

ISLE OF CAPRI CASINOS,
INC.

PART 2 OF 7

APPENDIX 11

11.A ANNUAL REPORTS PREPARED ON THE SEC'S 10K FOR THE LAST FIVE (5) YEARS.

Please see the CD attached in Appendix 8 which contains the responses to Appendix 8, 9, 11, 12, 13, 14, 15, and 16.

**11.B COPIES OF ANNUAL OR QUARTERLY FILINGS FOR THE LAST FIVE (5) YEARS
REQUIRED UNDER THE LAWS OF A REGULATORY AGENCY OF ANOTHER COUNTRY.**

None.

ISLE OF CAPRI CASINOS INC (ISLE)

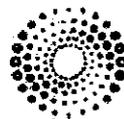
10-K

Annual report pursuant to section 13 and 15(d)

Filed on 06/14/2012

Filed Period 04/29/2012

THOMSON REUTERS ACCELUS™



THOMSON REUTERS

Use these links to rapidly review the document

TABLE OF CONTENTS

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 29, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 0-20538

ISLE OF CAPRI CASINOS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

41-1659606
(I.R.S. Employer
Identification Number)

600 Emerson Road, Suite 300, St. Louis, Missouri
(Address of principal executive offices)

63141
(Zip Code)

Registrant's telephone number, including area code: (314) 813-9200

Securities Registered Pursuant to Section 12(b) of the Act:

Common Stock, \$01 Par Value Per Share
(Title of Class)

Securities Registered Pursuant to Section 12(g) of the Act:

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 (§ 229.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a
smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting stock held by non-affiliates⁽¹⁾ of the Company is \$17,115,786, based on the last reported sale price of \$5.19 per share on October 24, 2011 on the NASDAQ Stock Market; multiplied by 22,565,662 shares of Common Stock outstanding and held by non-affiliates of the Company on such date.

As of June 8, 2012, the Company had a total of 38,982,281 shares of Common Stock outstanding (which excludes 3,083,867 shares held by us in treasury).

Part III incorporates information by reference to the Registrant's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year.

(1) Affiliates for the purpose of this item refer to the directors, named executive officers and/or persons owning 10% or more of the Company's common stock, both of record and beneficially; however, this determination does not constitute an admission of affiliate status for any of the individual stockholders.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

FORM 10-K

INDEX

	<u>PAGE</u>
<u>PART I</u>	<u>2</u>
<u>ITEM 1. BUSINESS</u>	<u>2</u>
<u>ITEM 1A. RISK FACTORS</u>	<u>11</u>
<u>ITEM 1B. UNRESOLVED STAFF COMMENTS</u>	<u>20</u>
<u>ITEM 2. PROPERTIES</u>	<u>20</u>
<u>ITEM 3. LEGAL PROCEEDINGS</u>	<u>24</u>
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	<u>25</u>
<u>PART II</u>	<u>25</u>
<u>ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	<u>25</u>
<u>ITEM 6. SELECTED FINANCIAL DATA</u>	<u>27</u>
<u>ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>29</u>
<u>ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>43</u>
<u>ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	<u>45</u>
<u>ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	<u>89</u>
<u>ITEM 9A. CONTROLS AND PROCEDURES</u>	<u>89</u>
<u>ITEM 9B. OTHER INFORMATION</u>	<u>89</u>
<u>PART III</u>	<u>90</u>

<u>ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	<u>90</u>
<u>ITEM 11. EXECUTIVE COMPENSATION</u>	<u>90</u>
<u>ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	<u>90</u>
<u>ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS; DIRECTOR INDEPENDENCE</u>	<u>90</u>
<u>ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	<u>90</u>
<u>PART IV</u>	<u>91</u>
<u>ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES</u>	<u>91</u>
<u>SIGNATURES</u>	<u>92 - 93</u>

Table of Contents

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains statements that we believe are, or may be considered to be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this Annual Report regarding the prospects of our industry or our prospects, plans, financial position or business strategy, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as "may," "will," "expect," "intend," "estimate," "foresee," "project," "anticipate," "believe," "plans," "forecasts," "continue" or "could" or the negatives of these terms or variations of them or similar terms. Furthermore, such forward-looking statements may be included in various filings that we make with the SEC or press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include, but are not limited to, those discussed in the section entitled "Risk Factors" beginning on page 11 of this report. Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Annual Report.

Table of Contents

PART I

ITEM 1. BUSINESS

Overview

We are a leading developer, owner and operator of regional gaming facilities and related dining, lodging and entertainment facilities in the United States. We currently own and operate 15 gaming and entertainment facilities in Louisiana, Mississippi, Missouri, Iowa, Colorado and Florida. Collectively, these properties feature approximately 14,000 slot machines and over 330 table games (including approximately 90 poker tables) over 3,000 hotel rooms and more than 45 restaurants. We also operate a harness racing track at our casino in Florida. Our portfolio of properties provides us with a diverse geographic footprint that minimizes geographically concentrated risks caused by weather, regional economic difficulties, gaming tax rates and regulations imposed by local gaming authorities.

We operate primarily under two brands, Isle and Lady Luck. Isle-branded facilities are generally in larger markets with a larger regional draw and offer expanded amenities, whereas Lady Luck-branded facilities are typically in smaller markets drawing primarily from a local customer base. Our senior management team has over 200 collective years of experience spanning 20 states and multiple foreign jurisdictions. This team has established and executed against a strategic plan for growth focusing on three core principles, (1) refined fiscal discipline, (2) restyled customer experiences, and (3) a renewed asset base.

1. *Refined Fiscal Discipline*—We believe that our business benefits from a cost-effective approach to creating valuable customer experiences and a stronger balance sheet. We focus on fiscal discipline by utilizing technology and our customer research platform, responsibly reducing our cost structure and identifying opportunities for operating efficiencies at our properties.

Over the past four fiscal years, since current management joined the Company, we have reduced our debt by approximately \$350 million, or 23%, and reduced our leverage ratio through the disciplined application of our free cash flow and a series of financing transactions including retiring approximately \$143 million of debt through a tender offer for approximately \$83 million, a \$51 million equity offering, a senior notes offering and an extension of our senior secured credit facility. We plan to maintain this discipline through continued efforts to further reduce our overhead costs, achieving operating efficiencies by realigning our casino floors, and applying cost discipline in the evaluation and execution of future capital projects.

2. *Restyled Customer Experiences*—We focus on customer satisfaction and delivering superior guest experiences by providing popular gaming, dining and entertainment experiences that are designed to exceed customer expectations in a clean, safe, friendly and fun environment. We have introduced initiatives to increase customer time on device, refreshed several of our casino floors, and introduced an improved loyalty program, and have introduced several targeted non-gaming amenities.

These non-gaming amenities have included the development of several custom food, beverage and entertainment offerings, including the introduction of Lone Wolf bars and Otis and Henry's restaurants, a new buffet concept called Farmer's Pick, focused on locally-sourced, fresh food and a live entertainment series, Jester's Jam. In fiscal 2013, we expect to add additional Farmer's Pick Buffets, new Otis and Henry's restaurants and Lone Wolf bars across several of our properties, and to complete the introduction of our enhanced customer loyalty program, the Fan Club, at our remaining properties aimed to attract new customers and increase visitation.

3. *Renewed Asset Base*—We believe our long-term success will depend substantially upon increasing the quality, reach and scope of our operating portfolio, including new-build developments, acquisitions, rebranding projects and, where appropriate, asset sales. Recently we have renovated the

Table of Contents

gaming floors at our Lake Charles, Louisiana and Black Hawk, Colorado properties. Currently we are in the process of renovating hotel rooms at each of these locations.

We have completed the Lady Luck rebranding of our facilities in Marquette, Iowa, Caruthersville, Missouri and one of our two facilities in Black Hawk, Colorado. We currently are rebranding Rainbow Casino in Vicksburg, Mississippi to a Lady Luck and expect to be completed by the end of the second quarter of fiscal 2013. We anticipate rebranding additional facilities in the future.

We were selected by regulatory agencies to develop an Isle-branded \$135 million gaming and entertainment facility in Cape Girardeau, Missouri, as well as a Lady Luck-branded facility at Nemacolin Woodlands Resort in Fayette County, Pennsylvania. Subject to regulatory approval we anticipate opening our facility in Cape Girardeau by November 1, 2012. An appeal has been filed by one of the other applicants regarding the selection by the Pennsylvania Gaming Board to award a casino to the facility at Nemacolin Woodlands Resort. The appeal is under consideration by the Pennsylvania Supreme Court. No date has been determined for an expected ruling or the ultimate resolution of the matter. Following a successful resolution to the appeal and the receipt of any necessary regulatory or other approvals, we anticipate construction on the facility would take approximately nine months.

During fiscal 2012, we sold one of our two riverboat licenses in Lake Charles, Louisiana and entered into an agreement to sell our facility in Biloxi, Mississippi for approximately \$45 million. We expect the sale of the Biloxi facility to close by the end of Summer 2012.

In addition to the items discussed above, we plan to continue to refresh our hotel room product, pursue third-party development partners for additional hotel and restaurant concepts, consider opportunistic monetization of non-core operating assets and renovate select facilities to improve our product offerings.

Table of Contents

Casino Properties

The following is an overview of our existing casino properties as of April 29, 2012:

Property	Date Acquired or Opened	Slot Machines	Table Games	Hotel Rooms	Parking Spaces
<i>Louisiana</i>					
Lake Charles	July 1995	1,275	48	493	2,335
<i>Mississippi</i>					
Lula	March 2000	1,024	23	485	1,611
Natchez	March 2000	583	9	141	645
Vicksburg	June 2010	695	8	—	977
<i>Missouri</i>					
Kansas City	June 2000	1,081	20	—	1,715
Boonville	December 2001	940	19	140	1,101
Caruthersville	June 2007	595	16	—	1,000
<i>Iowa</i>					
Bettendorf	March 2000	988	22	514	2,057
Rhythm City—Davenport	October 2000	931	14	—	911
Marquette	March 2000	590	7	—	480
Waterloo	June 2007	1,013	27	195	1,500
<i>Colorado</i>					
Isle Casino Hotel-Black Hawk	December 1998	957	31	238	1,100
Lady Luck Casino-Black Hawk	April 2003	522	16	164	1,200
<i>Florida</i>					
Pompano Park	July 1995/April 2007	1,454	38	—	3,800
		12,648	298	2,370	20,432
<i>Assets Held for Sale</i>					
Biloxi, Mississippi	August 1992	1,136	38	709	1,512
		13,784	336	3,079	21,944

Louisiana

Lake Charles

Our Lake Charles property commenced operations in July 1995 and is located on a 19-acre site along Interstate 10, the main thoroughfare connecting Houston, Texas to Lake Charles, Louisiana. In February 2012 we consolidated our gaming operations onto one gaming vessel offering 1,275 slot machines, 48 table games, 8 poker tables, two hotels offering 493 rooms, a 105,000 square foot land-based pavilion and entertainment center, and 2,335 parking spaces, including approximately 1,400 spaces in an attached parking garage. The pavilion and entertainment center offer customers a wide variety of non-gaming amenities, including a 109-seat Otis & Henry's restaurant, a 290-seat Calypso's buffet, a 64-seat Lucky Wins Asian-inspired restaurant, which also includes a grab and go deli, and Caribbean Cove featuring free live entertainment and can accommodate 180 guests. The pavilion also has a 14,750 square foot entertainment center comprised of a 1,100-seat special events center designed for concerts, banquets and other events, meeting facilities and administrative offices.

The Lake Charles market currently consists of two dockside gaming facilities, a Native American casino and a pari-mutuel facility/racino. The current number of slot machines in the market is approximately 7,800 machines and table games are approximately 240 tables. In calendar year 2011, the two gaming facilities and one racino, in the aggregate, generated gaming revenues of approximately \$673 million. Revenues for the Native American property are not published. Gaming revenues for our

Table of Contents

Lake Charles property for calendar year 2011 were approximately \$142 million. Lake Charles is the closest gaming market to the Houston metropolitan area, which has a population of approximately 5.5 million and is located approximately 140 miles west of Lake Charles. We believe that our Lake Charles property attracts customers primarily from southeast Texas, including Houston, Beaumont, Galveston, Orange and Port Arthur and from local area residents. Approximately 500,000 and 1.6 million people reside within 50 and 100 miles, respectively, of the Lake Charles property.

Mississippi

Lula

Our Lula property, which we acquired in March 2000, is strategically located off of Highway 49, the only road crossing the Mississippi River between Mississippi and Arkansas for more than 50 miles in either direction. The property consists of two dockside casinos containing 1,024 slot machines and 23 table games, two on-site hotels with a total of 485 rooms, a land-based pavilion and entertainment center, 1,611 parking spaces, and a 28-space RV Park. The pavilion and entertainment center offer a wide variety of non-gaming amenities, including a 122-seat Farradays' restaurant, a 283-seat Calypso's buffet and a 35-seat Tradewinds Marketplace, and a gift shop.

Our Lula property is the only gaming facility in Coahoma County, Mississippi and generated net gaming revenues of approximately \$56 million in calendar year 2011. Lula draws a significant amount of business from the Little Rock, Arkansas metropolitan area, which has a population of approximately 710,000 and is located approximately 120 miles west of the property. Coahoma County is also located approximately 60 miles southwest of Memphis, Tennessee, which is primarily served by nine casinos in Tunica County, Mississippi. Approximately 1.1 million people reside within 60 miles of the property. Lula also competes with Native American casinos in Oklahoma and a racino in West Memphis, Arkansas.

Natchez

Our Natchez property, which we acquired in March 2000, is located off of Highways 84 and 61 in western Mississippi. The property consists of a dockside casino offering 583 slot machines and 9 table games, a 141-room off-site hotel located approximately one mile from the casino, a 150-seat Calypso's buffet and 645 parking spaces.

Our Natchez property is currently the only gaming facility in the Natchez market and generated total gaming revenues of approximately \$29 million in calendar year 2011. We believe that the Natchez property attracts customers primarily from among the approximately 350,000 people residing within 60 miles of the Natchez property.

Vicksburg

Our Vicksburg property, which we acquired in June 2010, is located off Interstate 20 and Highway 61 in western Mississippi, approximately 50 miles west of Jackson, Mississippi. The property consists of a dockside casino offering 695 slot machines and eight table games, a 224-seat Riverview Buffet, a 26-seat Crossroads Deli and 977 parking spaces.

The Vicksburg market consists of five dockside casinos which generated total gaming revenues of approximately \$261 million in calendar year 2011. Our Vicksburg property generated gaming revenues of approximately \$40 million in calendar year 2011. Approximately 700,000 people reside within 60 miles of the property.

Table of Contents

Missouri

Kansas City

Our Kansas City property, which we acquired in June 2000, is the closest gaming facility to downtown Kansas City and consists of a dockside casino offering 1,081 slot machines and 20 table games, a 202-seat Calypso's buffet, a 176-seat Lone Wolf restaurant, a 32-seat Tradewinds Marketplace and 1,715 parking spaces.

The Kansas City market consists of four dockside gaming facilities, a land-based facility which opened in February 2012 and a Native American casino. Operating statistics for the Native American casino are not published. The four dockside gaming facilities generated gaming revenues of approximately \$710 million in calendar year 2011. Our Kansas City property generated gaming revenues of approximately \$85 million during calendar year 2011. We believe that our Kansas City casino attracts customers primarily from the Kansas City metropolitan area, which has approximately 1.9 million residents

Boonville

Our Boonville property, which opened in December 2001, is located three miles off Interstate 70, approximately halfway between Kansas City and St. Louis. The property consists of a single level dockside casino offering 940 slot machines, 19 table games, a 140-room hotel, a 32,400 square foot pavilion and entertainment center and 1,101 parking spaces. In February 2012 the Company launched a new branded restaurant within the Boonville property pavilion, The Farmer's Pick buffet. The newly renovated 201-seat restaurant features locally sourced food products that are prepared at action stations in view of the guests. In addition, the pavilion and entertainment center also offers customers a wide variety of other non-gaming amenities, including an 83-seat Farradays' restaurant, a 36-seat Tradewinds Marketplace, an 800 seat event center, and a historic display area. Our Boonville property is the only gaming facility in central Missouri and generated gaming revenues of approximately \$82 million in calendar year 2011. We believe that our Boonville casino attracts customers primarily from the approximately 580,000 people who reside within 60 miles of the property which includes the Columbia and Jefferson City areas.

