federal and state income tax filing positions claimed for our corporate subsidiaries.

A number of years may elapse before an uncertain tax position is audited and ultimately settled. It is difficult to predict the ultimate outcome or the timing of resolution for uncertain tax positions. It is reasonably possible that the amount of unrecognized tax

---

**Table of Contents**

*benefits could significantly increase or decrease within the next twelve months. These changes could result from the expiration of the statute of limitations, examinations or other unforeseen circumstances. As of July 31, 2011, the Company has an ongoing federal income tax examination for the tax year 2009. Two states have an examination in progress. The Company did not have any outstanding litigation related to tax matters. At this time, management expects the aggregate amount of unrecognized tax benefits to decrease by approximately \$1,423 within the next 12 months. This expected decrease is due to the expiration of statute of limitations related to certain federal and state income tax filing positions.*

*The statute of limitations for federal income tax filings remains open for the years 2007 and forward. Tax years 2003 and forward are subject to audit by state tax authorities depending on the tax code of each state.*

**9. Subsequent Events**

*Events that have occurred subsequent to July 31, 2011 have been evaluated through the filing date of this Quarterly Report on Form 10-Q with the SEC.*

**10. Risk Factors**

*The Company's financial condition and results of operations are affected by a variety of factors and business influences, certain of which are described in the Cautionary Statements included in Item 2 of this Form 10-Q and in the Risk Factors described in Item 1A of the Annual Report on Form 10-K for the fiscal year ended April 30, 2011. These interim condensed consolidated financial statements should be read in conjunction with those disclosures.*

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

**Overview**

Casey's General Stores, Inc. (Casey's) and its wholly-owned subsidiaries (Casey's, together with its subsidiaries, are referred to herein as the Company) operate convenience stores under the name Casey's General Store, and Just Diesel (hereinafter collectively referred to as Casey's Stores or Stores) in eleven Midwestern states, primarily Iowa, Missouri and Illinois. On July 31, 2011, there were a total of 1,665 Casey's Stores in operation. All stores offer gasoline for sale on a self-serve basis and carry a broad selection of food (including freshly prepared foods such as pizza, donuts and sandwiches), beverages, tobacco products, health and beauty aids, automotive products and other non-food items. The Company derives its revenue primarily from the retail sale of gasoline and the products offered in its stores.

Approximately 59% of all Casey's Stores are located in areas with populations of fewer than 5,000 persons, while approximately 16% of all stores are located in communities with populations exceeding 20,000 persons. The Company operates a central warehouse, the Casey's Distribution Center, adjacent to its Corporate

**Table of Contents**

Headquarters facility in Ankeny, Iowa, through which it supplies grocery and general merchandise items to stores. At July 31, 2011, the Company owned the land at 1,643 locations and the buildings at 1,651 locations, and leased the land at 22 locations and the buildings at 14 locations.

The Company reported basic earnings per share of \$1.04 for the first quarter of fiscal 2012. For the same quarter a year-ago, basic earnings per share were \$0.73, which included \$6,238 in legal and advisory fees pertaining to the evaluation of the unsolicited offer and related actions by Alimentation Couche-Tard Inc. ( Couche-Tard ). Without those fees, basic earnings per share for the same quarter a year ago would have been approximately \$0.81 for the quarter.

During the first fiscal quarter of 2012, the Company acquired 27 stores and completed two new-store constructions. The Company also had 15 new stores under construction and 6 stores under written agreement to purchase. The annual goal is to increase the number of stores by 4% to 6%.

The first quarter results reflected a 2.7% decrease in same-store gasoline gallons sold, with an average margin of approximately 17.2 cents per gallon. The Company policy is to price to the competition, so the timing of retail price changes is driven by local competitive conditions. During the quarter, the Company continued to benefit from a favorable pricing environment.

During the first three months of fiscal 2012, same store sales of grocery and other merchandise increased 6.2% and prepared foods and fountain increased 15.3% from the comparable period in the prior year. Operating expenses increased 12.5% in the quarter primarily due to a \$7,794 increase in credit card fees and transportation costs associated with higher fuel prices and 132 more stores in operation compared to the same period a year ago. Excluding the prior year legal and advisory fees associated with the hostile takeover attempt, operating expenses increased 17.3%.

The weak U.S. economy and persistent unemployment have generally had an adverse impact on consumer disposable income in the Midwest. These conditions have not significantly lowered the overall demand for gasoline and the merchandise sold in stores, but management believes customers often are trading down to less expensive items inside the store. For further information concerning the Company's operating environment and certain of the conditions that may affect future performance, see the Cautionary Statements at the end of this Item 2.

**Table of Contents****Three Months Ended July 31, 2011 Compared to****Three Months Ended July 31, 2010***(Dollars and Amounts in Thousands)*

	<b>Grocery &amp;</b>					
	<b>Gasoline</b>	<b>Merchandise</b>	<b>Other</b>	<b>Prepared Food &amp; Fountain</b>	<b>Other</b>	<b>Total</b>
<b>Three months ended 7/31/11</b>						
Revenue	\$ 1,377,914	365,171		123,843	6,904	1,873,832
Gross profit	65,320	118,729		75,843	6,890	266,782
Margin	4.7%	32.5%		61.2%	99.8%	14.2%
Gasoline gallons	380,096					
<b>Three months ended 7/31/10</b>			<b>Grocery &amp; Other Merchandise</b>	<b>Prepared Food &amp; Fountain</b>	<b>Other</b>	<b>Total</b>
Revenue	\$ 936,654	317,206		102,382	5,785	1,362,027
Gross profit	58,906	104,025		65,270	5,770	233,971
Margin	6.3%	32.8%		63.8%	99.7%	17.2%
Gasoline gallons	358,590					

Total revenue for the first quarter of fiscal 2012 increased by \$511,805 (37.6%) over the comparable period in fiscal 2011. Retail gasoline sales increased by \$441,260 (47.1%) as the number of gallons sold increased by 21,506 (6.0%) while the average retail price per gallon increased 39.1%. During this same period, retail sales of grocery and general merchandise increased by \$47,965 (15.1%), primarily due to increases in tobacco products, sports and energy drinks, juices, and ice and a greater number of stores in operation. Prepared food and fountain sales also increased by \$21,461 (21.0%), due to the addition of made-to-order sub sandwiches, expanded coffee offerings, and a greater number of stores in operation.

The other revenue category primarily consists of car wash revenues and lottery, prepaid phone cards, video rental and automated teller machine (ATM) commissions received. These revenues increased \$1,119 (19.3%) for the first quarter of fiscal 2012 primarily due to the increases in car wash revenues, lottery commissions, and ATM commissions from the comparable period in the prior year.

Total gross profit margin was 14.2% for the first quarter of fiscal 2012, compared to 17.2% for the comparable period in the prior year. The gross profit margin on retail gasoline sales decreased (to 4.7%) during the first quarter of fiscal 2012 from the first quarter of the prior year (6.3%). However, the gross profit margin per gallon increased (to \$.1719) in the first quarter of fiscal 2012 from the comparable period in the prior year (\$.1643), primarily due to the competitive response of many gasoline retailers to the movement of wholesale costs. The gross profit margin on retail sales of grocery and other merchandise decreased (to 32.5%) from the comparable period in the prior year (32.8%) primarily due to a competitive cigarette pricing environment and a shift to larger pack purchases in the beer category. The prepared food margin also decreased to (61.2%) from the comparable period in the prior year (63.8%), primarily due to higher commodity costs.



## **Table of Contents**

Operating expenses increased 12.5% in the first quarter of fiscal 2012 from the comparable period in the prior year. The first quarter of fiscal 2011 included a \$6,238 pre-tax charge related to the evaluation of the unsolicited offer and related actions by Couche-Tard. Without these charges in the comparable period, operating expenses would have increased 17.3%, primarily due to a \$7,794 increase in credit card fees and transportation costs associated with higher fuel prices and a greater number of stores in operation compared to the same period a year ago. Operating expenses as a percentage of total revenue were 9.1% for the first quarter of fiscal 2012 compared to 11.2% for the comparable period in the prior year. The decrease in operating expenses as a percentage of total revenue was caused primarily by the increase in revenues due to the increase in the average retail price per gallon of gasoline sold.

Interest expense increased \$6,407 (253.5%) in the first quarter of fiscal 2012 from the comparable period in the prior year, primarily due to the additional \$569,000 principal amount outstanding on the 5.22% Senior Notes issued on August 9, 2010.

The effective tax rate increased 70 basis points to 38.0% in the first quarter of fiscal year 2012 from 37.3% in the first quarter of fiscal year 2011. The increase in the effective tax rate was due primarily to an increase in uncertain tax positions related to state filing positions in prior years.

Net earnings increased by \$2,105 (5.6%). The increase in net earnings was attributable primarily to increases in gross profit dollars from all three major categories; gas, grocery and other merchandise, and prepared food and fountain. However, this was partially offset by the increases in interest expense, operating expenses and the effective tax rate.

## **Critical Accounting Policies**

Critical accounting policies are those accounting policies that management believes are important to the portrayal of the Company's financial condition and results of operations.

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

## **Table of Contents**

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

Vendor allowances include rebates and other funds received from vendors to promote their products. The Company often receives such allowances on the basis of quantitative contract terms that vary by product and vendor or directly on the basis of purchases made. Vendor rebates in the form of rack display allowances are treated as a reduction in cost of sales and are recognized ratably over the period covered by the applicable rebate agreement. Vendor rebates in the form of billbacks are treated as a reduction in cost of sales and are recognized at the time the product is sold.

**Goodwill.** Goodwill and intangible assets with indefinite lives are tested for impairment at least annually. The Company assesses impairment annually at year-end using a market based approach to establish fair value. All of the goodwill assigned to the individual stores is aggregated into a single reporting unit due to the similar economic characteristics of the stores. As of July 31, 2011, there was \$104,206 of goodwill. Management's analysis of recoverability completed as of the fiscal year end yielded no evidence of impairment and no events have occurred since the annual test indicating a potential impairment.

**Long-lived Assets.** The Company periodically monitors under-performing stores to assess whether the carrying amount of assets may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, a further analysis of the amount of potential impairment is performed. The impairment loss is based on the estimated amount by which carrying value exceeds fair value of the asset group. Fair value is based on management's estimate of the future cash flows to be generated and the amount that could be realized from the sale of assets in a current transaction between willing parties. The estimate is derived from offers, actual sale or disposition of assets subsequent to the reporting period, and other indications of fair value. In determining whether an asset is impaired, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets, which for the Company is generally on a store-by-store basis. Management expects to continue its on-going evaluation of under-performing stores, and may periodically sell specific stores where further operational and marketing efforts are not likely to improve their performance. The Company incurred impairment charges of \$21 during the three months ended July 31, 2011. The Company did not incur any impairment charges during the three months ended July 31, 2010.