Caruthersville

Our Caruthersville property was acquired in June 2007 and is a riverboat casino located along the Mississippi River in Southeast Missouri. The dockside casino offers 595 slot machines, 11 table games and 5 poker tables. The property offers a 40,000 square foot pavilion, which includes a 130-seat Lone Wolf restaurant, bar and lounge and a 270-seat Otis & Henry's restaurant. The property also operates a 10,000 square foot exposition center with seating for up to 1,100 patrons and has 1,000 parking spaces. Our Caruthersville facility is the only casino located in Southeast Missouri and generated gaming revenues of approximately \$33 million in calendar year 2011. Approximately 650,000 people reside within 60 miles of the property.

Iowa

Bettendorf

Our Bettendorf property was acquired in March 2000 and is located off of Interstate 74, an interstate highway serving the Quad Cities metropolitan area, which consists of Bettendorf and Davenport, Iowa and Moline and Rock Island, Illinois. The property consists of a dockside casino offering 988 slot machines, 18 table games, 4 poker tables, 514 hotel rooms, 40,000 square feet of flexible convention/banquet space, a 120-seat Farradays' restaurant, a 260-seat Calypso's buffet, a 24-seat Tradewinds Marketplace and 2,057 parking spaces. We have entered into agreements with the

Table of Contents

City of Bettendorf, Iowa under which we manage and provide financial and operating support for the QC Waterfront Convention Center that is adjacent to our hotel. The QC Waterfront Convention Center opened in January 2009.

Davenport

Our Davenport property, which we acquired in October 2000, is located at the intersection of River Drive and Highway 61, a state highway serving the Quad Cities metropolitan area. The property consists of a dockside gaming facility offering 931 slot machines, 14 table games, a 209-seat Hit Parade buffet, a Grab-n-Go food outlet and 911 parking spaces.

The Quad Cities metropolitan area currently has three gaming operations—our two gaming facilities in Bettendorf and Davenport, and a larger land-based facility, including a hotel, which opened in December 2008. The three operations in the Quad Cities generated total gaming revenues of approximately \$212 million in calendar year 2011. Our Bettendorf and Davenport properties generated casino revenues for calendar year 2011 of approximately \$77 million and \$49 million, respectively. Our operations in the Quad Cities also compete with other gaming operations in Illinois and Iowa. Approximately 923,000 people reside within 60 miles of our Bettendorf and Davenport properties.

Marquette

Our Marquette property, which we acquired in March 2000, is located in Marquette, Iowa, approximately 60 miles north of Dubuque, Iowa. The property consists of a dockside casino offering 590 slot machines and 7 table games, a marina and 480 parking spaces. The facility was rebranded as a Lady Luck casino in fiscal 2010 and includes a 142-seat buffet restaurant, a 15-seat Otis and Henry's Express food outlet and a 155-seat Lone Wolf restaurant and bar.

Our Marquette property is the only gaming facility in the Marquette, Iowa market and generated gaming revenues of approximately \$30 million in calendar year 2011. We believe most of our Marquette customers are from northeast Iowa and Wisconsin, which includes approximately 490,000 people within 60 miles of our property, and we compete for those customers with other gaming facilities in Dubuque, Iowa and Native American casinos in southwestern Wisconsin.

Waterloo

Our Waterloo property opened on June 30, 2007 and is located adjacent to Highway 218 and US 20 in Waterloo, Iowa. The property consists of a single-level casino offering 1,013 slot machines, 23 table games and 4 poker tables. The property also offers a wide variety of non-gaming amenities, including a 118-seat Otis & Henry's restaurant, a 205-seat buffet, a 44-seat Tradewinds marketplace, Club Capri Lounge, Fling feature bar, 5,000 square feet of meeting space, 1,500 parking spaces and a 195-room hotel, which includes 27 suites, as well as an indoor pool and hot tub area.

Our Waterloo property is the only gaming facility in the Waterloo, Iowa market and approximately 640,000 people live within 60 miles of the property. We compete with other casinos in eastern Iowa. We generated gaming revenues of approximately \$82 million in calendar year 2011.

Colorado

Isle Casino Hotel-Black Hawk

Isle Casino Hotel-Black Hawk commenced operations in December 1998; is located on an approximately 10-acre site and is one of the first gaming facilities reached by customers arriving from Denver via Highway 119, the main thoroughfare connecting Denver to Black Hawk. The property includes a land-based casino with 957 slot machines, 24 standard table games, a 7 table poker room, a 238-room hotel and 1,100 parking spaces in an attached parking garage. Isle Casino Hotel-Black Hawk

Table of Contents

also offers customers three restaurants, including a 128-seat Farradays' restaurant, a 270-seat Calypso's buffet and a 42-seat Tradewinds Marketplace.

Lady Luck Casino-Black Hawk

Lady Luck Casino-Black Hawk, which we acquired in April 2003 and rebranded in June 2009, is located across the intersection of Main Street and Mill Street from the Isle Casino Hotel-Black Hawk. The property consists of a land-based casino with 522 slot machines, 10 standard table games, 6 poker tables, a 164-room hotel that opened in December 2005 and 1,200 parking spaces in our parking structure connecting Isle Casino Hotel-Black Hawk and Lady Luck Casino-Black Hawk. The property also offers guests dining in a 93-seat Otis & Henry's restaurant as well as a grab-and-go fast serve food cart that is located in the main level of the facility. The property has also recently converted approximately 2,250 square feet of space to flex space that can be used for meetings and special events. Our Black Hawk sites are connected via sky bridges.

When casinos having multiple gaming licenses in the same building are combined, the Black Hawk/Central City market consists of 24 gaming facilities (seven of which have more than 600 slot machines), which in aggregate, generated gaming revenues of approximately \$619 million in calendar year 2011. Our Black Hawk properties generated casino revenues for calendar year 2011 of approximately \$127 million. Black Hawk is the closest gaming market to the Denver, Colorado metropolitan area, which has a population of approximately 2.9 million and is located approximately 40 miles east of Black Hawk and serves as the primary feeder market for Black Hawk.

Florida

Pompano

In 1995, we acquired Pompano Park, a harness racing track located in Pompano Beach, Florida. Pompano Park is located off of Interstate 95 and the Florida Turnpike on a 223-acre owned site, near Fort Lauderdale, midway between Miami and West Palm Beach. Pompano Park is the only racetrack licensed to conduct harness racing in Florida.

Our Pompano facility includes 1,454 slot machines, a 38-table poker room, a 120-seat Farradays' restaurant, a 110-seat Bragozzo's Italian restaurant, a 250-seat buffet, a 100-seat deli, a 60-seat casual restaurant, an express grab and go food outlet, a feature bar and 3,800 parking spaces.

Approximately 2.6 million people reside within a 25-mile radius of our Pompano facility, which competes with four other racinos and three Native American gaming facilities in the market. While casino revenues are not available for all market competitors, we estimate that we operate approximately 10% of the slot machines in the market and generated approximately \$142 million in casino revenues for calendar year 2011.

Assets Held for Sale

Biloxi

Our Biloxi property, which commenced operations in August 1992, is located on a 17-acre site at the eastern end of a cluster of facilities formerly known as "Casino Row" in Biloxi, Mississippi, and is the first property reached by visitors coming from Alabama, Florida and Georgia via Highway 90.

Our Biloxi property offers approximately 1,200 slot machines, 27 table games, a nine-table poker room, a 709-room hotel including 200 whirlpool suites, a 120-seat banquet room called "Paradise Room," 138-seat Farradays' restaurant, a 200-seat Calypso's buffet, a 128-seat Café at the Point restaurant, a 94-seat Tradewinds marketplace, a multi-story feature bar, a full service Starbucks and over 1,300 parking spaces.

Table of Contents

The Mississippi Gulf Coast market (which includes Biloxi, Gulfport and Bay St. Louis) consists of 11 dockside gaming facilities, which in the aggregate, generated net gaming revenues of approximately \$1.1 billion during calendar year 2011. Our Biloxi property generated net gaming revenues of approximately \$57 million during calendar year 2011. Approximately one million people reside within 60 miles of the property.

In March 2012 we entered into an agreement to sell our Biloxi operation for approximately \$45 million. The transaction is expected to close in fiscal 2013.

Marketing

Our marketing programs are designed to promote our overall business strategy of providing customers with a safe, clean, friendly and fun gaming experience at each of our properties. We have developed an extensive proprietary database of customers that allows us to create effective targeted marketing and promotional programs that are designed to reward customer loyalty, attract new customers to our properties and maintain high recognition of our brands.

Specifically, our marketing programs and initiatives are tailored to support this corporate strategic plan and are generally focused on the following areas:

- *Customer Research:* Our marketing strategies have been developed and implemented to meet the needs and desires of our casino customers in each of our locations. In order to assess these needs and desires, we engage in significant customer research in each of our markets by conducting periodic surveys. Upon receipt of these surveys, we assess the attitudes of our customers and the customers of our competitors' properties towards the most important attributes of their experience in a regional and/or local gaming facility. We use the extensive information gathered from these research initiatives to make marketing, operating and development decisions that, we believe, will optimize the position of our properties relative to our competition.
- *Branding Initiatives:* Our strategic plan is designed to consolidate our property portfolio from four brands into two brands as the economy improves and we undertake significant new capital improvement programs. To date, our Lady Luck re-branding initiative includes our properties in Caruthersville, Missouri and Marquette, Iowa. Additionally, we have converted Colorado Central Station in Black Hawk, Colorado to Lady Luck-Black Hawk. In addition, we are currently rebranding our casino in Vicksburg, Mississippi to Lady Luck Casino Vicksburg, with expected completion by the end of the second quarter of fiscal 2013. As a component of these re-branding programs, we have also implemented newly-branded customer outlets, including custom restaurants and lounges that we are expanding through our portfolio to other properties. We believe, over time, this approach will allow us to more effectively align and promote our properties based upon customer needs and desires and market our properties on a consolidated basis. Furthermore, we expect our approach will streamline the costs associated with marketing our portfolio.
- *Database Marketing:* We have streamlined our database marketing initiatives across the Company in order to focus our marketing efforts on profitable customers who have demonstrated a willingness to regularly visit our properties. Specifically, we have focused on eliminating from our database customers who have historically been included in significant marketing efforts but have proven costly either as a result of excessive marketing expenditures on the part of the Company, or because these customers have become relatively dormant in terms of customer activity.

Table of Contents

- *Fan Club:* During fiscal 2012, we began implementation of a new customer loyalty program, Fan Club, which allows customers greater choice in how to use their points for cash, free play or food. The five-tier program provides for clear customer understanding of how points are earned, how points can be utilized and the benefits offered at each tier. Fan Club has been implemented at four of our properties to date and our goal is to have full implementation by the end of fiscal 2013.
- *Segmentation:* We have compiled an extensive database of customer information over time. Among our most important marketing initiatives, we have introduced database segmentation to our properties and at the corporate level in order to adjust investment rates to a level at which we expect to meet a reasonable level of customer profit contribution.
- *Retail Development:* We believe that we must more effectively attract new, non-database customers to our properties in order to increase profitability and free cash flow. These customers are generally less expensive to attract and retain and, therefore, currently represent a significant opportunity for our operations.

Employees

As of April 29, 2012, we employed approximately 7,700 full and part-time people. We have a collective bargaining agreement with UNITE HERE covering approximately 450 employees at our Pompano property which was renewed in May 2012 and expires in May 2015. We believe that our relationship with our employees is satisfactory.

Governmental Regulations

The gaming and racing industries are highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. Each of our facilities is subject to extensive regulation under the laws, rules and regulations of the jurisdiction where it is located. These laws, rules and regulations generally relate to the responsibility, financial stability and character of the owners, managers and persons with financial interests in the gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. A more detailed description of the regulations to which we are subject is contained in Exhibit 99.1 to this Annual Report on Form 10-K.

Our businesses are subject to various federal, state and local laws and regulations in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, food service, smoking, environmental matters, employees and employment practices, currency transactions, taxation, zoning and building codes, and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our operating results.

Available Information

For more information about us, visit our web site at www.isleofcapricasinos.com. Our electronic filings with the U.S. Securities and Exchange Commission (including all annual reports on Form 10-K, quarter reports on Form 10-Q, and current reports on Form 8-K, and any amendments to these reports), including the exhibits, are available free of charge through our web site as soon as reasonably practicable after we electronically file them with or furnish them to the U.S. Securities and Exchange Commission.

Table of Contents

ITEM 1A. RISK FACTORS

We face significant competition from other gaming operations, including Native American gaming facilities, that could have a material adverse effect on our future operations.

The gaming industry is intensely competitive, and we face a high degree of competition in the markets in which we operate. We have numerous competitors, including land-based casinos, dockside casinos, riverboat casinos, casinos located on racing, pari-mutuel operations or Native American-owned lands and video lottery and poker machines not located in casinos. Some of our competitors may have better name recognition, marketing and financial resources than we do; competitors with more financial resources may therefore be able to improve the quality of, or expand, their gaming facilities in a way that we may be unable to match.

Legalized gaming is currently permitted in various forms throughout the United States. Certain states have recently legalized, and other states are currently considering legalizing gaming. Our existing gaming facilities compete directly with other gaming properties in the states in which we operate. Our existing casinos attract a significant number of their customers from Houston, Texas; Mobile, Alabama; Kansas City, Kansas; Southern Florida; Little Rock, Arkansas; and Denver, Colorado. Legalization of gaming in jurisdictions closer to these geographic markets other than the jurisdictions in which our facilities are located would have a material adverse effect on our operating results. Other jurisdictions, including states in close proximity to jurisdictions where we currently have operations, have considered and may consider legalizing casino gaming and other forms of competition. In addition, there is no limit on the number of gaming licenses that may be granted in several of the markets in which we operate. As a result, new gaming licenses could be awarded in these markets, which could allow new gaming operators to enter our markets that could have an adverse effect on our operating results. For example, on February 17, 2011, a project was awarded a gaming license in Lake Charles, Louisiana which, if completed, will compete with our existing Lake Charles property. A casino property, which could compete with our Natchez, Mississippi property, is currently under development.

Our continued success depends upon drawing customers from each of these geographic markets. We expect competition to increase as new gaming operators enter our markets, existing competitors expand their operations, gaming activities expand in existing jurisdictions and gaming is legalized in new jurisdictions. We cannot predict with any certainty the effects of existing and future competition on our operating results.

We also compete with other forms of legalized gaming and entertainment such as online computer gambling, bingo, pull tab games, card parlors, sports books, "cruise-to-nowhere" operations, pari-mutuel or telephonic betting on horse racing and dog racing, state-sponsored lotteries, jai-alai, and, in the future, may compete with gaming at other venues. In addition, we compete more generally with other forms of entertainment for the discretionary spending of our customers.

We are subject to extensive regulation from gaming and other regulatory authorities that could adversely affect us.

Licensing requirements. As owners and operators of gaming and pari-mutuel wagering facilities, we are subject to extensive state and local regulation. State and local authorities require us and our subsidiaries to demonstrate suitability to obtain and retain various licenses and require that we have registrations, permits and approvals to conduct gaming operations. The regulatory authorities in the jurisdictions in which we operate have very broad discretion with regard to their regulation of gaming operators, and may for a broad variety of reasons and in accordance with applicable laws, rules and regulations, limit, condition, suspend, fail to renew or revoke a license to conduct gaming operations or prevent us from owning the securities of any of our gaming subsidiaries, or prevent other persons from owning an interest in us or doing business with us. We may also be deemed responsible for the acts and conduct of our employees. Substantial fines or forfeiture of assets for violations of gaming laws or

Table of Contents

regulations may be levied against us, our subsidiaries and the persons involved, and some regulatory authorities have the ability to require us to suspend our operations. The suspension or revocation of any of our licenses or our operations or the levy on us or our subsidiaries of a substantial fine would have a material adverse effect on our business.

To date, we have demonstrated suitability to obtain and have obtained all governmental licenses, registrations, permits and approvals necessary for us to operate our existing gaming facilities. We cannot assure you that we will be able to retain these licenses, registrations, permits and approvals or that we will be able to obtain any new ones in order to expand our business, or that our attempts to do so will be timely. Like all gaming operators in the jurisdictions in which we operate, we must periodically apply to renew our gaming licenses and have the suitability of certain of our directors, officers and employees approved. We cannot assure you that we will be able to obtain such renewals or approvals.

In addition, regulatory authorities in certain jurisdictions must approve, in advance, any restrictions on transfers of, agreements not to encumber or pledges of equity securities issued by a corporation that is registered as an intermediary company with such state, or that holds a gaming license. If these restrictions are not approved in advance, they will be invalid.

Compliance with other laws. We are also subject to a variety of other federal, state and local laws, rules, regulations and ordinances that apply to non-gaming businesses, including zoning, environmental, construction and land-use laws and regulations governing the serving of alcoholic beverages. Under various federal, state and local laws and regulations, an owner or operator of real property may be held liable for the costs of removal or remediation of certain hazardous or toxic substances or wastes located on its property, regardless of whether or not the present owner or operator knows of, or is responsible for, the presence of such substances or wastes. We have not identified any issues associated with our properties that could reasonably be expected to have a material adverse effect on us or the results of our operations. However, several of our properties are located in industrial areas or were used for industrial purposes for many years. As a consequence, it is possible that historical or neighboring activities have affected one or more of our properties and that, as a result, environmental issues could arise in the future, the precise nature of which we cannot now predict. The coverage and attendant compliance costs associated with these laws, regulations and ordinances may result in future additional costs.

Regulations adopted by the Financial Crimes Enforcement Network of the U.S. Treasury Department require us to report currency transactions in excess of \$10,000 occurring within a gaming day, including identification of the patron by name and social security number. U.S. Treasury Department regulations also require us to report certain suspicious activity, including any transaction that exceeds \$5,000 if we know, suspect or have reason to believe that the transaction involves funds from illegal activity or is designed to evade federal regulations or reporting requirements. Substantial penalties can be imposed against us if we fail to comply with these regulations.

Several of our riverboats must comply with U.S. Coast Guard requirements as to boat design, on-board facilities, equipment, personnel and safety and must hold U.S. Coast Guard Certificates of Documentation and Inspection. The U.S. Coast Guard requirements also set limits on the operation of the riverboats and mandate licensing of certain personnel involved with the operation of the riverboats. Loss of a riverboat's Certificate of Documentation and Inspection could preclude its use as a riverboat casino. The U.S. Coast Guard has shifted inspection duties related to permanently moored casino vessels to the individual states. Louisiana and Missouri have elected to utilize the services of the American Bureau of Shipping to undertake the inspections. Iowa has elected to handle the inspections through the Iowa Department of Natural Resources. The states will continue the same inspection criteria as the U.S. Coast Guard in regard to annual and five year inspections. Depending on the

Table of Contents

outcome of these inspections a vessel could become subject to dry-docking for inspection of its hull, which could result in a temporary loss of service.

We are required to have third parties periodically inspect and certify all of our casino barges for stability and single compartment flooding integrity. Our casino barges and other facilities must also meet local fire safety standards. We would incur additional costs if any of our gaming facilities were not in compliance with one or more of these regulations.

Potential changes in legislation and regulation of our operations. From time to time, legislators and special interest groups have proposed legislation that would expand, restrict or prevent gaming operations in the jurisdictions in which we operate. In addition, from time to time, certain anti-gaming groups have challenged constitutional amendments or legislation that would limit our ability to continue to operate in those jurisdictions in which these constitutional amendments or legislation have been adopted.

Taxation and fees. State and local authorities raise a significant amount of revenue through taxes and fees on gaming activities. We believe that the prospect of significant revenue is one of the primary reasons that jurisdictions permit legalized gaming. As a result, gaming companies are typically subject to significant taxes and fees in addition to normal federal, state, local and provincial income taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. From time to time, federal, state, local and provincial legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. Any material increase, or the adoption of additional taxes or fees, could have a material adverse effect on our future financial results.

Effective July 1, 2011, the Colorado Limited Gaming Control Commission reduced all gaming tax tiers by 5%, which resulted in a reduction of the top rate tier from 20% to 19%. The Commission has announced that it plans to restore the rates to their previous levels effective July 1, 2012.

Our business may be adversely affected by legislation prohibiting tobacco smoking.

Legislation in various forms to ban indoor tobacco smoking has recently been enacted or introduced in many states and local jurisdictions, including several of the jurisdictions in which we operate. If additional restrictions on smoking are enacted in jurisdictions in which we operate, we could experience a significant decrease in gaming revenue and particularly, if such restrictions are not applicable to all competitive facilities in that gaming market, our business could be materially adversely affected.

Our substantial indebtedness could adversely affect our financial health and restrict our operations.

We have a significant amount of indebtedness. As of April 29, 2012, we had approximately \$1.2 billion of total debt outstanding.

Our significant indebtedness could have important consequences to our financial health, such as:

- limiting our ability to use operating cash flow or obtain additional financing to fund working capital, capital expenditures, expansion and other important areas of our business because we must dedicate a significant portion of our cash flow to make principal and interest payments on our indebtedness;
- causing an event of default if we fail to satisfy the financial and restrictive covenants contained in the indentures and agreements governing our senior secured credit facility, our 7.75% senior notes, our 7% senior subordinated notes and our other indebtedness, which could result in all of our debt becoming immediately due and payable, could permit our secured lenders to foreclose

Table of Contents

on the assets securing our secured debt and have other adverse consequences, any of which, if not cured or waived, could have a material adverse effect on us;

- if the indebtedness under our 7.75% senior notes, our 7% senior subordinated notes, our senior secured credit facility, or our other indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full;
- placing us at a competitive disadvantage to our competitors who are not as highly leveraged;
- increasing our vulnerability to and limiting our ability to react to changing market conditions, changes in our industry and economic downturns or downturns in our business; and
- our agreements governing our indebtedness, among other things, require us to maintain certain specified financial ratios and to meet certain financial tests. Our debt agreements also limit our ability to:
 - i. borrow money;
 - ii. make capital expenditures;
 - iii. use assets as security in other transactions;
 - iv. make restricted payments or restricted investments;
 - v. incur contingent obligations; and
 - vi. sell assets and enter into leases and transactions with affiliates.

A substantial portion of our outstanding debt bears interest at variable rates, although we have entered into interest rate protection agreements expiring through fiscal 2014 with counterparty banks with respect to \$150 million of our term loans under our senior secured credit facility. If short-term interest rates rise, our interest cost will increase on the unhedged portion of our variable rate indebtedness, which will adversely affect our results of operations and available cash.

Any of the factors listed above could have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that our business will continue to generate sufficient cash flow, or that future available draws under our senior secured credit facility will be sufficient, to enable us to meet our liquidity needs, including those needed to service our indebtedness.

Despite our significant indebtedness, we may still be able to incur significantly more debt. This could intensify the risks described above.

The terms of the indentures and agreements governing our senior secured credit facility, our 7.75% senior notes, our 7% senior subordinated notes and our other indebtedness limit, but do not prohibit, us or our subsidiaries from incurring significant additional indebtedness in the future.

As of April 29, 2012, we had the capacity to incur additional indebtedness, including the ability to incur additional indebtedness under our line of credit, of approximately \$258 million. Approximately \$29 million of capacity of our senior secured credit facility was used to support letters of credit and surety bonds. Our capacity to issue additional indebtedness is subject to the limitations imposed by the covenants in our senior secured credit facility, the indenture governing our 7.75% senior notes and the indenture governing our 7% senior subordinated notes. The indenture governing our 7% senior subordinated notes, the indenture governing our 7.75% senior notes and our senior secured credit facility contain financial and other restrictive covenants, but will not fully prohibit us from incurring additional debt. If new debt is added to our current level of indebtedness, the related risks that we now face could intensify.

Table of Contents

If we cannot refinance our 7% senior subordinated notes on or prior to November 1, 2013, then our senior secured credit facility matures on that date and we may not be able to renew or extend our senior secured credit facility or enter into a new credit facility in today's difficult markets. In addition, our ability to renew or extend our senior secured credit facility or to enter into a new credit facility may be impaired further if market conditions worsen. If we are able to refinance our 7% senior subordinated notes or, in the alternative, renew or extend our senior secured credit facility, it may be on terms substantially less favorable than the 7% senior subordinated notes or senior secured credit facility.

Our senior secured credit facility matures on November 1, 2013 if we have not refinanced or otherwise retired the 7% senior subordinated notes on or prior to such date. Our cash flow from operations is unlikely to be sufficient to retire all of such notes at or prior to November 1, 2013. We may therefore be forced to refinance the 7% senior subordinated notes on substantially less favorable terms than we have currently. Failure to obtain new debt on favorable or reasonable terms to replace existing debt could affect our liquidity and the value of our other securities, including our equity. Our ability to refinance or otherwise retire our 7% senior subordinated notes prior to November 1, 2013, or in the alternative to renew or extend our existing senior secured credit facility or to enter into a new credit facility to replace the existing senior secured credit facility could be impaired if market conditions worsen. In the current environment, lenders may seek more restrictive lending provisions and higher interest rates that may reduce our borrowing capacity and increase our costs. We can make no assurances that we will be able to refinance or otherwise retire our 7% senior subordinated notes prior to November 1, 2013, and if we are unable to do so, that we will be able to enter into a new credit facility or renew or extend our existing senior secured credit facility, or whether any such credit facility will be available under acceptable terms. Failure to obtain sufficient financing or financing on acceptable terms would constrain our ability to operate our business and to continue our development and expansion projects. Any of these circumstances could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully expand to new locations or recover our investment in new properties which would adversely affect our operations and available resources.

We regularly evaluate opportunities for growth through development of gaming operations in existing or new markets, through acquiring or managing other gaming entertainment facilities or through redeveloping our existing facilities. The expansion of our operations, whether through acquisitions, development, management contracts or internal growth, could divert management's attention and could also cause us to incur substantial costs, including legal, professional and consulting fees. To the extent that we elect to pursue any new gaming acquisition, management or development opportunity, our ability to benefit from our investment will depend on many factors, including:

- our ability to successfully identify attractive acquisition and development opportunities;
- our ability to successfully operate any developed, managed or acquired properties;
- our ability to attract and retain competent management and employees for the new locations;
- our ability to secure required federal, state and local licenses, permits and approvals, which in some jurisdictions are limited in number and subject to intense competition; and
- the availability of adequate financing on acceptable terms.

Many of these factors are beyond our control. There have been significant disruptions in the global capital markets that have adversely impacted the ability of borrowers to access capital. Accordingly, it is likely that we are dependent on free cash flow from operations and remaining borrowing capacity under our senior secured credit facility to implement our near-term expansion plans and fund our planned capital expenditures. As a result of these and other considerations, we cannot be sure that we

Table of Contents

will be able to recover our investments in any new gaming development or management opportunities or acquired facilities, or successfully expand to additional locations.

We may experience construction delays during our expansion or development projects that could adversely affect our operations.

From time to time we may commence construction projects at our properties. We also evaluate other expansion opportunities as they become available and we may in the future engage in additional construction projects. On December 1, 2010, the Missouri Gaming Commission selected our proposed Cape Girardeau Project for prioritization for the 13th and final gaming license in the State of Missouri. The Cape Girardeau Project is expected to include approximately 1,000 slot machines, 28 table games, 3 restaurants, a lounge and terrace overlooking the Mississippi River and a 750-seat event center at an estimated cost of \$135 million. On April 14, 2011, our project at the Nemacolin Woodlands Resort ("Nemacolin") was selected by the Pennsylvania Gaming Control Board for the final Category 3 resort gaming license. We had previously entered into an agreement with Nemacolin to complete the build-out of the casino space and provide management services to the casino. The Nemacolin project is expected to include 600 slot machines, 28 table games, a casual dining restaurant and lounge. We currently estimate the project cost at approximately \$50 million. Following a successful resolution of an appeal filed by another applicant and receipt of any necessary regulatory approvals, we expect to complete the project within nine months of the commencement of construction. The anticipated costs and construction periods for the Cape Girardeau project, the Nemacolin project and other projects are based upon budgets, conceptual design documents and construction schedule estimates prepared by us in consultation with our architects. Construction projects entail significant risks, which can substantially increase costs or delay completion of a project. Such risks include shortages of materials or skilled labor, unforeseen engineering, environmental or geological problems, work stoppages, weather interference and unanticipated cost increases. Most of these factors are beyond our control. In addition, difficulties or delays in obtaining any of the requisite licenses, permits or authorizations from regulatory authorities can increase the cost or delay the completion of an expansion or development. Significant budget overruns or delays with respect to expansion and development projects could adversely affect our results of operations.

If we construct the Cape Girardeau Project and we are not granted gaming licenses, our financial condition could be materially adversely affected.

On December 1, 2010, the Missouri Gaming Commission selected our proposed Cape Girardeau Project for prioritization for the 13th and final gaming license in the State of Missouri. As a participant in this process, our subsidiary IOC-Cape Girardeau LLC applied for a Class B Riverboat Gaming License in Missouri. The decision by the Missouri Gaming Commission to prioritize its casino development does not provide IOC-Cape Girardeau LLC with any license to open the casino once developed or any assurance that such a license will be granted. The Class B license required for IOC-Cape Girardeau LLC to operate its proposed gaming facility cannot be granted by the Missouri Gaming Commission until the gaming facility development is substantially complete and ready to accept patrons. The grant of this license would be subject to numerous conditions as described in "Description of Government Regulations—Missouri" in Exhibit 99.1 to this Annual Report on Form 10-K for the fiscal year ended April 29, 2012. If, as a result of these regulatory conditions or otherwise, we are unable to receive the gaming license after we construct the Cape Girardeau Project, our financial condition could be materially adversely affected.

Table of Contents

If we are not licensed in Pennsylvania in connection with the proposed resort casino at Nemaocolin Woodlands Resort or if our management agreement is not approved in its current form or if either of these matters are materially delayed, we may not manage the casino or the terms upon which we manage may be less favorable to us.

On April 14, 2011, Nemaocolin Woodlands Resort ("Nemaocolin") in Farmington, Pennsylvania was selected by the Pennsylvania Gaming Control Board for the final Category 3 resort gaming license. We had previously entered into an agreement with Nemaocolin to complete the build-out of the casino space and provide management services of the casino. We currently estimate the project cost at approximately \$50 million. The award of the Pennsylvania license to Nemaocolin has been appealed to the Pennsylvania Supreme Court by one of the other applicants. Subject to a successful ruling in the appeal, and the receipt of all necessary regulatory and other approvals we expect to complete the facility within approximately nine months after commencing construction.

If our key personnel leave us, our business could be adversely affected.

Our continued success will depend, among other things, on the efforts and skills of a few key executive officers and the experience of our property managers. Our ability to retain key personnel is affected by the competitiveness of our compensation packages and the other terms and conditions of employment, our continued ability to compete effectively against other gaming companies and our growth prospects. The loss of the services of any of these key individuals could have a material adverse effect on our business, financial condition and results of operations. We do not maintain "key man" life insurance for any of our employees.

We are effectively controlled by members of the Goldstein Family and their decisions may differ from those that may be made by other stockholders.