**Self-insurance.** The Company is primarily self-insured for employee health care, workers' compensation, general liability, and automobile claims. The self-insurance claim liability is determined actuarially based on claims filed and an estimate of claims incurred but not yet reported. Actuarial projections of the losses are employed due to the high degree of variability in the liability estimates. Some factors affecting the uncertainty of claims include the time frame of development, settlement patterns, litigation and adjudication direction, and medical treatment and cost trends. The liability is not discounted.

**Table of Contents**

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

Due to the nature of the Company's business, cash provided by operations is the Company's primary source of liquidity. The Company finances its inventory purchases primarily from normal trade credit aided by the relatively rapid turnover of inventory. This turnover allows the Company to conduct its operations without large amounts of cash and working capital. As of July 31, 2011, the Company's ratio of current assets to current liabilities was .98 to 1. The ratio at July 31, 2010 and April 30, 2011 was 1.12 to 1 and 1 to 1, respectively. Management believes that the Company's current aggregate \$100,000 bank line of credit, together with cash flow from operations will be sufficient to satisfy the working capital needs of our business.

Net cash provided by operations increased \$59,162 (57.1%) in the three months ended July 31, 2011 from the comparable period in the prior year, primarily as a result of increases in deferred income taxes, accounts payable, accrued expenses, and income taxes payable. Cash used in investing in the three months ended July 31, 2011 increased due to the increase in store acquisitions and the purchase of additional property and equipment. Cash used in financing decreased, primarily due to a decrease in the repayments of long-term debt in the current period.

Capital expenditures represent the single largest use of Company funds. Management believes that by reinvesting in stores, the Company will be better able to respond to competitive challenges and increase operating efficiencies. During the first three months of fiscal 2012, the Company expended \$78,629 primarily for property and equipment, resulting from the construction, acquisition and remodeling of stores, compared to \$39,647 for the comparable period in the prior year. The Company anticipates expending between \$204,000 and \$267,000 in fiscal 2012 for construction, acquisition and remodeling of stores, primarily from existing cash and funds generated by operations.

As of July 31, 2011, the Company had long-term debt, net of current maturities, of \$678,653, consisting of \$569,000 in principal amount of 5.22% Senior Notes, \$100,000 in principal amount of 5.72% Senior Notes, Series A and B, \$9,639 of capital lease obligations, and \$14 of mortgage notes payable.

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

**Table of Contents**

**Cautionary Statements (Dollars in Thousands)**

This Form 10-Q, including the foregoing Management's Discussion and Analysis of Financial Condition and Results of Operations, contains various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements represent the Company's expectations or beliefs concerning future events, including (i) any statements regarding future sales and gross profit percentages, (ii) any statements regarding the continuation of historical trends and (iii) any statements regarding the sufficiency of the Company's cash balances and cash generated from operations and financing activities for the Company's future liquidity and capital resource needs. The words believe, expect, anticipate, intend, estimate, and similar expressions are used to identify forward-looking statements. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including, without limitations, the following factors described more completely in the Form 10-K for the fiscal year ended April 30, 2011:

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

**Gasoline operations.** Gasoline sales are an important part of the Company's sales and earnings, and retail gasoline profit margins have a substantial impact on the Company's net earnings. Profit margins on gasoline sales can be adversely affected by factors beyond the control of the Company, including the supply of gasoline available in the retail gasoline market, uncertainty or volatility in the wholesale gasoline market, increases in wholesale gasoline costs generally during a period and price competition from other gasoline marketers. The market for crude oil and domestic wholesale

**Table of Contents**

petroleum products is marked by significant volatility, and is affected by general political conditions and instability in oil producing regions such as the Middle East and South America. The volatility of the wholesale gasoline market makes it extremely difficult to predict the impact of future wholesale cost fluctuation on the Company's operating results and financial conditions. These factors could materially impact the Company's gasoline gallon volume, gasoline gross profit and overall customer traffic levels at stores. Any substantial decrease in profit margins on gasoline sales or in the number of gallons sold by stores could have a material adverse effect on the Company's earnings.

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

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

**Environmental Compliance Costs.** The United States Environmental Protection Agency and several states, including Iowa, have established requirements for owners and operators of underground gasoline storage tanks (USTs) with regard to (i) maintenance of leak detection, corrosion protection and overfill/spill protection systems; (ii) upgrade of existing tanks; (iii) actions required in the event of a detected leak; (iv) prevention of leakage through tank closings; and (v) required gasoline inventory recordkeeping. Since 1984, new Company stores have been equipped with non-corroding fiberglass USTs, including many with double-wall construction, over-fill protection and electronic tank monitoring. The Company currently has 3,886 USTs, of which 3,058 are fiberglass and 828 are steel. Management believes that its existing gasoline procedures and planned capital expenditures will continue to keep the Company in substantial compliance with all current federal and state UST regulations.

Several of the states in which the Company does business have trust fund programs with provisions for sharing or reimbursing corrective action or remediation

**Table of Contents**

costs incurred by UST owners, including the Company. In each of the years ended April 30, 2011 and 2010, the Company spent approximately \$648 and \$1,083, respectively, for assessments and remediation. During the three months ended July 31, 2011, the Company expended approximately \$239 for such purposes. Substantially all of these expenditures have been submitted for reimbursement from state-sponsored trust fund programs and as of July 31, 2011, approximately \$13,858 has been received from such programs since their inception. Such amounts are typically subject to statutory provisions requiring repayment of the reimbursed funds for non-compliance with upgrade provisions or other applicable laws. No amounts are currently expected to be repaid. The Company has an accrued liability at July 31, 2011 of approximately \$251 for estimated expenses related to anticipated corrective actions or remediation efforts, including relevant legal and consulting costs. Management believes the Company has no material joint and several environmental liability with other parties.