Robert S. Goldstein, our Vice Chairman of the Board, and Jeffrey D. Goldstein and Richard A. Goldstein, two of our directors, and various family trusts associated with members of the Goldstein family and entities associated with certain members of the Goldstein family, (collectively the "Goldstein Parties") directly and indirectly collectively own and control approximately 42.1% of our common stock as of April 29, 2012.

The Goldstein Parties have substantial control over the election of our board of directors and the outcome of the vote on substantially all other matters, including amendment of our amended and restated certificate of incorporation, amendment of our by-laws and significant corporate transactions, such as the approval of a merger or other transactions involving a sale of the Company. Such substantial control may have the effect of discouraging transactions involving an actual or potential change of control, which in turn could have a material adverse effect on the market price of our common stock or prevent our stockholders from realizing a premium over the market price for their shares of common stock. The interests of the Goldstein Parties may differ from those of our other stockholders.

Our amended and restated certificate of incorporation contains provisions that could delay and discourage takeover attempts that stockholders may consider favorable.

Certain provisions of our amended and restated certificate of incorporation may make it more difficult or prevent a third party from acquiring control of us, including:

we may not, until the Supermajority Expiration Time (as defined below) without the affirmative vote of the holders of at least 66²/₃% of the Company's voting power, voting as a single class, authorize, adopt or approve certain extraordinary corporate transactions; and

Table of Contents

- the classification of our board of directors and staggered three-year terms of service for each class of directors.

"Supermajority Expiration Time" means the first to occur of (i) the Goldstein Group ceasing to hold common stock of the Company representing at least 22.5% of our outstanding common stock, not including any shares of Class B common stock or shares of common stock issued upon conversion of any preferred stock and (ii) April 8, 2021. The "Goldstein Group" means Robert S. Goldstein, our Vice Chairman, and Jeffrey D. Goldstein and Richard A. Goldstein, two of our directors, spouses, children and grandchildren of certain members of the Goldstein family and entities associated with certain members of the Goldstein family.

These provisions may make mergers, acquisitions, tender offers, the removal of management and certain other transactions more difficult or more costly and could discourage or limit stockholder participation in such types of transactions, whether or not such transactions are favored by the stockholders. The provisions also could limit the price that investors might be willing to pay in the future for shares of our common stock. Further, the existence of these anti-takeover measures may cause potential bidders to look elsewhere, rather than initiating acquisition discussions with us. Any of these factors could reduce the price of our common stock.

We have a history of fluctuations in our operating income (losses) from continuing operations, and we may incur additional operating losses from continuing operations in the future. Our operating results could fluctuate significantly on a periodic basis.

We sustained a (loss) from continuing operations of \$(17.4) million in fiscal 2012, earned income from continuing operations of \$3.7 million in fiscal 2011 and earned income from continuing operations of \$5.0 million in fiscal 2010. Companies with fluctuations in income (loss) from continuing operations often find it more challenging to raise capital to finance improvements in their businesses and to undertake other activities that return value to their stockholders. In addition, companies with operating results that fluctuate significantly on a quarterly or annual basis experience increased volatility in their stock prices in addition to difficulties in raising capital. We cannot assure you that we will not have fluctuations in our income (losses) from continuing operations in the future, and should that occur, that we would not suffer adverse consequences to our business as a result, which could decrease the value of our common stock.

Incllement weather and other conditions could seriously disrupt our business and have a material, adverse effect on our financial condition and results of operations.

The operations of our facilities are subject to disruptions or reduced patronage as a result of severe weather conditions, natural disasters and other casualties. Because many of our gaming operations are located on or adjacent to bodies of water, these facilities are subject to risks in addition to those associated with other casinos, including loss of service due to casualty, forces of nature, mechanical failure, extended or extraordinary maintenance, flood, hurricane or other severe weather conditions and other disasters. For example, flooding along the Mississippi River resulted in five of our properties being closed for differing periods of time in fiscal 2012. In addition, severe weather such as high winds and blizzards occasionally limits access to our land-based facilities in Colorado. We cannot be sure that the proceeds from any future insurance claim will be sufficient to compensate us if one or more of our casinos experience a closure.

Table of Contents

Reductions in discretionary consumer spending could have a material adverse effect on our business.

Our business has been and may continue to be adversely affected by economic fluctuations experienced in the United States, as we are highly dependent on discretionary spending by our patrons. Reductions in discretionary consumer spending or changes in consumer preferences brought about by factors such as increased unemployment, significant increases in energy prices, perceived or actual deterioration in general economic conditions, housing market instability, bank failures and the potential for additional bank failures, perceived or actual decline in disposable consumer income and wealth, the global economic recession and changes in consumer confidence in the economy could reduce customer demand for the leisure activities we offer and may adversely affect our revenues and operating cash flow. We are unable to predict the frequency, length or severity of economic circumstances.

The market price of our common stock may fluctuate significantly.

The market price of our common stock has historically been volatile and may continue to fluctuate substantially due to a number of factors, including actual or anticipated changes in our results of operations, the announcement of significant transactions or other agreements by our competitors, conditions or trends in the our industry or other entertainment industries with which we compete, general economic conditions including those affecting our customers' discretionary spending, changes in the cost of air travel or the cost of gasoline, changes in the gaming markets in which we operate and changes in the trading value of our common stock. The stock market in general, as well as stocks in the gaming sector have been subject to significant volatility and extreme price fluctuations that have sometimes been unrelated or disproportionate to individual companies' operating performances. Broad market or industry factors may harm the market price of our common stock, regardless of our operating performance.

Work stoppages, organizing drives and other labor problems could negatively impact our future profits.

Some of our employees are currently represented by a labor union or have begun organizing a drive for labor union representation. Labor unions are making a concerted effort to recruit more employees in the gaming industry. In addition, organized labor may benefit from new legislation or legal interpretations by the current presidential administration. We cannot provide any assurance that we will not experience additional or more successful union activity in the future.

Additionally, lengthy strikes or other work stoppages at any of our casino properties or construction projects could have an adverse effect on our business and result of operations:

We are or may become involved in legal proceedings that, if adversely adjudicated or settled, could impact our financial condition.

From time to time, we are defendants in various lawsuits and gaming regulatory proceedings relating to matters incidental to our business. As with all litigation, no assurance can be provided as to the outcome of these matters and, in general, litigation can be expensive and time consuming. We may not be successful in the defense or prosecution of our current or future legal proceedings, which could result in settlements or damages that could significantly impact our business, financial condition and results of operations.

Our insurance coverage may not be adequate to cover all possible losses that our properties could suffer. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.

We may suffer damage to our property caused by a casualty loss (such as fire, natural disasters, acts of war or terrorism), that could severely disrupt our business or subject us to claims by third parties who are injured or harmed. Although we maintain insurance customary in our industry,

Table of Contents

(including property, casualty, terrorism and business interruption insurance) that insurance may not be adequate or available to cover all the risks to which our business and assets may be subject. The lack of sufficient insurance for these types of acts could expose us to heavy losses if any damages occur, directly or indirectly, that could have a significant adverse impact on our operations.

We renew our insurance policies on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or agree to certain exclusions from our coverage. Among other factors, it is possible that regional political tensions, homeland security concerns, other catastrophic events or any change in government legislation governing insurance coverage for acts of terrorism could materially adversely affect available insurance coverage and result in increased premiums on available coverage (which may cause us to elect to reduce our policy limits), additional exclusions from coverage or higher deductibles. Among other potential future adverse changes, in the future we may elect to not, or may not be able to, obtain any coverage for losses due to acts of terrorism.

The concentration and evolution of the slot machine manufacturing industry could impose additional costs on us.

A large majority of our revenues are attributable to slot machines at our casinos. It is important, for competitive reasons, we offer the most popular and up-to-date slot machine games, with the latest technology to our customers.

In recent years, slot machine manufacturers have frequently refused to sell slot machines featuring the most popular games, instead requiring participating lease arrangements. Generally, a participating lease is substantially more expensive over the long-term than the cost to purchase a new slot machine.

For competitive reasons, we may be forced to purchase new slot machines, slot machine systems, or enter into participating lease arrangements that are more expensive than our current costs associated with the continued operation of our existing slot machines. If the newer slot machines do not result in sufficient incremental revenues to offset the increased investment and participating lease costs, it could adversely affect our profitability.

In addition to the foregoing, you should consider each of the factors set forth in this Annual Report in evaluating our business and our prospects. The factors described in our Part I, Item 1A are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. This Annual Report is qualified in its entirety by these risk factors. If any of the foregoing risks actually occur, our business, financial condition and results of operation could be materially harmed. In that case, the trading price of our securities, including our common stock, could decline significantly.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Lake Charles

We own approximately 2.7 acres and lease approximately 16.2 acres of land in Calcasieu Parish, Louisiana for use in connection with our Lake Charles operations. This lease automatically renewed in March 2010 for five years and we have the option to renew it for 14 additional terms of five years each, subject to increases based on the Consumer Price Index ("CPI") with a minimum of 10% and

Table of Contents

construction of hotel facilities on the property. We own two hotels in Lake Charles with a total of 493 rooms. Annual rent payments under the Lake Charles lease are approximately \$2.1 million.

Lula

We lease approximately 1,000 acres of land in Coahoma County, Mississippi and utilize approximately 50 acres in connection with the operations in Lula, Mississippi. Unless terminated by us at an earlier date, the lease expires in 2033. Rent under the lease is currently 5.5% of gross gaming revenue as reported to the Mississippi Gaming Commission, plus \$100,000 annually. We also own approximately 100 acres in Coahoma County, which may be utilized for future development.

Natchez

Through numerous lease agreements, we lease approximately 24 acres of land in Natchez, Mississippi that are used in connection with the operations of our Natchez property. Unless terminated by us at an earlier date, the leases have varying expiration dates through 2037. Annual rent under the leases total approximately \$1.2 million. We also lease approximately 7.5 acres of land that is utilized for parking at the facility. We own approximately 6 additional acres of property in Natchez, Mississippi, as well as the property upon which our hotel is located.

Vicksburg

We own approximately 60 acres in Vicksburg, Mississippi which are used in connection with the operations of our Vicksburg property.

Kansas City

We lease approximately 28 acres of land from the Kansas City Port Authority in connection with the operation of our Kansas City property. The term of the original lease was ten years and was renewed in October 2006 and October 2011 for additional five-year terms. The lease includes six additional five-year renewal options. The minimum lease payments correspond to any rise or fall in the CPI, initially after the ten-year term of the lease or October 18, 2006 and thereafter, at each five year renewal date. Rent under the lease currently is the greater of \$2.9 million (minimum rent) per year, or 3.25% of gross revenues, less complimentary.

Boonville

We lease our 27 acre casino site in Boonville pursuant to a lease agreement with the City of Boonville. Under the terms of the agreement, we lease the site for a period of ninety-nine years. In lieu of rent, we are assessed additional amounts by the City of Boonville based on a 3.5% tax on gaming revenue, up to \$1.0 million, which we recognize as additional gaming taxes.

Caruthersville

We own approximately 37 acres, including our riverboat casino and 1,000 parking spaces in Caruthersville, Missouri.

Bettendorf

We own approximately 24.6 acres of land in Bettendorf, Iowa used in connection with the operations of our Bettendorf property. We also operate under a long-term lease with the City of Bettendorf, the QC Waterfront Convention Center that is adjacent to our new hotel tower. Future minimum payments associated with the convention center are approximately \$1.1 million per year. We also lease approximately eight acres of land on a month-to-month basis from an entity owned by

Table of Contents

members of the Goldstein family, including Robert S. Goldstein, our Vice Chairman of the Board and Jeffrey D. Goldstein and Richard A. Goldstein, directors of our company, which we utilize for parking. The initial term of the lease expires 60 days after written notice is given to either party and rent under the lease is currently \$60,000 annually.

Davenport

Pursuant to various lease agreements with the City of Davenport, we lease approximately 12 acres of land in Davenport, Iowa used in connection with the operations of our Davenport property. The aggregate annual rent on these leases is approximately \$0.2 million and they have varying expiration dates through 2022.

Marquette

We lease the dock site in Marquette, Iowa that is used in connection with our Marquette operations. The lease expires in 2019, and annual rent under the lease is approximately \$180,000, plus \$1.00 per passenger, plus 2.5% of gaming revenues (less state wagering taxes) in excess of \$20.0 million but less than \$40.0 million; 5% of gaming revenues (less state wagering taxes) in excess of \$40.0 million but less than \$60.0 million; and 7.5% of gaming revenues (less state wagering taxes) in excess of \$60.0 million. We have an easement related to an overhead pedestrian bridge and driveway that is an annual payment of approximately \$6,300. We also own approximately 25 acres of land for the pavilion, satellite offices, warehouse, lots by the marina and other property.

Waterloo

We own approximately 54 acres of land in Waterloo, Iowa used in connection with the operation of our Waterloo property. We also entered into a three-year lease agreement for 17,517 square feet of warehouse space. Rent under this lease is currently \$5,021 per month.

Isle-Black Hawk

We own approximately 10 acres of land in Black Hawk, Colorado for use in connection with our Black Hawk operations. The property leases an additional parcel of land adjoining the Isle-Black Hawk where the Lady Luck Hotel and parking are located. This lease is for an initial term of nine years with options to renew for 18 additional terms of five years each with the final option period concluding June 1, 2094. Annual rent is currently \$1.85 million indexed to correspond to any rise or fall in the CPI at one-year intervals, not to exceed a 3% increase or decrease from the previous year's rate.

Lady Luck-Black Hawk

We own or lease approximately seven acres of land in Black Hawk, Colorado for use in connection with the Lady Luck-Black Hawk. The property leases an additional parcel of land near the Lady Luck-Black Hawk for parking as described above. This lease is for an initial term of 10 years with options to renew for nine additional terms of 10 years each with the final option period concluding August 2094. Currently the annual rent is \$576,000 and renewals are subject to 20% rent increases over the rate of the previous term.

Pompano

We own approximately 223 acres at Pompano.

Table of Contents

Other

We own all of the riverboats and barges utilized at our facilities. We also own or lease all of our gaming and non-gaming equipment.

We lease our principal corporate office in Creve Coeur, Missouri, and office space in Biloxi, Mississippi.

We own additional property and have various property leases and options to either lease or purchase property that are not directly related to our existing operations and that may be utilized in the future in connection with expansion projects at our existing facilities or development of new projects.

Assets Held for Sale

Biloxi

We lease the real estate upon which some of our land-based facilities, including the casino, are located from the City of Biloxi and the Mississippi Secretary of State at current annual rent of \$595,508 per year, plus 3% of our Biloxi property's gross gaming revenues, net of state and local gaming taxes and fees, in excess of \$25.0 million. The lease terminates on July 1, 2014, but it is renewable at our option for four additional terms of five years each and one more option renewal term, concluding on January 31, 2034, subject to rent increases based on the CPI, limited to 6% for each renewal period.

In April 1994, in connection with the construction of a hotel, we entered into a lease for additional land adjoining our Biloxi property. This lease with the City of Biloxi and the Mississippi Secretary of State is for an initial term of 25 years, with options to renew for six additional terms of ten years each and a final option period concluding December 31, 2085. Current annual rent is \$665,500 plus 4% of gross non-gaming revenues, as defined in the lease, and renewals are subject to rent increases based on the CPI. The annual rent is adjusted after each five-year period based on increases in the CPI, limited to a 10% increase in any five-year period.