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

Other factors and risks that may cause actual results to differ materially from those in the forward-looking statements include the risk that our cash balances and cash generated from operations and financing activities will not be sufficient for our future liquidity and capital resource needs, tax increases, potential liabilities and expenditures related to compliance with environmental and other laws and regulations, the seasonality of demand patterns, weather conditions, the increased indebtedness that the Company has incurred to purchase shares of our common stock in our self tender offer, and the other risks and uncertainties included from time to time in our filings with the SEC. We further caution you that other factors we have not identified may in the future prove to be important in affecting our business and results of operations. We ask you not to place undue reliance on any forward-looking statements because they speak only of our views as of the statement dates. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**Table of Contents**

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

The Company's exposure to market risk for changes in interest rates relates primarily to our investment portfolio and long-term debt obligations. We place our investments with high-quality credit issuers and, by policy, limit the amount of credit exposure to any one issuer. Our first priority is to reduce the risk of principal loss. Consequently, we seek to preserve our invested funds by limiting default risk, market risk, and reinvestment risk. We mitigate default risk by investing in only high-quality credit securities that we believe to be low risk and by positioning our portfolio to respond appropriately to a significant reduction in a credit rating of any investment issuer or guarantor. The portfolio includes only marketable securities with active secondary or resale markets to ensure portfolio liquidity. We believe an immediate 100-basis-point move in interest rates affecting our floating and fixed rate financial instruments as of July 31, 2011 would have no material effect on pretax earnings.

In the past, we have used derivative instruments such as options and futures to hedge against the volatility of gasoline cost and were at risk for possible changes in the market value of these derivative instruments. No such derivative instruments were used during the three months ended July 31, 2011 and 2010. However, we do from time to time, participate in a forward buy of certain commodities, primarily cheese and coffee.

**Item 4. Controls and Procedures.**

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 240.13a-15(e)). Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's current disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms and such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

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

**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings**

The information required by this Item is set forth in Note 7 to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q and is incorporated herein by this reference.

**Table of Contents**

**Item 1A. Risk Factors**

There have been no material changes in our risk factors from those disclosed in our 2011 Annual Report on Form 10-K.



**Table of Contents****Item 6. Exhibits.**

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

Exhibit	
No.	Description
3.1	Restatement of the Restated and Amended Articles of Incorporation ( <i>incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1996</i> ) and Articles of Amendment thereto ( <i>incorporated by reference from the Current Report on Form 8-K filed April 16, 2010, as amended by the Current Report on Form 8-K/A filed April 19, 2010, and the Current Report on Form 8-K filed May 20, 2011</i> ).
3.2(a)	Second Amended and Restated By-laws ( <i>incorporated by reference from the Current Report on Form 8-K filed June 16, 2009</i> ) and Amendments thereto ( <i>incorporated by reference from the Current Report on Form 8-K filed May 20, 2011 and the Current Report on Form 8-K filed August 2, 2011</i> ).
4.8	Note Purchase Agreement dated as of September 29, 2006 among the Company and the purchasers of the 5.72% Senior Notes, Series A and Series B ( <i>incorporated by reference from the Current Report on Form 8-K filed September 29, 2006</i> ).
4.9	Note Purchase Agreement dated as of August 9, 2010 among the Company and the purchasers of the 5.22% Senior Notes ( <i>incorporated by reference from the Current Report on Form 8-K filed August 10, 2010</i> ).
21(a)	Subsidiaries of Casey's General Stores, Inc. ( <i>incorporated by reference from the Annual Report on Form 10-K for the fiscal year ended April 30, 2010</i> ).
31.1	Certification of Robert J. Myers under Section 302 of the Sarbanes Oxley Act of 2002
31.2	Certification of William J. Walljasper under Section 302 of the Sarbanes Oxley Act of 2002
32.1	Certificate of Robert J. Myers under Section 906 of Sarbanes-Oxley Act of 2002
32.2	Certificate of William J. Walljasper under Section 906 of Sarbanes-Oxley Act of 2002

**Table of Contents**

101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

\* Pursuant to Rule 406T of Regulations S-T, the Interactive Data Files in these exhibits are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

**Table of Contents**

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CASEY S GENERAL STORES, INC.

Date: September 9, 2011

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

**Table of Contents**

**EXHIBIT INDEX**

The following exhibits are filed herewith:

Exhibit	
No.	Description
31.1	Certification of Robert J. Myers under Section 302 of the Sarbanes Oxley Act of 2002
31.2	Certification of William J. Walljasper under Section 302 of the Sarbanes Oxley Act of 2002
32.1	Certificate of Robert J. Myers under Section 906 of Sarbanes-Oxley Act of 2002
32.2	Certificate of William J. Walljasper under Section 906 of Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

\* Pursuant to Rule 406T of Regulations S-T, the Interactive Data Files in these exhibits are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

op" ALIGN="left">having an aggregate value equal to 10% or more of the market value of our outstanding common stock, or

- representing 10% or more of our earning power or net income;

our board of directors approves the business combination before the date such person becomes an affiliated shareholder; or

issuances or transfers of securities by us to an affiliated shareholder other than on a pro rata basis;

plans or agreements relating to our liquidation or dissolution involving an affiliated shareholder;

## **Table of Contents**

reclassifications, recapitalizations, distributions or other transactions that would have the effect of increasing an affiliated shareholders percentage ownership of our outstanding voting stock; and

the receipt of tax, guarantee, pledge, loan or other financial benefits by an affiliated shareholder other than proportionally as one of our shareholders.