In August 2002, we entered into a lease for two additional parcels of land adjoining our property and the hotel. On the parcel adjoining the Biloxi property, we constructed a multi-level parking garage that has approximately 1,000 parking spaces. There is additional ground level parking on a parcel of land in front of the garage, also subject to this lease, with approximately 600 parking spaces. We have constructed a 400-room addition to the existing hotel on the parcel leased next to the existing hotel. In addition, we may construct a hotel above the parking garage. This lease with the City of Biloxi and the Mississippi Secretary of State is for an initial term of forty years, with one option to renew for an additional twenty-five years and additional options thereafter, with the consent of the Mississippi Secretary of State, consistent with the term of the lease described in the preceding paragraph. When combined with the base and percentage rents described for the leases in the preceding two paragraphs, annual rent under those two leases and this lease was \$3.8 million for lease year ending July 31, 2011, and estimated to be \$3.8 million for the lease year ending July 31, 2012. Such amounts are subject to decreases due to market adjustments and increases based on the CPI. Also, we are responsible for annual rent equal to 4% of gross retail revenue and gross cash revenue (as defined in the lease), but without double counting. If the rent minimum described in the preceding sentences is not otherwise satisfied from other rents, then this percentage rent is not in addition to the minimum rent, but rather is to be applied to that minimum.

We also lease our Biloxi berth from the Biloxi Port Commission at an annual rent of the greater of \$510,000 or 1% of the gross gaming revenue net of state and local gaming taxes. The lease terminates on July 1, 2014 and we have the option to renew it for six additional terms of five years each subject to increases based on the CPI, limited to 6% for each renewal period.

Table of Contents

In connection with and pursuant to a settlement between the City of Biloxi and the State of Mississippi concerning the control and management of the area where we are located, we also have agreed to pay the City of Biloxi's lease obligations to the State of Mississippi for an agreed upon period of time. This amount is \$580,000 per year, payable on June 30, subject to increases based on the CPI and decreases if there are other tenants of the subject property. This obligation ends after June 2018 but may be renewed for thirty years.

In March 2012 we entered into an agreement to sell our Biloxi operation for approximately \$45 million. The transaction is expected to close in fiscal 2013.

ITEM 3. LEGAL PROCEEDINGS

We and our wholly-owned subsidiary, Riverboat Corporation of Mississippi ("RCM"), are defendants in a lawsuit filed in the Circuit Court of Adams County, Mississippi by Silver Land, Inc., alleging breach of contract in connection with our 2006 sale of casino operations in Vicksburg, Mississippi, to a third party. In January 2011, the court ruled in favor of Silver Land and in September 2011 the court awarded damages of approximately \$2 million. We filed a notice of appeal in November 2011. While the outcome of this matter is still in doubt and cannot be predicted with any degree of certainty, we have accrued an estimated liability, including interest, of approximately \$2 million in fiscal 2012. We intend to continue a vigorous and appropriate appeal of this judgment.

Our wholly owned subsidiary, Lady Luck Gaming Corporation, and several joint venture partners have been defendants in the Greek Civil Courts and the Greek Administrative Courts in similar lawsuits brought by the country of Greece. The actions allege that the defendants failed to make specified payments in connection with the gaming license bid process for Patras, Greece. Although it is difficult to determine the damages being sought from the lawsuits, the action may seek damages up to that aggregate amount plus interest from the date of the action.

In the Civil Court lawsuit, the Civil Court of First Instance ruled in our favor and dismissed the lawsuit in 2001. Greece appealed to the Civil Appeal Court and, in 2003, the Court rejected the appeal. Greece then appealed to the Civil Supreme Court and, in 2007, the Supreme Court ruled that the matter was not properly before the Civil Courts and should be before the Administrative Court.

In the Administrative Court lawsuit, the Administrative Court of First Instance rejected the lawsuit stating that it was not competent to hear the matter. Greece then appealed to the Administrative Appeal Court, which court rejected the appeal in 2003. Greece then appealed to the Supreme Administrative Court, which remanded the matter back to the Administrative Appeal Court for a hearing on the merits. The re-hearing took place in 2006, and in 2008 the Administrative Appeal Court rejected Greece's appeal on procedural grounds. On December 22, 2008 and January 23, 2009, Greece appealed the ruling to the Supreme Administrative Court. A hearing has tentatively been scheduled for October 2012; however, the Supreme Administrative Court has repeatedly postponed the hearing on the appeal.

The outcome of this matter is still in doubt and cannot be predicted with any degree of certainty. We intend to continue a vigorous and appropriate defense to the claims asserted in this matter. Through April 29, 2012 we have accrued an estimated liability, including interest, of approximately \$13 million. Our accrual is based upon management's estimate of the original claim by the plaintiffs for lost payments. We continue to accrue interest on the asserted claim. We are unable to estimate a total possible loss as information as to possible additional claims, if any, have not been asserted or quantified by the plaintiffs at this time.

Table of Contents

We are subject to certain federal, state and local environmental protection, health and safety laws, regulations and ordinances that apply to businesses generally, and are subject to cleanup requirements at certain of our facilities as a result thereof. We have not made, and do not anticipate making material expenditures, nor do we anticipate incurring delays with respect to environmental remediation or protection. However, in part because our present and future development sites have, in some cases, been used as manufacturing facilities or other facilities that generate materials that are required to be remediated under environmental laws and regulations, there can be no guarantee that additional pre-existing conditions will not be discovered and we will not experience material liabilities or delays.

We are subject to various contingencies and litigation matters and have a number of unresolved claims. Although the ultimate liability of these contingencies, this litigation and these claims cannot be determined at this time, we believe they will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

(a)

- i. *Market Information.* Our common stock is traded on the NASDAQ Global Select Market under the symbol "ISLE". The following table presents the high and low closing sales prices for our common stock as reported by the NASDAQ Global Select Market for the fiscal periods indicated.

	High	Low
First Quarter (through June 8, 2012)	\$ 6.32	\$ 4.84
Fiscal Year Ending April 29, 2012		
Fourth Quarter	\$ 7.48	\$ 4.84
Third Quarter	5.68	3.90
Second Quarter	9.37	4.46
First Quarter	9.86	7.67
Fiscal Year Ending April 24, 2011		
Fourth Quarter	\$ 9.89	\$ 8.85
Third Quarter	11.16	7.80
Second Quarter	8.95	6.66
First Quarter	12.41	8.37

- ii. *Holders of Common Stock.* As of June 8, 2012, there were approximately 1,333 holders of record of our common stock.
- iii. *Dividends.* We have never declared or paid any dividends with respect to our common stock and the current policy of our board of directors is to retain earnings to provide for the growth of our company. In addition, our senior secured credit facility and the indentures governing our 7% senior subordinated notes and our 7.75% senior notes limit our ability to pay dividends. See "Item 8—Financial Statements and Supplementary Data—Isle of Capri Casinos, Inc.—Notes to Consolidated Financial Statements—Note 8." Consequently, no cash dividends are expected to be paid on our common stock in the foreseeable future. Further,

Table of Contents

there can be no assurance that our current and proposed operations would generate the funds needed to declare a cash dividend or that we would have legally available funds to pay dividends. In addition, we may fund part of our operations in the future from indebtedness, the terms of which may further prohibit or restrict the payment of cash dividends. If a holder of common stock is disqualified by the regulatory authorities from owning such shares, such holder will not be permitted to receive any dividends with respect to such stock. See "Item 1—Business—Governmental Regulations."

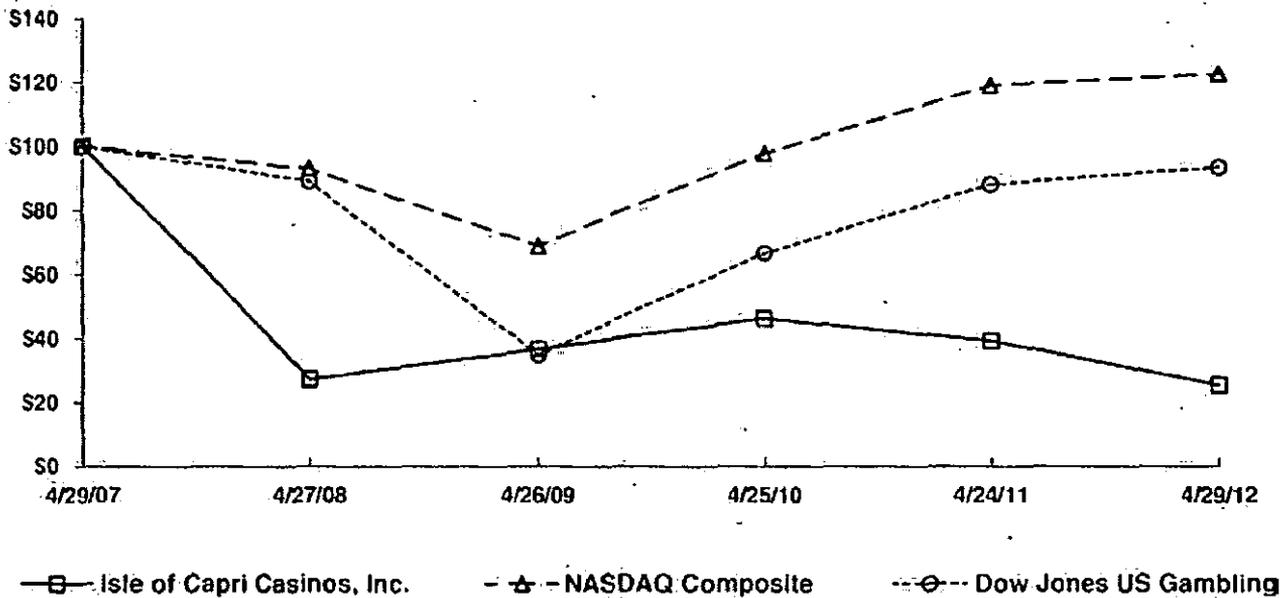
(b) *Issuance of Unregistered Securities*

None.

(c) *Purchases of our Common Stock*

We have purchased our common stock under stock repurchase programs. These programs allow for the repurchase of up to 6,000,000 shares. To date we have purchased 4,895,792 shares of common stock under these programs. These programs have no approved dollar amount, nor expiration dates. No purchases were made during the fiscal year ended April 29, 2012.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Isle of Capri Casinos, Inc., the NASDAQ Composite Index,
and the Dow Jones US Gambling Index



* \$100 invested on 4/29/07 in stock or 4/30/07 in index, including reinvestment of dividends. Indexes calculated on month-end basis.

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA.

The following table presents our selected consolidated financial data for the five most recent fiscal years, which is derived from our audited consolidated financial statements and the notes to those statements. Because the data in this table does not provide all of the data contained in our consolidated financial statements, including the related notes, you should read "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements, including the related notes contained elsewhere in this document and other data we have filed with the U.S. Securities and Exchange Commission.

Statement of Operations	Fiscal Year Ended(1)				
	April 29, 2012	April 24, 2011	April 25, 2010	April 26, 2009	April 27, 2008
	(dollars in millions, except per share data)				
Revenues:					
Casino	\$1,006.5	\$ 968.4	\$ 943.2	\$ 977.4	\$1,007.6
Rooms	32.4	32.1	33.5	35.6	36.2
Food, beverage, pari-mutuel and other	128.6	122.0	122.2	124.6	135.1
Insurance recoveries	9.6	—	—	2.9	0.3
Gross revenues	1,177.1	1,122.5	1,098.9	1,140.5	1,179.2
Less promotional allowances	(199.7)	(185.9)	(171.7)	(176.4)	(178.9)
Net revenues	977.4	936.6	927.2	964.1	1,000.3
Operating expenses:					
Casino	153.7	142.6	137.3	135.1	133.6
Gaming taxes	251.8	243.0	254.7	261.5	276.0
Rooms	7.1	7.3	8.0	8.4	8.1
Food, beverage, pari-mutuel and other	41.3	40.6	40.1	45.5	51.8
Marine and facilities	57.2	55.2	55.5	58.0	58.7
Marketing and administrative	234.5	225.7	223.8	222.6	237.3
Corporate and development	40.2	42.7	46.8	41.3	47.3
Valuation charges and expense recoveries, net	30.6	—	(6.8)	24.3	6.3
Insurance recoveries	—	—	—	(0.1)	(1.8)
Preopening	0.6	—	—	—	3.7
Depreciation and amortization	76.0	77.6	95.5	105.4	110.4
Total operating expenses	893.0	834.7	854.9	902.0	931.6
Operating income	84.4	101.9	72.3	62.1	68.7
Interest expense	(87.9)	(91.9)	(75.4)	(92.9)	(107.6)
Interest income	0.8	1.9	1.8	2.1	3.2
Derivative income (expense)	0.4	(1.2)	(0.3)	—	—
Gain (loss) on early extinguishment of debt	—	—	—	57.7	(15.3)
Income (loss) from continuing operations before income taxes and including noncontrolling interest	(2.3)	10.7	(1.6)	29.0	(51.0)
Income tax benefit (provision)	(15.1)	(7.0)	6.6	(14.3)	19.9
Income (loss) from continuing operations including noncontrolling interest	(17.4)	3.7	5.0	14.7	(31.1)
Income (loss) from discontinued operations, net of income taxes	(112.4)	0.8	(8.3)	28.9	(60.9)
Net income (loss) including noncontrolling interest	(129.8)	4.5	(3.3)	43.6	(92.0)
Less net income (loss) attributable to the noncontrolling interest	—	—	—	—	(4.9)
Net income (loss) attributable to common stockholders	\$ (129.8)	\$ 4.5	\$ (3.3)	\$ 43.6	\$ (96.9)

Table of Contents

Statement of Operations	Fiscal Year Ended(1)				
	April 29, 2012	April 24, 2011	April 25, 2010	April 26, 2009	April 27, 2008
(dollars in millions, except per share data)					
Income (loss) per common share attributable to common stockholders					
Basic					
Income (loss) from continuing operations	\$ (0.45)	\$ 0.11	\$ 0.15	\$ 0.47	\$ (3.17)
Income (loss) from discontinued operations	(2.90)	0.02	(0.25)	0.92	(1.99)
Net Income (loss)	\$ (3.35)	\$ 0.13	\$ (0.10)	\$ 1.39	\$ (3.16)
Diluted					
Income (loss) from continuing operations	\$ (0.45)	\$ 0.11	\$ 0.15	\$ 0.47	\$ (1.17)
Income (loss) from discontinued operations	(2.90)	0.02	(0.25)	0.92	(1.99)
Net Income (loss)	\$ (3.35)	\$ 0.13	\$ (0.10)	\$ 1.39	\$ (3.16)
Other Data:					
Net cash provided by, (used in):					
Operating activities	\$ 118.1	\$ 123.7	\$ 106.4	\$ 190.6	\$ 133.4
Investing activities	(60.0)	(144.6)	(31.0)	(27.9)	(302.4)
Financing activities	(38.7)	28.1	(104.0)	(157.2)	72.5
Capital expenditures	(75.2)	(58.6)	(27.7)	(58.6)	(190.5)
Balance Sheet Data:					
Cash and cash equivalents	\$ 94.5	\$ 75.2	\$ 68.1	\$ 96.7	\$ 91.8
Total assets	1,575.0	1,733.9	1,674.8	1,782.7	1,974.2
Long-term debt, including current portion	1,154.4	1,192.6	1,200.9	1,301.1	1,507.3
Stockholders' equity	183.6	309.0	240.2	228.4	188.0
Operating Data:					
Number of slot machines	13,784	14,947	14,579	15,373	15,393
Number of table games	336	375	368	369	387
Number of hotel rooms	3,079	3,078	3,079	3,104	3,107
Number of parking spaces	21,944	21,782	20,696	22,290	21,229

(1) Our fiscal year ended April 30, 2012 includes 53 weeks while other fiscal years presented include 52 weeks. The results reflect Biloxi, Lucaya, Blue Chip and Coventry as discontinued operations. We opened new casino operations in Pompano, Florida and Waterloo, Iowa in April 2007 and June 2007, respectively. We acquired our casino operations in Caruthersville, Missouri in June 2007. We acquired our current casino operations in Vicksburg, Mississippi in June 2010.

Table of Contents

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion together with the financial statements, including the related notes and the other financial information, contained in this Annual Report on Form 10-K.

Executive Overview

We are a leading developer, owner and operator of branded gaming facilities and related dining, lodging and entertainment facilities in regional markets in the United States. We have sought and established geographic diversity to limit the risks caused by weather, regional economic difficulties, gaming tax rates and regulations of local gaming authorities. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. We also operate a harness racing track at our casino in Florida.