### **Liability and Indemnification of Officers and Directors**

Our articles of incorporation and bylaws provide for indemnification of our directors to the fullest extent permitted by applicable law. Article 2.02-1 of the TBCA provides that a Texas corporation may indemnify its directors and officers against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by them in connection with any suit or proceeding, whether civil, criminal, administrative or investigative if, in connection with the matters in issue, they acted in good faith and in a manner they reasonably believed to be in, or not opposed to, the best interests of the corporation and, in connection with any criminal suit or proceeding, if in connection with the matters in issue, they had no reasonable cause to believe their conduct was unlawful. In addition, we have entered into indemnification agreements with our directors and certain officers. These provisions and agreements may have the practical effect in certain cases of eliminating the ability of our shareholders to collect monetary damages from directors and executive officers. We believe that these contractual agreements and the provisions in our articles of incorporation and bylaws are necessary to attract and retain qualified persons as directors and executive officers.

### **Written Consent of Shareholders**

Our articles of incorporation provide that any action by our shareholders must be taken at an annual or special meeting of shareholders. Special meetings of the shareholders may be called only by holders of not less than 30% of all the shares entitled to vote or by the Chairman of the Board, the President or the Board of Directors.

### **Advance Notice Procedure for Shareholder Proposals**

Our bylaws establish an advance notice procedure for the nomination of candidates for election as directors as well as for shareholder proposals to be considered at annual meetings of shareholders. In general, notice of intent to nominate a director must contain specific information concerning the person to be nominated and must be delivered to and received at our principal executive offices as follows:

with respect to an election to be held at the annual meeting of shareholders, not less than 90 days nor more than 120 days prior to the first anniversary date of the preceding year's annual meeting of shareholders; and

with respect to an election to be held at a special meeting of shareholders for the election of directors, not earlier than the close of business on the 120<sup>th</sup> day prior to the special meeting and not later than the close of business on the later of the 90<sup>th</sup> day prior to the special meeting or the 10<sup>th</sup> day following the day on which public disclosure is first made of the date of the special meeting.

Notice of shareholders' intent to raise business at an annual meeting must be delivered to and received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the preceding year's annual meeting of shareholders. These procedures may operate to limit the ability of shareholders to bring business before a shareholders meeting, including with respect to the nomination of directors or considering any transaction that could result in a change of control.

**Table of Contents**

**Removal of Director**

Our bylaws provide that neither any director nor the board of directors may be removed without cause and that any removal for cause would require the affirmative vote of the holders of at least 60% of the voting power of the outstanding capital stock entitled to vote for the election of directors.

**Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Computershare Investor Services L.L.C.

**Table of Contents**

**DESCRIPTION OF DEPOSITARY SHARES**

**General**

We may offer fractional shares of preferred stock, rather than full shares of preferred stock. If we decide to offer fractional shares of preferred stock, we will issue receipts for depositary shares. Each depositary share will represent a fraction of a share of a particular series of preferred stock. The prospectus supplement will indicate that fraction. The shares of preferred stock represented by depositary shares will be deposited under a depositary agreement between us and a bank or trust company that meets certain requirements and is selected by us (the Bank Depositary ). Each owner of a depositary share will be entitled to all the rights and preferences of the preferred stock represented by the depositary share. The depositary shares will be evidenced by depositary receipts issued pursuant to the depositary agreement. Depositary receipts will be distributed to those persons purchasing the fractional shares of preferred stock in accordance with the terms of the offering.

We have summarized selected provisions of a depositary agreement and the related depositary receipts. The summary is not complete. The forms of the depositary agreement and the depositary receipts relating to any particular issue of depositary shares will be filed with the SEC via a Current Report on Form 8-K prior to our offering of the depositary shares, and you should read such documents for provisions that may be important to you.

**Dividends and Other Distributions**

If we pay a cash distribution or dividend on a series of preferred stock represented by depositary shares, the Bank Depositary will distribute such dividends to the record holders of such depositary shares. If the distributions are in property other than cash, the Bank Depositary will distribute the property to the record holders of the depositary shares. However, if the Bank Depositary determines that it is not feasible to make the distribution of property, the Bank Depositary may, with our approval, sell such property and distribute the net proceeds from such sale to the record holders of the depositary shares.

**Redemption of Depositary Shares**

If we redeem a series of preferred stock represented by depositary shares, the Bank Depositary will redeem the depositary shares from the proceeds received by the Bank Depositary in connection with the redemption. The redemption price per depositary share will equal the applicable fraction of the redemption price per share of the preferred stock. If fewer than all the depositary shares are redeemed, the depositary shares to be redeemed will be selected by lot or pro rata as the Bank Depositary may determine.

**Voting the Preferred Stock**

Upon receipt of notice of any meeting at which the holders of the preferred stock represented by depositary shares are entitled to vote, the Bank Depositary will mail the notice to the record holders of the depositary shares relating to such preferred stock. Each record holder of these depositary shares on the record date (which will be the same date as the record date for the preferred stock) may instruct the Bank Depositary as to how to vote the preferred stock represented by such holder's depositary shares. The Bank Depositary will endeavor, insofar as practicable, to vote the amount of the preferred stock represented by such depositary shares in accordance with such instructions, and we will take all action which the Bank Depositary deems necessary in order to enable the Bank Depositary to do so. The Bank Depositary will abstain from voting shares of the preferred stock to the extent it does not receive specific instructions from the holders of depositary shares representing such preferred stock.

**Amendment and Termination of the Depositary Agreement**

The form of depositary receipt evidencing the depositary shares and any provision of the depositary agreement may be amended by agreement between the Bank Depositary and us. However, any amendment that

## **Table of Contents**

materially and adversely alters the rights of the holders of depositary shares will not be effective unless such amendment has been approved by the holders of at least a majority of the depositary shares then outstanding. The depositary agreement may be terminated by the Bank Depositary or us only if (1) all outstanding depositary shares have been redeemed or (2) there has been a final distribution in respect of the preferred stock in connection with any liquidation, dissolution or winding up of our company and such distribution has been distributed to the holders of depositary receipts.

### **Charges of Bank Depositary**

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will pay charges of the Bank Depositary in connection with the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary receipts will pay other transfer and other taxes and governmental charges and any other charges, including a fee for the withdrawal of shares of preferred stock upon surrender of depositary receipts, as are expressly provided in the depositary agreement to be for their accounts.

### **Withdrawal of Preferred Stock**

Upon surrender of depositary receipts at the principal office of the Bank Depositary, subject to the terms of the depositary agreement, the owner of the depositary shares may demand delivery of the number of whole shares of preferred stock and all money and other property, if any, represented by those depositary shares. Partial shares of preferred stock will not be issued. If the depositary receipts delivered by the holder evidence a number of depositary shares in excess of the number of depositary shares representing the number of whole shares of preferred stock to be withdrawn, the Bank Depositary will deliver to such holder at the same time a new depositary receipt evidencing the excess number of depositary shares. Holders of preferred stock thus withdrawn may not thereafter deposit those shares under the depositary agreement or receive depositary receipts evidencing depositary shares therefor.

### **Miscellaneous**

The Bank Depositary will forward to holders of depositary receipts all reports and communications from us that are delivered to the Bank Depositary and that we are required to furnish to the holders of the preferred stock.

Neither the Bank Depositary nor we will be liable if we are prevented or delayed by law or any circumstance beyond our control in performing our obligations under the depositary agreement. The obligations of the Bank Depositary and us under the depositary agreement will be limited to performance in good faith of our duties thereunder, and neither of us will be obligated to prosecute or defend any legal proceeding in respect of any depositary shares or preferred stock unless satisfactory indemnity is furnished. Further, both of us may rely upon written advice of counsel or accountants, or upon information provided by persons presenting preferred stock for deposit, holders of depositary receipts or other persons believed to be competent and on documents believed to be genuine.

### **Resignation and Removal of Bank Depositary**

The Bank Depositary may resign at any time by delivering to us notice of its election to do so, and we may at any time remove the Bank Depositary. Any such resignation or removal will take effect upon the appointment of a successor Bank Depositary and its acceptance of such appointment. Such successor Bank Depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50 million.



**Table of Contents**

**DESCRIPTION OF SECURITIES WARRANTS**

We may issue warrants for the purchase of our common stock and preferred stock. Warrants may be issued independently or together with debt securities, preferred stock or common stock offered by any prospectus supplement and may be attached to or separate from any such offered securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a bank or trust company, as warrant agent, all as set forth in the prospectus supplement relating to the particular issue of warrants. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders of warrants or beneficial owners of warrants. The following summary of certain provisions of the warrants does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the warrant agreements.

You should refer to the prospectus supplement relating to a particular issue of warrants for the terms of and information relating to the warrants, including, where applicable:

- (1) the number of shares of common stock purchasable upon exercise of the warrants and the price at which such number of shares of common stock may be purchased upon exercise of the warrants;
- (2) the date on which the right to exercise the warrants commences and the date on which such right expires (the Expiration Date );
- (3) United States federal income tax consequences applicable to the warrants;
- (4) the amount of the warrants outstanding as of the most recent practicable date; and
- (5) any other terms of the warrants.

Warrants will be offered and exercisable for United States dollars only. Warrants will be issued in registered form only. Each warrant will entitle its holder to purchase such number of shares of common stock at such exercise price as is in each case set forth in, or calculable from, the prospectus supplement relating to the warrants. The exercise price may be subject to adjustment upon the occurrence of events described in such prospectus supplement. After the close of business on the Expiration Date (or such later date to which we may extend such Expiration Date), unexercised warrants will become void. The place or places where, and the manner in which, warrants may be exercised will be specified in the prospectus supplement relating to such warrants.

Prior to the exercise of any warrants, holders of the warrants will not have any of the rights of holders of common stock, including the right to receive payments of any dividends on the common stock purchasable upon exercise of the warrants, or to exercise any applicable right to vote.

**Table of Contents**

**PLAN OF DISTRIBUTION**

We may sell securities pursuant to this prospectus in or outside the United States (a) through underwriters or dealers, (b) through agents or (c) directly to one or more purchasers, including our existing shareholders in a rights offering. The prospectus supplement relating to any offering of securities will include the following information:

the terms of the offering;

the name or names of any underwriters, dealers or agents;

the name or names of any managing underwriter or underwriters;

the purchase price of the securities from us;

the net proceeds to us from the sale of the securities;

any delayed delivery arrangements;

any underwriting discounts, commissions and other items constituting underwriters' compensation;

any initial public offering price;

any discounts or concessions allowed or reallocated or paid to dealers; and

any commissions paid to agents.

**Sale Through Underwriters or Dealers**

If we use underwriters in the sale, the underwriters will acquire the securities for their own account. The underwriters may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may offer securities to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. Unless we inform you otherwise in the prospectus supplement, the obligations of the underwriters to purchase the securities will be subject to certain conditions, and the underwriters will be obligated to purchase all the offered securities if they purchase any of them. The underwriters may change from time to time any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers.