Operating Results—Our operating results for the periods presented have been affected, both positively and negatively, by current economic conditions and several other factors discussed in detail below. Our historical operating results may not be indicative of our future results of operations because of these factors and the changing competitive landscape in each of our markets, as well as by factors discussed elsewhere herein. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with and giving consideration to the following:

Items Impacting Income (Loss) from Continuing Operations—Significant items impacting our income (loss) from continuing operations during the fiscal years ended April 29, 2012, April 24, 2011 and April 25, 2010 are as follows:

53rd week in Fiscal 2012— Our fiscal year ends on the last Sunday in April. This fiscal year convention creates more comparability of our quarterly operations, by generally having an equal number of weeks (13) and weekend days (26) in each quarter. Periodically, this convention necessitates a 53-week year. The fiscal year ending April 29, 2012 was a 53-week year with the extra week in the fourth fiscal quarter. The fiscal years ending April 24, 2011 and April 25, 2010 were 52-week years.

Flooding and Insurance Recoveries— Our fiscal 2012 operating results were impacted by flooding along the Mississippi River, which resulted in five of our properties being closed for differing periods of time.

	Closing Date	Reopening Date	Number Days Closed
Davenport, Iowa	April 15, 2011	May 1, 2011	15(A)
Caruthersville, Missouri	May 1, 2011	May 13, 2011	12
Lula, Mississippi	May 3, 2011	June 3, 2011	31
		September 2, 2011	91(B)
Natchez, Mississippi	May 7, 2011	June 17, 2011	41
Vicksburg, Mississippi	May 11, 2011	May 27, 2011	16

(A) Six days of closure in the first quarter of fiscal 2012 and nine days of closure in the fourth quarter of fiscal 2011.

(B) The second casino barge reopened on September 2, 2011 after flood damage was remediated.

Table of Contents

Related to the flooding, we filed and settled flood insurance claims resulting in the recognition of \$9.6 million business interruption recoveries in our statement of operations in fiscal 2012.

Valuation Allowances and Expense Recoveries— As a result of our annual impairment tests of goodwill and long-lived intangible assets under we recorded an impairment charge of \$14.4 million related to goodwill at our Lula property in fiscal 2012.

In connection with the sale of Grand Palais Riverboat, Inc., including its gaming license, a riverboat gaming vessel and certain other equipment, we recorded a valuation charge of \$16.1 million to reduce the carrying value of the net assets sold to the net proceeds realized upon sale during fiscal 2012.

During fiscal 2010, we recorded a reduction in other expense of \$6.8 million representing the discounted value of a receivable for reimbursement of development costs expensed in prior periods relating to a terminated plan to develop a casino in Pittsburgh, Pennsylvania. This receivable was recorded following our assessment of collectability.

Income Tax Provision(Benefit)— During fiscal 2012, as a result of evaluating the expected net realizable value of our deferred tax assets, including our net operating loss carry forwards, we recorded a valuation allowance of approximately \$8.7 million related to our income from continuing operations. Our fiscal 2012 tax provision of \$15.1 million includes the \$8.7 related to the valuation charge as well as the impact of permanent items and other items.

Florida Gaming Law Changes— Effective July 1, 2010, the state portion of gaming taxes applicable to our Pompano property was reduced from 50% to 35% of gaming revenues. Additionally, this legislation removed poker betting limits and allowed us to expand our poker hours from 12 hours per day to 18 hours per day Monday through Thursday and 24 hours per day on Friday through Sunday. Our casino revenues and gaming taxes reflect the favorable impact of these changes in state gaming laws in fiscal years 2011 and 2012.

Increased Competition— From time to time, new or expanded facilities by our competitors impact our results. For example, competition from a new casino in Kansas opened during February 2012 negatively impacted our Kansas City casino and expansion by a Native American casino in February 2012 negatively impacted our Pompano casino.

Items Impacting Current and Future Operations— During the fiscal years ended April 29, 2012, April 24, 2011 and April 25, 2010, we have entered into agreements or completed transactions as follows:

Discontinued Operations

Agreement to Sell Biloxi— During March 2012, we entered into a definitive purchase agreement to sell our subsidiary, which owns and operates our casino and hotel operations in Biloxi for \$45 million subject to regulatory approval and other customary closing conditions. In fiscal 2012, our loss from discontinued operations includes a noncash valuation charge of \$112.5 million to reduce the carrying value of Biloxi's net assets held for sale to the expected net realizable value. We expect this transaction to close during fiscal 2013.

Sale of Blue Chip Casinos— During fiscal 2010, we completed the sale of our Blue Chip casino properties, located in England under a plan of administration and have no continuing involvement in its operation. During fiscal 2011 we recognized a gain of \$2.7 million, including tax benefits of \$1.2 million, upon completion of the administration process. We also recognized in fiscal 2011 a

Table of Contents

tax benefit of \$0.8 million in discontinued operations representing the resolution of previously unrecognized tax positions following the completion of certain federal tax reviews.

Acquisition

Acquisition of Rainbow Casino— We acquired Rainbow Casino-Vicksburg Partnership, L.P. ("Rainbow") located in Vicksburg, Mississippi on June 8, 2010 acquiring 100% of the partnership interests for \$76.2 million and have included the results of Rainbow in our consolidated financial statements subsequent to June 8, 2010. The acquisition was funded by borrowings from our senior secured credit facility.

Development Activities

Cape Girardeau— We continue construction of a new casino located in Cape Girardeau. Under our development agreement with the City of Cape Girardeau, our planned casino is expected to include 1,000 slot machines, 28 table games, three restaurants, a lounge and terrace overlooking the Mississippi River and a 750-seat event center. We currently estimate the cost of the project at approximately \$135 million with \$49.9 million spent through April 29, 2012. Subject to regulatory approval, we anticipate opening by November 1, 2012. During fiscal 2012, we incurred \$0.6 million in preopening costs and expect to incur additional preopening costs of approximately \$5.5 million during fiscal 2013.

Nemacolin— On April 14, 2011, our proposed casino in Nemacolin, Pennsylvania was selected by the Pennsylvania Gaming Control Board to receive the final resort gaming license in Pennsylvania. We have entered into a development and management agreement with Nemacolin Woodlands Resort to build and operate a casino which is expected to include approximately 600 slot machines and 28 table games. We currently estimate the project cost at approximately \$50 million. The award of the Pennsylvania license to Nemacolin has been appealed to the Pennsylvania Supreme Court by one of the other applicants. Subject to a successful ruling in the appeal, we expect to complete construction of the facility within approximately nine months after commencing construction. The timing of additional significant expenditures is dependent upon resolution of the items discussed above.

Capital Transactions

Equity Offering— During January 2011, we completed the sale of \$3 million shares of common stock generating net proceeds of \$51.2 million. Proceeds from our equity offering have been used to repay long-term debt.

Senior Notes— On March 7, 2011, we issued \$300 million of 7.75% senior notes due 2019. Proceeds from this debt issuance were used to repay borrowings under our senior secured credit facility.

Senior Secured Credit Facility— On March 25, 2011, we amended our senior secured credit facility. Following this amendment, our credit facility totals \$800 million, consisting of a \$300 million revolving line of credit and a \$500 million term loan. The credit facility matures on November 1, 2013, or if the 7% senior subordinated notes are refinanced on or prior to that date, the revolving line of credit matures on March 25, 2016 and the term loan matures on March 25, 2017.

These equity and debt transactions have resulted in a reduction in our total debt, extension of our maturities and provide borrowing capacity to fund current and future capital expenditures for both our existing properties and for our development projects.

Table of Contents

Results of Operations

Our results of continuing operations for the fiscal years ended April 29, 2012, April 24, 2011 and April 25, 2010 reflect the consolidated operations of all of our subsidiaries. Our Biloxi and Blue Chip entities are presented as discontinued operations. Our results been reclassified to reflect the classification of Biloxi as a discontinued operations during the fourth quarter of fiscal 2012, as well as to conform our financial presentation to our current year financial statement format.

ISLE OF CAPRI CASINOS, INC.

(in thousands)	Net Revenues Fiscal Year Ended			Operating Income (Loss) Fiscal Year Ended		
	April 29, 2012	April 24, 2011	April 25, 2010	April 29, 2012	April 24, 2011	April 25, 2010
	Mississippi					
Natchez	\$ 28,643	\$ 30,787	\$ 32,826	\$ 6,478	\$ 7,591	\$ 8,868
Lula	61,525	67,340	68,147	9,671	12,471	10,692
Vicksburg(1)	32,695	27,935	—	4,145	4,188	—
Mississippi Total	122,863	126,062	100,973	20,294	24,250	19,560
Louisiana						
Lakes Charles	138,634	131,214	139,423	11,671	13,638	13,317
Missouri						
Kansas City	80,703	77,710	76,815	13,902	14,619	13,717
Boonville	81,796	78,776	77,759	26,018	22,670	21,125
Caruthersville	35,039	33,696	32,685	4,497	3,909	3,853
Missouri Total	197,538	190,182	187,259	44,417	41,198	38,695
Iowa						
Bettendorf	79,156	79,003	79,527	12,793	13,386	12,624
Davenport	44,426	43,651	48,075	8,261	8,171	10,494
Marquette	28,036	27,397	27,176	4,169	3,780	1,330
Waterloo	86,484	83,197	81,261	20,399	17,953	11,614
Iowa Total	238,102	233,248	236,039	45,622	43,290	36,062
Colorado						
Black Hawk	124,051	115,482	126,140	17,468	10,993	14,891
Florida						
Pompano	154,740	138,704	135,998	17,393	12,030	(6,951)
Valuation charges and expense recoveries (2)				(30,549)		6,762
Corporate and other	1,443	1,769	1,403	(41,933)	(43,468)	(49,975)
From continuing operations	\$977,371	\$936,661	\$927,235	\$ 84,383	\$101,931	\$ 72,361

Note: This table excludes our Biloxi and Blue Chip operations which have been classified as discontinued operations.

- (1) Reflects results since the June 2010 acquisition effective date.
- (2) Valuation charges and expense recoveries include valuation charges, expense recoveries and other charges. See Executive Overview—*Valuation charges and expense recoveries* for a detailed discussion of such items.

Table of Contents

Fiscal 2012 Compared to Fiscal 2011

Revenues

Revenues and operating expenses for the fiscal years 2012 and 2011 are as follows:

(in thousands)	Fiscal Year Ended		Variance	Percentage Variance
	April 29, 2012	April 24, 2011		
Revenues:				
Casino	\$ 1,006,523	\$ 968,423	\$ 38,100	3.9%
Rooms	32,438	32,144	294	0.9%
Food, beverage, pari-mutuel and other	128,560	121,955	6,605	5.4%
Insurance recoveries	9,637	—	9,637	N/M
Gross revenues	1,177,158	1,122,522	54,636	4.9%
Less promotional allowances	(199,787)	(185,861)	(13,926)	(7.5)%
Net revenues	977,371	936,661	40,710	4.3%
Operating expenses:				
Casino	153,743	142,642	11,101	7.8%
Gaming taxes	251,780	242,949	8,831	3.6%
Rooms	7,027	7,290	(263)	(3.6)%
Food, beverage, pari-mutuel and other	41,281	40,559	722	1.8%
Marine and facilities	57,225	55,211	2,014	3.6%
Marketing and administrative	234,470	225,757	8,713	3.9%
Corporate and development	40,248	42,709	(2,461)	(5.8)%
Valuation charges and expense recoveries	30,549	—	30,549	N/M
Preopening	615	—	615	N/M
Depreciation and amortization	76,050	77,613	(1,563)	(2.0)%
Total operating expenses	\$ 892,988	\$ 834,730	58,259	7.0%

Casino—Casino revenues increased \$38.1 million, or 3.9%, in fiscal 2012 compared to fiscal 2011. For fiscal 2012, casino revenues for our properties not closed due to flooding increased \$49.1 million, or 6.6%. This included increased casino revenues of \$18.7 million at our Pompano property, \$10.4 million at our Lake Charles property and \$9.5 million at our Black Hawk properties. Our other properties combined for an increase of \$10.5 million in casino revenues. The properties closed for part of the fiscal year due to flooding had decreased casino revenues of \$11.0 million, or 4.9%.

Casino operating expenses increased \$11.1 million, or 7.8% for fiscal 2012 compared to fiscal 2011. Net increases in casino expenses reflects the cost of increased complimentary rooms and food and beverages provided to our casino customers and, increased salaries and wages due to expanded hours of operation at Pompano and a new poker room at our Black Hawk property.

Gaming Taxes—State and local gaming taxes increased \$8.8 million, or 3.6%, for fiscal 2012 compared to fiscal 2011 consistent with the 3.9% increase in gaming revenues.

Rooms—Rooms revenue increased \$0.3 million, or 0.9%, in fiscal 2012 compared to fiscal 2011. Rooms revenue for our properties not closed due to flooding increased \$1.0 million, or 3.4%.

Food, Beverage, Pari-Mutuel and Other—Food, beverage, pari-mutuel and other revenues increased \$6.6 million, or 5.4%, in fiscal 2012 compared to fiscal 2011. Food, beverage and other revenues for fiscal 2012, increased \$6.5 million, including increases at our Pompano property of \$3.4 million.

Table of Contents

Promotional Allowances—Promotional allowances increased \$13.9 million, or 7.5%, in fiscal 2012 compared to fiscal 2011. The increase in promotional allowances is primarily attributable to our 3.9% increase in gaming revenues as we revise to our marketing plans as a result of competitive factors, economic conditions and regulations.

Marine and Facilities—Marine and facilities expenses increased \$2.0 million, or 3.6%, for fiscal 2012 compared to fiscal 2011. The overall increase in marine and facilities reflect increased spending for repairs and maintenance.

Marketing and Administrative—Marketing and administrative expenses increased \$8.7 million, or 3.9%, for fiscal 2012 compared to fiscal 2011. The overall increase corresponds to a 3.9% increase in casino revenues and reflects additional marketing expenditures designed to increase market share and customer visits.

Corporate and Development—During fiscal 2012, our corporate and development expenses were \$40.2 million compared to \$42.7 million for fiscal 2011. The decrease is primarily a result of financing related costs of \$4.0 million and acquisition and development costs of \$3.8 million in fiscal 2011 offset by increased insurance costs and a \$2.0 million accrual related to litigation.

Preopening—Preopening expenses relate to our casino under construction in Cape Girardeau, Missouri and include payroll, outside services, insurance, utilities, travel and various other expenses related to the new operation. The new casino is expected to open during October 2012, subject to regulatory approval.

Depreciation and Amortization—Depreciation and amortization expense for fiscal 2012 compared to fiscal 2011 decreased \$1.6 million, primarily due to certain assets becoming fully depreciated.

Other Income (Expense), Income Taxes and Discontinued Operations

Interest expense, interest income, derivative expense, income tax (provision) benefit and income from discontinued operations, net of income taxes for the fiscal years 2012 and 2011 are as follows:

(in thousands)	Fiscal Year Ended		Variance	Percentage Variance
	April 29, 2012	April 24, 2011		
Interest expense	\$ (87,905)	\$ (91,935)	\$ 4,030	(4.4)%
Interest income	819	1,903	(1,084)	(57.0)%
Derivative income (expense)	439	(1,214)	1,653	N/M
Income tax provision	(15,119)	(6,950)	(8,169)	117.5%
Income (loss) from discontinued operations, net of income taxes	(112,370)	805	(113,175)	N/M

Interest Expense—Interest expense decreased \$4.0 million, or 4.4%, in fiscal 2012 compared to fiscal 2011. The decrease is primarily a result of interest rate swaps maturing in fiscal 2011 and fiscal 2012. We capitalized \$1.1 million in interest related to construction projects during fiscal 2012.