During and after an offering through underwriters, the underwriters may purchase and sell the securities in the open market. These transactions may include stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act of 1934 (the Exchange Act).

## Edgar Filing: CASEYS GENERAL STORES INC - Form 10-Q

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.

Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of

## **Table of Contents**

shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions. These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of the offered securities or preventing or retarding a decline in the market price of the offered securities. As a result, the price of the offered securities may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

If we use dealers in the sale of securities, the securities will be sold directly to them as principals. They may then resell those securities to the public at varying prices determined by the dealers at the time of resale.

### **Direct Sales and Sales Through Agents**

We may sell the securities directly. In this case, no underwriters or agents would be involved. We may sell securities upon the exercise of rights that we may issue to our securityholders. We may also sell the securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act of 1933 with respect to any sale of those securities.

We may sell the securities through agents we designate from time to time. Unless we inform you otherwise in the prospectus supplement, any agent will agree to use its reasonable best efforts to solicit purchases for the period of its appointment.

### **Delayed Delivery Contracts**

If we so indicate in the prospectus supplement, we may authorize agents, underwriters or dealers to solicit offers from certain types of institutions to purchase securities from us at the public offering price under delayed delivery contracts. These contracts would provide for payment and delivery on a specified date in the future. The contracts would be subject only to those conditions described in the prospectus supplement. The prospectus supplement will describe the commission payable for solicitation of those contracts.

### **General Information**

We may have agreements with the agents, dealers and underwriters to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments that the agents, dealers or underwriters may be required to make. Agents, dealers and underwriters may be customers of, engage in transactions with or perform services for us in the ordinary course of their business.

## **LEGAL MATTERS**

The validity of equity securities will be passed upon for us by Adams and Reese LLP, Houston, Texas and the validity of debt securities will be passed upon for us by Vinson & Elkins L.L.P., Houston, Texas. Legal counsel to any underwriters may pass upon legal matters for such underwriters. Virginia Boulet of Adams and Reese LLP serves as a director of W&T Offshore, Inc.

**Table of Contents**

**EXPERTS**

The consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2005 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are, and audited consolidated financial statements to be included in subsequently filed documents will be, incorporated herein by reference in reliance upon the reports of Ernst & Young LLP pertaining to such consolidated financial statements (to the extent covered by consents filed with the Securities and Exchange Commission) given on the authority of such firm as experts in accounting and auditing.

Certain estimates of proved oil and gas reserves for W&T Offshore, Inc. incorporated by reference herein were based in part upon an engineering report prepared by Netherland, Sewell & Associates, Inc., independent petroleum engineers. These estimates are included and incorporated herein in reliance on the authority of such firm as an expert in such matters.

**Table of Contents****PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****Item 14. Other Expenses of Issuance and Distribution.**

The following table sets forth all expenses payable by W&T Offshore, Inc. (sometimes referred to as the Company in this Part II of the registration statement) in connection with the issuance and distribution of the securities. All the amounts shown are estimates, except the registration fee.

Securities and Exchange Commission registration fee	\$ *
Fees and expenses of accountants	40,000
Fees and expenses of legal counsel	50,000
Printing expenses	5,000
Miscellaneous	4,000
 Total	 \$ 99,000

\* Under SEC Rule 456(b) and 457(r), the SEC registration fee will be paid at the time of any particular offering of securities under the registration statement, and is therefore not currently determinable.

**Item 15. Indemnification of Directors and Officers.**

Under the provisions of Article 2.02.A(16) and Article 2.02-1 of the Texas Business Corporation Act and Article VI of our Amended and Restated Bylaws, we may indemnify our directors, officers, employees and agents and purchase and maintain liability insurance for those persons. Article 2.02-1 provides that any director or officer of a Texas corporation may be indemnified against judgments, penalties, fines, settlements and reasonable expenses actually incurred by him in connection with or in defending any action, suit or proceeding in which he is a party by reason of his position. With respect to any proceeding arising from actions taken in his official capacity as a director or officer, he may be indemnified so long as it shall be determined that he conducted himself in good faith and that he reasonably believed that such conduct was in the corporation's best interests. In cases not concerning conduct in his official capacity as a director or officer, a director may be indemnified as long as he reasonably believed that his conduct was not opposed to the corporation's best interests. In the case of any criminal proceeding, a director or officer may be indemnified if he had no reasonable cause to believe his conduct was unlawful. If a director or officer is wholly successful, on the merits or otherwise, in connection with such a proceeding, such indemnification is mandatory.

Our articles of incorporation provide for indemnification of our directors to the full extent permitted by applicable law. Article VI of our bylaws provides, in general, that we will indemnify our directors under the circumstances permitted under the Texas Business Corporation Act. In addition, we have entered into indemnification agreements with our directors. These agreements provide that if a director is a party or is threatened to be made a party to any action, we will indemnify the director and hold the director harmless against any and all liabilities or losses incurred in connection with such action if it arises out of or is related to the fact that the director is or was serving as a director, to the fullest extent permitted by then applicable law. Further, if Texas law is amended to authorize the further elimination or limitation of directors' liability, then the liability of our directors will automatically be limited to the fullest extent provided by law.

**Item 16. Exhibits.**

The following documents are filed as exhibits to this registration statement:

Edgar Filing: CASEYS GENERAL STORES INC - Form 10-Q

- 1.1\* Form of Underwriting Agreement.
- 3.1 Amended and Restated Articles of Incorporation of W&T Offshore, Inc. Incorporated by reference to Exhibit 3.1 of the Company's Current Report filed on February 24, 2006.