Table of Contents

Fiscal 2011 Compared to Fiscal 2010

Revenues

Revenues for the fiscal years 2011 and 2010 are as follows:

(in thousands)	Fiscal Year Ended		Variance	Percentage Variance
	April 24, 2011	April 25, 2010		
Revenues:				
Casino	\$ 968,423	\$ 943,234	\$ 25,189	2.7%
Rooms	32,144	33,548	(1,404)	(4.2)%
Food, beverage, pari-mutuel and other	121,955	122,200	(245)	(0.2)%
Gross revenues	1,122,522	1,098,982	23,540	2.1%
Less promotional allowances	(185,862)	(171,747)	(14,115)	(8.2)%
Net revenues	\$ 936,660	\$ 927,235	\$ 9,425	1.0%

Casino Revenues—Casino revenues increased \$25.2 million, or 2.7%, in fiscal 2011 compared to fiscal 2010. For fiscal 2011, casino revenues increased \$8.9 million at our Pompano property, and included \$36.8 million from our Vicksburg casino. These increases were offset by decreased casino revenues at our Black Hawk and Quad Cities properties of \$15.2 million reflecting the impact of competition and a decrease at our Lake Charles, Lula and Natchez properties of approximately \$11.4 million primarily due to current economic conditions. Our other properties combined for a net increase of \$6.1 million in casino revenues.

Rooms Revenue—Rooms revenue decreased \$1.4 million, or 4.2%, in fiscal 2011 compared to fiscal 2010. The majority of this decrease has occurred at our Black Hawk property where we have experienced declines in both room rates and occupancy following the opening of a competitor's new hotel during October, 2009.

Food, Beverage, pari-mutuel and Other Revenues—Food, beverage, pari-mutuel and other revenues decreased \$0.2 million, or 0.2%, in fiscal 2011 compared to fiscal 2010. Food, beverage and other revenues for fiscal 2011 included \$2.3 million from our recently acquired Vicksburg casino.

Promotional Allowances—Promotional allowances increased \$14.1 million, or 8.2%, in fiscal 2011 compared to fiscal 2010. Promotional allowances for fiscal 2011 included \$11.1 million from our Vicksburg casino. At our existing properties, changes in our promotional allowances reflect revisions to our marketing plans as a result of competitive factors, economic conditions and regulations.

Table of Contents

Operating Expenses

Operating expenses for the fiscal years 2011 and 2010 are as follows:

(in thousands)	Fiscal Year Ended		Variance	Percentage Variance
	April 24, 2011	April 25, 2010		
Operating expenses:				
Casino	\$ 142,642	\$ 137,305	\$ 5,337	3.9%
Gaming taxes	242,949	254,718	(11,769)	(4.6)%
Rooms	7,290	7,960	(670)	(8.4)%
Food, beverage, pari-mutuel and other	40,559	40,088	471	1.2%
Marine and facilities	55,211	55,559	(348)	(0.6)%
Marketing and administrative	225,757	223,778	1,979	0.9%
Corporate and development	42,709	46,750	(4,041)	(8.6)%
Valuation charges and expense recoveries	—	(6,762)	6,762	N/M
Depreciation and amortization	77,613	95,478	(17,865)	(18.7)%
Total operating expenses	\$ 834,730	\$ 854,874	(20,144)	(2.4)%

Casino—Casino operating expenses increased \$5.3 million, or 3.9% for fiscal 2011 compared to fiscal 2010. Excluding casino costs of \$4.8 million incurred by our Vicksburg casino, our casino costs would have increased \$0.5 million. This net change in casino operating expenses reflects a slight increase in casino expenses at our Pompano property following the expansion of gaming hours effective July 1, 2010 offset by net cost reductions in casino expense at most of our properties.

Gaming Taxes—State and local gaming taxes decreased \$11.8 million, or 4.6% for fiscal 2011 compared to fiscal 2010. Reductions in gaming taxes for fiscal 2011 reflect the decrease in state gaming taxes at our Pompano facility from 50% to 35% effective July 1, 2010 and changes in the mix of our gaming revenues derived from states with different gaming tax rates. Gaming taxes for fiscal 2011 included \$3.2 million from our Vicksburg casino.

Rooms—Rooms expenses decreased by \$0.7 million or 8.4% in fiscal 2011 compared to fiscal 2010. This decrease in rooms expense is reflective of a 4.2% reduction in our hotel revenues for fiscal 2011, respectively, as compared to fiscal 2010.

Food, Beverage, Pari-mutuel and Other—Food, beverage, pari-mutuel and other expenses increased by \$0.5 million, or 1.2%, in fiscal 2011 compared to fiscal 2010. Excluding food beverage and other costs of \$1.1 million incurred by our Vicksburg casino, our food, beverage and other expenses would have decreased \$0.6 million.

Marine and Facilities—Marine and facilities expenses decreased \$0.3 million, or 0.6% for fiscal 2011 compared to fiscal 2010. Excluding marine and facility costs of \$1.4 million incurred by our acquired Vicksburg casino, our marine and facility costs would have decreased \$1.1 million. This decrease includes reductions in facility costs across most properties as we continue to focus on cost reductions efforts.

Marketing and Administrative—Marketing and administrative expenses increased \$2.0 million, or 0.9% for fiscal 2011 compared to fiscal 2010. Excluding marketing and administrative costs of \$8.6 million incurred by our Vicksburg casino, our marketing and administrative costs would have decreased \$6.6 million. These decreases reflect reductions in our operating cost to align such expenditures with changes in visitation and spend per visit by our customers.

Table of Contents

Corporate and Development—During fiscal 2011, our corporate and development expenses were \$42.7 million compared to \$46.8 million for fiscal 2010. The net decrease in corporate and development expense reflects decreases in insurance costs and incentive compensation. Corporate and development expenses for fiscal 2011 include financing related costs of \$4.0 million and development and acquisition costs of \$4.0 million. In fiscal 2010 we incurred \$1.8 million in costs related to an amendment of our senior credit facility.

Depreciation and Amortization—Depreciation and amortization expense for fiscal 2011 compared to fiscal 2010 decreased \$17.9 million, primarily due to certain assets becoming fully depreciated offset by depreciation at Vicksburg of \$4.6 million.

Other Income (Expense), Income Taxes and Discontinued Operations

Interest expense, interest income, derivative expense, income tax (provision) benefit and income from discontinued operations, net of income taxes for the fiscal years 2011 and 2010 are as follows:

(in thousands)	Fiscal Year Ended		Variance	Percentage Variance
	April 24, 2011	April 25, 2010		
Interest expense	\$ (91,935)	\$ (75,434)	\$ (16,501)	21.9%
Interest income	1,903	1,814	89	4.9%
Derivative expense	(1,214)	(370)	(844)	N/M
Income tax (provision) benefit	(6,950)	6,909	(13,859)	N/M
Income (loss) from discontinued operations, net of income taxes	805	(8,253)	9,058	N/M

Interest Expense—Interest expense increased \$16.5 million, or 21.9%, in fiscal 2012 compared to fiscal 2011 primarily due increased interest rates on borrowings under our senior secured credit facility following our amendment of this facility during the fourth quarter of fiscal 2010 and higher outstanding borrowings following our acquisition of Vicksburg casino during June 2010. Fiscal 2012 interest expense includes a \$3.2 million write-off of deferred financing costs as a result of the amendment of our senior secured credit facility during the fourth quarter and an \$8.5 million decrease in interest associated with our interest rate swaps as certain of our swaps have matured.

Income Tax (Provision) Benefit—Our income tax (provision) benefit from continuing operations and our effective income tax rate have been impacted by our state income taxes and our income for financial statement purposes as well as our percentage of permanent and other items in relation to our income or loss. During fiscal 2010, our effective income tax rate was also impacted by our settlement of certain tax liabilities for \$4.7 million less than our estimated accrual.

Liquidity and Capital Resources

Cash Flows from Operating Activities—During fiscal 2012, we generated \$118.1 million in cash flows from operating activities compared to generating \$123.7 million during fiscal 2011, due primarily to a net use of working capital of \$3.7 million:

Cash Flows used in Investing Activities—During fiscal 2012 we used \$60.0 million for investing activities compared to using \$144.6 million during fiscal 2011. Significant investing activities during fiscal 2012 included capital expenditures of \$75.2 million, including \$34.9 million relating to Cape Girardeau and net proceeds from the sale of Grand Palais Riverboat, Inc. of \$14.8 million. Significant investing activities during fiscal 2011 included the purchase of the Rainbow Casino in Vicksburg, Mississippi for \$76.2 million, capital expenditures of \$58.6 million, including \$13.3 million relating to

Table of Contents

Cape Girardeau and Nemaocolin, and increases in restricted cash and investments at our captive insurance company by \$9.5 million to fund insurance reserves in lieu of providing letters of credit.

Cash Flows used by Financing Activities—During fiscal 2012 our net cash flows used in financing activities were \$38.7 million primarily comprised of net reductions in our Senior Secured Credit Facility of \$38.4 million.

During fiscal 2011 our net cash flows provided by financing activities were \$28.1 million primarily comprised of:

- Net proceeds from our common stock offering of \$51.2 million;
- Net proceeds from the issuance of our 7.75% senior notes of \$297.8 million;
- Net reductions in our Senior Secured Credit Facility of \$306.1 million; and
- Payment of \$14.8 million in deferred financing costs associated with the issuance of our 7.75% senior notes and amendment of our senior secured credit facility.

Availability of Cash and Additional Capital—At April 29, 2012, we had cash and cash equivalents of \$94.5 million and marketable securities of \$24.9 million. As of April 29, 2012, we had no outstanding borrowings under our revolving credit and \$495.0 million in term loans outstanding under our senior secured credit facility. Our net line of credit availability at April 29, 2012 was approximately \$258 million as limited by our senior secured leverage covenant.

Capital Expenditures and Development Activities—As part of our business development activities, historically we have entered into agreements which have resulted in the acquisition or development of businesses or assets. These business development efforts and related agreements typically require the expenditure of cash, which may be significant. The amount and timing of our cash expenditures relating to development activities may vary based upon our evaluation of current and future development opportunities, our financial condition and the condition of the financing markets. Our development activities are subject to a variety of factors including but not limited to: obtaining permits, licenses and approvals from appropriate regulatory and other agencies, legislative changes and, in certain circumstances, negotiating acceptable leases.

Construction is proceeding ahead of schedule for our Isle Casino Cape Girardeau development. We anticipate opening by November 1, 2012, subject to regulatory approvals. We currently estimate the cost of the project at approximately \$135 million and have incurred capital expenditures, including capitalized interest, of \$50 million through April 29, 2012. In fiscal 2013, we plan to invest approximately \$85 million in project capital in our Cape Girardeau development project, barring any delays related to licensing and permitting, contractor negotiations, weather or other items.

Our proposed casino in Nemaocolin, Pennsylvania was selected by the Pennsylvania Gaming Control Board to receive the final resort gaming license in Pennsylvania in April 2011. This award has been appealed to the Pennsylvania Supreme Court by another applicant. We have a development and management agreement with Nemaocolin Woodlands resort to build and operate a casino with 600 slot machines and 28 table games. Subject to a successful ruling in the appeal and the receipt of all regulatory and other approvals, we expect to complete construction of the facility within approximately nine months after commencing construction. We currently estimate the cost of the project at approximately \$50 million. To date, we have incurred capital expenditures, including capitalized interest, of \$1.0 million. The timing of additional significant expenditures is dependent upon resolution of the appeal.

Historically, we have made significant investments in property and equipment and expect that our operations will continue to demand ongoing investments to keep our properties competitive.

Table of Contents

We have identified several capital projects primarily focused on refreshing our hotel room inventory as well as additional improvements to our Black Hawk and Lake Charles properties, and further Lady Luck conversions. In the fourth quarter of fiscal 2012, we commenced improvements to the hotel at our Lake Charles property and began rebranding our Vicksburg property to a Lady Luck. Additionally we expect to make several other improvements to our properties including additional Farmers Pick buffets and other food and beverage outlets as well as ongoing maintenance capital. We expect to incur capital expenditures of approximately \$55 million to \$65 million in fiscal 2013 related to these items. The timing, completion and amount of additional capital projects will be subject to improvement of economic and local market conditions, cash flows from our continuing operations and borrowing availability under our Credit Facility.

Typically, we have funded our daily operations through net cash provided by operating activities and our significant capital expenditures through operating cash flow and debt financing. While we believe that cash on hand, cash flow from operations, and available borrowings under our Credit Facility will be sufficient to support our working capital needs, planned capital expenditures and debt service requirements for the foreseeable future, there is no assurance that these sources will in fact provide adequate funding for our planned and necessary expenditures or that the level of our capital investments will be sufficient to allow us to remain competitive in our existing markets.

We are highly leveraged and may be unable to obtain additional debt or equity financing on acceptable terms if our current sources of liquidity are not sufficient or if we fail to stay in compliance with the covenants of our Credit Facility. We will continue to evaluate our planned capital expenditures at each of our existing locations in light of the operating performance of the facilities at such locations.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles that require our management to make estimates and assumptions that affect reported amounts and related disclosures. Management identifies critical accounting estimates as:

- those that require the use of assumptions about matters that are inherently and highly uncertain at the time the estimates are made;
- those estimates where, had we chosen different estimates or assumptions, the resulting differences would have had a material impact on our financial condition, changes in financial condition or results of operations; and
- those estimates that, if they were to change from period to period, likely would result in a material impact on our financial condition, changes in financial condition or results of operations.

Based upon management's discussion of the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors, we believe the following accounting estimates involve a higher degree of judgment and complexity.

Goodwill and Other Intangible Assets—At April 29, 2012, we had goodwill and other intangible assets of \$387.5 million, representing 24.6% of total assets. In accordance with ASC Topic 350, Intangibles—Goodwill and Other, if necessary, we perform an annual impairment test for goodwill and indefinite-lived intangible assets in the fourth fiscal quarter of each year, or on an interim basis if indicators of impairment exist. For properties with goodwill and/or other intangible assets with indefinite lives, this test requires the comparison of the implied fair value of each reporting unit to carrying value.

We must make various assumptions and estimates in performing our impairment testing. The implied fair value includes estimates of future cash flows that are based on reasonable and supportable

Table of Contents

assumptions which represent our best estimates of the cash flows expected to result from the use of the assets including their eventual disposition and by a market approach based upon valuation multiples for similar companies. Changes in estimates, increases in our cost of capital, reductions in transaction multiples, operating and capital expenditure assumptions or application of alternative assumptions and definitions could produce significantly different results. Future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates. If our ongoing estimates of future cash flows are not met, we may have to record additional impairment charges in future accounting periods. Our estimates of cash flows are based on the current regulatory, social and economic climates, recent operating information and budgets of the various properties where we conduct operations. These estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, or other events affecting various forms of travel and access to our properties. We engage an independent third party valuation firm to assist management in our annual impairment testing.

Based upon our fiscal 2012 annual impairment testing, we noted reporting units with goodwill and/or other long-lived intangibles had fair values which exceeded their carrying values by at least 10%, except for our Lula and Black Hawk reporting units. In conjunction with this impairment testing, we recorded an impairment charge related to goodwill at our Lula property of \$14.4 million, resulting in a remaining goodwill balance of \$80.6 million. Black Hawk's goodwill and indefinite-lived assets as of April 29, 2012 were \$37.7 million, which fair value exceeded its carrying value by 9%.

Property and Equipment—At April 29, 2012, we had property and equipment, net of accumulated depreciation of \$950 million, representing 60.3% of our total assets. We capitalize the cost of property and equipment. Maintenance and repairs that neither materially add to the value of the property or equipment nor appreciably prolong its life are charged to expense as incurred. We depreciate property and equipment on a straight-line basis over their estimated useful lives. The estimated useful lives are based on the nature of the assets as well as our current operating strategy. Future events such as property expansions, new competition, changes in technology and new regulations could result in a change in the manner in which we are using certain assets requiring a change in the estimated useful lives of such assets.