II-1

---

**Table of Contents**

3.2	Amended and Restated Bylaws of W&T Offshore, Inc. Incorporated by reference to Exhibit 3.2 of the Company's Registration Statement on Form S-1 (File No. 333-115103).
4.1**	Form of Senior Indenture.
4.2**	Form of Subordinated Indenture.
4.3*	Form of Warrant Agreement.
4.4*	Form of Warrant Certificate.
4.5*	Form of Debt Securities.
4.6*	Form of Depositary Agreement.
4.7*	Form of Depositary Receipt.
5.1**	Opinion of Vinson & Elkins L.L.P. as to the legality of the securities being registered.
5.2**	Opinion of Adams and Reese LLP as to the legality of the securities being registered.
12.1**	Statement of Computation of Ratio of Earnings to Fixed Charges and Earnings to Fixed Charges Plus Preferred Stock Dividends.
23.1**	Consent of Independent Registered Public Accounting Firm.
23.2**	Consent of Independent Petroleum Engineers and Geologists.
23.3**	Consent of Vinson & Elkins L.L.P. (contained in Exhibits 5.1).
23.4**	Consent of Adams and Reese LLP (contained in Exhibits 5.2).
24.1**	Powers of Attorney (contained on signature pages).
25.1**	Form T-1 Statement of Eligibility and Qualification respecting the Senior Indenture.
25.2**	Form T-1 Statement of Eligibility and Qualification respecting the Subordinated Indenture.

---

\* To be filed by amendment or as an exhibit to a current report on Form 8-K of the registrant.

\*\* Filed herewith.

**Item 17. Undertakings.**

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.



**Table of Contents**

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by registrants pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of each Registrant pursuant to the foregoing provisions, or otherwise, each Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a Registrant of expenses incurred or paid by a director, officer or controlling person of a Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, that Registrant will, unless in the opinion of its counsel the has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(6) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by a Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

**Table of Contents**

(7) That, for the purpose of determining liability of a Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, each undersigned Registrant undertakes that in a primary offering of securities of an undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of an undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of an undersigned Registrant or used or referred to by an undersigned Registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about an undersigned Registrant or its securities provided by or on behalf of an undersigned Registrant; and

(iv) Any other communication that is an offer in the offering made by an undersigned Registrant to the purchaser.

**Table of Contents****SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on this 3rd day of April, 2006.

W&T OFFSHORE, INC.

By: /s/ TRACY W. KROHN  
Tracy W. Krohn

**President and Chief Executive Officer**

KNOW ALL MEN BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Tracy W. Krohn and W. Reid Lea, and each of them, either one of whom may act without joinder of the other, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all pre- and post-effective amendments to this Registration Statement (including any Registration Statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or the substitute or substitutes of any or all of them, may lawfully do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons, in the capacities and on the date indicated.

<b>Signature</b>	<b>Capacity</b>	<b>Date</b>
/s/ TRACY W. KROHN <b>Tracy W. Krohn</b>	Chairman, Chief Executive Officer, President, Treasurer and Director (Principal Executive Officer)	April 3, 2006
/s/ WILLIAM W. TALAFUSE <b>William W. Talafuse</b>	Senior Vice President, interim Chief Financial Officer and Chief Accounting Officer (Principal Financial and Accounting Officer)	April 3, 2006
/s/ VIRGINIA BOULET <b>Virginia Boulet</b>	Director	April 3, 2006
/s/ JEROME F. FREEL <b>Jerome F. Freel</b>	Secretary and Director	April 3, 2006
/s/ STUART B. KATZ <b>Stuart B. Katz</b>	Director	April 3, 2006
/s/ JAMES L. LUIKART <b>James L. Luikart</b>	Director	April 3, 2006
/s/ S. JAMES NELSON, JR.	Director	April 3, 2006

S. James Nelson, Jr.

II-5

**Table of Contents**

**INDEX TO EXHIBITS**

1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Articles of Incorporation of W&T Offshore, Inc. Incorporated by reference to Exhibit 3.1 of the Company's Current Report filed on February 24, 2006.
3.2	Amended and Restated Bylaws of W&T Offshore, Inc. Incorporated by reference to Exhibit 3.2 of the Company's Registration Statement on Form S-1 (File No. 333-115103).
4.1**	Form of Senior Indenture.
4.2**	Form of Subordinated Indenture.
4.3*	Form of Warrant Agreement.
4.4*	Form of Warrant Certificate.
4.5*	Form of Debt Securities.
4.6*	Form of Depositary Agreement.
4.7*	Form of Depositary Receipt.
5.1**	Opinion of Vinson & Elkins L.L.P. as to the legality of the securities being registered.
5.2**	Opinion of Adams and Reese LLP as to the legality of the securities being registered.
12.1**	Statement of Computation of Ratio of Earnings to Fixed Charges and Earnings to Fixed Charges Plus Preferred Stock Dividends.
23.1**	Consent of Independent Registered Public Accounting Firm.
23.2**	Consent of Independent Petroleum Engineers and Geologists.
23.3**	Consent of Vinson & Elkins L.L.P. (contained in Exhibits 5.1).
23.4**	Consent of Adams and Reese LLP (contained in Exhibits 5.2).
24.1**	Powers of Attorney (contained on signature pages).
25.1**	Form T-1 Statement of Eligibility and Qualification respecting the Senior Indenture.
25.2**	Form T-1 Statement of Eligibility and Qualification respecting the Subordinated Indenture.

---

\* To be filed by amendment or as an exhibit to a current report on Form 8-K of the registrant.

\*\* Filed herewith.