Impairment of Long-lived Assets—We evaluate long-lived assets for impairment in accordance with the guidance in the Impairment or Disposal of Long Lived Assets subsection of ASC Topic 360, Property, Plant and Equipment (ASC Topic 360[®]). For a long-lived asset to be held and used, we review the asset for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. In assessing the recoverability of the carrying value of such property, equipment and other long-lived assets, we make assumptions regarding future cash flows and residual values. If these estimates or the related assumptions are not achieved or change in the future, we may be required to record an impairment loss for these assets. In evaluating impairment of long-lived assets for newly opened operations, estimates of future cash flows and residual values may require some period of actual results to provide the basis for an opinion of future cash flows and residual values used in the determination of an impairment loss for these assets. For assets held for disposal, we recognize the asset at the lower of carrying value or fair market value, less cost of disposal based upon appraisals, discounted cash flows or other methods as appropriate. An impairment loss would be recognized as a non-cash component of operating income. During fiscal 2012, following our agreement to sell our Biloxi property, we recognized an impairment loss of \$112.6 million in discontinued operations related to the assets held for sale. We also recognized during fiscal 2012 an impairment charge of \$16.1 million related to the sale of certain long-lived assets at our Lake Charles property.

Self-Insurance Liabilities—We are self-funded up to a maximum amount per claim for our employee-related health care benefits program, workers' compensation and general liabilities. Claims in excess of this maximum are fully insured through a stop-loss insurance policy. We accrue a discounted

Table of Contents

estimate for workers' compensation liability and general liabilities based on claims filed and estimates of claims incurred but not reported. We rely on independent consultants to assist in the determination of estimated accruals. While the ultimate cost of claims incurred depends on future developments, such as increases in health care costs, in our opinion, recorded reserves are adequate to cover future claims payments. Based upon our current accrued insurance liabilities, a 1% change in our discount factor would cause a \$0.7 million change in our accrued self-insurance liability.

Income Tax Assets and Liabilities—We account for income taxes in accordance with the guidance in ASC Topic 740, Income Taxes ("ASC Topic 740"). We are subject to income taxes in the United States and in several states in which we operate. We recognize a current tax asset or liability for the estimated taxes payable or refundable based upon application of the enacted tax rates to taxable income in the current year. Additionally, we are required to recognize a deferred tax liability or asset for the estimated future tax effects attributable to temporary differences. Temporary differences occur when differences arise between: (a) the amount of taxable income and pretax financial income for a year and (b) the tax basis of assets or liabilities and their reported amounts in financial statements. Deferred tax assets recognized must be reduced by a valuation allowance for any tax benefits that, in our judgment and based upon available evidence, may not be realizable. At April 29, 2012 we have reduced our deferred tax assets by a valuation allowance of \$54.2 million.

We assess our tax positions using a two-step process. A tax position is recognized if it meets a "more likely than not" threshold, and is measured at the largest amount of benefit that is greater than 50 percent likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. Liabilities recorded as a result of this analysis must generally be recorded separately from any current or deferred income tax accounts, and are classified as current or long-term in the balance sheet based on the time until expected payment in accounts accrued liabilities-other or other long-term liabilities, respectively. We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense.

Stock Based Compensation—We apply the guidance of ASC Topic 718, Compensation—Stock Compensation ("ASC Topic 718") in accounting for stock compensation. Generally, we are required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The estimate of the fair value of the stock options is calculated using the Black-Scholes-Merton option-pricing model. This model requires the use of various assumptions, including the historical volatility of our stock price, the risk free interest rate, estimated expected life of the grants, the estimated dividend yield and estimated rate of forfeitures. Subsequent to our fiscal year ended April 29, 2012, we granted restricted stock units ("RSUs") containing market performance conditions which will determine the amount of shares to vest, if any. The fair value of these RSUs is determined utilizing a lattice pricing model which considers a range of assumptions including volatility and risk-free interest rates. Stock based compensation expense is included in the expense category corresponding to the employees' regular compensation in the accompanying consolidated statements of operations.

Derivative Instruments—We utilize an investment policy for managing risks associated with our current and anticipated future borrowings, such as interest rate risk and its potential impact on our fixed and variable rate debt. The policy does not allow for the use of derivative financial instruments for trading or speculative purposes. To the extent we employ such financial instruments pursuant to this policy, and the instruments qualify for hedge accounting, we may designate and account for them as hedged instruments. In order to qualify for hedge accounting, the underlying hedged item must expose us to risks associated with market fluctuations and the financial instrument used must be designated as a hedge and must reduce our exposure to market fluctuations throughout the hedged period. If these criteria are not met, a change in the market value of the financial instrument is recognized as a gain (loss) in the period of change. Otherwise, gains and losses related to the change in the market value

Table of Contents

are not recognized except to the extent that the hedged debt is disposed of prior to maturity or to the extent that unacceptable ranges of ineffectiveness exist in the hedge. Net interest paid or received pursuant to the hedged financial instrument is included in interest expense in the period. Our current interest rate swap agreements, which were designated as cash flow hedges, became ineffective upon the amendment of our senior secured credit facility in February 2010. We record them at fair value and measure their effectiveness using the long-haul method. The effective portion of any gain or loss on our interest rate swaps is recorded in other comprehensive income (loss). We use the hypothetical derivative method to measure the ineffective portion of our interest rate swaps. The ineffective portion, if any, is recorded in other income (expense). We measure the mark-to-market value of our interest rate swaps using a discounted cash flow analysis of the projected future receipts or payments based upon the forward yield curve on the date of measurement. We adjust this amount to measure the fair value of our interest rate swaps by applying a credit valuation adjustment to the mark-to-market exposure profile.

Contingencies—We are involved in various legal proceedings and have identified certain loss contingencies. We record liabilities related to these contingencies when it is determined that a loss is probable and reasonably estimable in accordance with the guidance of ASC Topic 450 Contingencies ("ASC Topic 450"). These assessments are based on our knowledge and experience as well as the advice of legal counsel regarding current and past events. Any such estimates are also subject to future events, court rulings, negotiations between the parties and other uncertainties. If an actual loss differs from our estimate, or the actual outcome of any of the legal proceedings differs from expectations, future operating results could be impacted.

Contractual Obligations and Commercial Commitments

The following table provides information as of the end of fiscal 2012, about our contractual obligations and commercial commitments. The table presents contractual obligations by due dates and related contractual commitments by expiration dates (in millions).

Contractual Obligations	Payments Due by Period				
	Total	Less Than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Long-Term Debt	\$1,156.4	\$ 54.3	\$ 848.1	\$ 10.3	\$ 302.6
Estimated interest payments on long-term debt(1)	251.7	72.8	82.3	47.5	49.1
Operating Leases	470.2	18.6	33.9	33.3	384.4
Long-Term Obligations(2)	14.6	7.8	6.1	0.6	0.1
Construction Contractual Obligations(3)	85.0	85.0	—	—	—
Other Long-Term Obligations	21.5	1.1	2.9	3.5	14.0
Total Contractual Cash Obligations	\$1,999.4	\$190.7	\$ 973.3	\$ 85.2	\$ 750.2

- (1) Estimated interest payment on long-term debt are based on principal amounts outstanding at our fiscal year end and forecasted LIBOR rates for our senior secured credit facility.
- (2) Long-term obligations include future purchase commitments.
- (3) Construction contractual obligations represent the estimated remaining capital expenditures on the construction of our new casino in Cape Girardeau, Missouri.

Table of Contents

Recently Issued Accounting Standards

Recently Issued Accounting Standards—In September 2011, the Financial Accounting Standards Board, ("FASB") issued Update No. 2011-08, "Testing Goodwill for Impairment," which amends ASC 350 "Intangibles—Goodwill and Other." This update permits entities to make a qualitative assessment of whether a reporting unit's fair value is, more likely than not, less than its carrying amount. If an entity concludes it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, the entity is not required to perform the two-step impairment test for that reporting unit. The update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. During fiscal 2012, we adopted this standard, which did not materially impact our consolidated financial statements.

In June 2011, the FASB issued Update No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income," which allows for the presentation of total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In addition, the guidance eliminates the option of presenting the components of other comprehensive income as part of the statement of changes in stockholders' equity. This guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011. While the adoption will impact where we disclose the components of other comprehensive income in our consolidated financial statements, we do not expect the adoption to have a material impact on those consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, including interest rates, foreign currency exchange rates, commodity prices and equity prices. Our primary exposure to market risk is interest rate risk associated with our senior secured credit facility.

Senior Secured Credit Facility

During fiscal 2012, we maintained interest rate swap agreements and interest rate cap arrangements with an aggregate notional value of \$50 million and \$100 million as of April 29, 2012, respectively. The swap agreement effectively converts portions of the senior secured credit facility variable debt to a fixed-rate basis until the swap agreement terminates, which occurs in fiscal 2014.

The following table provides information at April 29, 2012 about our financial instruments that are sensitive to changes in interest rates. The table presents principal cash flows and related weighted average interest rates by expected maturity dates.

Table of Contents

**Interest Rate Sensitivity
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate**

Fiscal year (dollars in millions)	2013	2014	2015	2016	2017	Thereafter	Total	Fair Value 4/29/2012
Liabilities								
Long-term debt, including current portion								
Fixed rate	\$ 0.2	\$ 357.5	\$ 0.2	\$ 0.2	\$ 0.1	\$ 302.6	\$ 660.8	\$ 670.5
Average interest rate	7.38%	7.08%	7.84%	7.85%	7.85%	7.76%		
Variable rate	\$ 5.2	\$ 490.2	\$ 0.2	\$ —	\$ —	\$ —	\$ 495.6	\$ 499.3
Average interest rate(1)	4.80%	4.80%	9.97%	0.00%	0.00%	0.00%		
Interest Rate Derivative Financial Instruments Related to Debt								
Interest rate swaps								
Pay fixed/receive variable	\$ —	\$ 50.0	\$ —	\$ —	\$ —	\$ —	\$ 50.0	
Average pay rate	4.00%	4.00%	0.00%	0.00%	0.00%	0.00%		
Average receive rate	0.49%	0.60%	0.00%	0.00%	0.00%	0.00%		

(1) Represents the annual average LIBOR from the forward yield curve at April 29, 2012 plus the weighted average margin above LIBOR on all consolidated variable rate debt.

As of April, 29, 2012, our senior secured credit facility contained variable rate debt based on LIBOR with a floor of 1.25%, which is above the current market LIBOR rates we receive under our interest rate swap agreement. In addition, we have purchased interest rate caps at 3% for a notional amount of \$100 million to further hedge our interest rate exposure. The following table depicts the estimated impact on our annual interest expense for the relative changes in interest rate based upon current debt levels:

Increase to variable rate	Increase/(decrease) (in millions)
1%	(0.5)
2%	1.3
3%	5.3
4%	8.8
5%	12.2

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements are included in this report:

<u>Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting</u>	<u>46</u>
<u>Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements</u>	<u>47</u>
<u>Consolidated Balance Sheets—April 29, 2012 and April 24, 2011</u>	<u>48</u>
Fiscal Years Ended April 29, 2012, April 24, 2011 and April 25, 2010	
<u>Consolidated Statements of Operations</u>	<u>49</u>
<u>Consolidated Statements of Stockholders' Equity</u>	<u>50</u>
<u>Consolidated Statements of Cash Flows</u>	<u>51</u>
<u>Notes to Consolidated Financial Statements</u>	<u>52</u>
<u>Schedule II—Valuation and Qualifying Accounts—Fiscal Years Ended April 29, 2012, April 24, 2011 and April 25, 2010</u>	<u>88</u>

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Isle of Capri Casinos, Inc.

We have audited Isle of Capri Casinos, Inc.'s internal control over financial reporting as of April 29, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Isle of Capri Casinos, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Isle of Capri Casinos, Inc. maintained, in all material respects, effective internal control over financial reporting as of April 29, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Isle of Capri Casinos, Inc. as of April 29, 2012, and April 24, 2011, and the related consolidated statements of operations, stockholders' equity, and cash flows for the fiscal years ended April 29, 2012, April 24, 2011, and April 25, 2010, of Isle of Capri Casinos, Inc. and our report dated June 14, 2012, expressed an unqualified opinion thereon.

Ernst & Young LLP

St. Louis, Missouri
June 14, 2012

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Isle of Capri Casinos, Inc.

We have audited the accompanying consolidated balance sheets of Isle of Capri Casinos, Inc. (the Company) as of April 29, 2012, and April 24, 2011, and the related consolidated statements of operations, stockholders' equity, and cash flows for the fiscal years ended April 29, 2012, April 24, 2011 and April 25, 2010. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Isle of Capri Casinos, Inc. at April 29, 2012 and April 24, 2011, and the consolidated results of its operations and its cash flows for the years ended April 29, 2012, April 24, 2011 and April 25, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Isle of Capri Casinos, Inc.'s internal control over financial reporting as of April 29, 2012, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated June 14, 2012, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

St. Louis, Missouri
June 14, 2012

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	April 29, 2012	April 24, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 94,461	\$ 75,178
Marketable securities	24,943	22,173
Accounts receivable, net of allowance for doubtful accounts of \$2,502 and \$1,010, respectively	6,941	9,367
Insurance receivable	7,497	234
Income taxes receivable	2,161	3,866
Deferred income taxes	627	12,097
Prepaid expenses and other assets	18,950	25,444
Assets held for sale	46,703	—
Total current assets	202,283	148,359
Property and equipment, net	950,014	1,113,549
Other assets:		
Goodwill	330,903	345,303
Other intangible assets, net	56,586	82,207
Deferred financing costs, net	13,205	18,911
Restricted cash and investments	12,551	12,810
Prepaid deposits and other	9,428	12,749
Total assets	\$1,574,970	\$1,733,888
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 5,393	\$ 5,373
Accounts payable	23,536	26,013
Accrued liabilities:		
Payroll and related	38,566	44,187
Property and other taxes	19,522	19,891
Interest	9,296	10,802
Progressive jackpots and slot club awards	14,892	15,280
Liabilities related to assets held for sale	4,362	—
Other	40,549	32,332
Total current liabilities	156,116	153,878
Long-term debt, less current maturities	1,149,038	1,187,221
Deferred income taxes	36,057	30,762
Other accrued liabilities	33,583	36,305
Other long-term liabilities	16,556	16,694
Stockholders' equity:		
Preferred stock, \$.01 par value; 2,000,000 shares authorized; none issued	—	—
Common stock, \$.01 par value; 60,000,000 shares authorized; shares issued: 42,066,148 at April 29, 2012, and 42,063,569 at April 24, 2011	421	421
Class B common stock, \$.01 par value; 3,000,000 shares authorized; none issued	—	—
Additional paid-in capital	247,855	254,013
Retained earnings (deficit)	(26,658)	103,095
Accumulated other comprehensive income (loss)	(855)	(2,235)
	220,763	355,294
Treasury stock, 3,083,867 shares at April 29, 2012 and 3,841,283 shares at April 24, 2011	(37,143)	(46,266)
Total stockholders' equity	183,620	309,028
Total liabilities and stockholders' equity	\$1,574,970	\$1,733,888

See accompanying notes to consolidated financial statements.

Table of Contents

ISLE OF CAPRI CASINOS, INC.
 CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share amounts)

	Fiscal Year Ended		
	April 29, 2012	April 24, 2011	April 25, 2010
Revenues:			
Casino	\$ 1,006,523	\$ 968,423	\$ 943,234
Rooms	32,438	32,144	33,548
Food, beverage, pari-mutuel and other	128,560	121,955	122,200
Insurance recoveries	9,637		
Gross revenues	1,177,158	1,122,522	1,098,982
Less promotional allowances	(199,787)	(185,861)	(171,747)
Net revenues	977,371	936,661	927,235
Operating expenses:			
Casino	153,743	142,642	137,305
Gaming taxes	251,780	242,949	254,718
Rooms	7,027	7,290	7,960
Food, beverage, pari-mutuel and other	41,281	40,559	40,088
Marine and facilities	57,225	55,211	55,559
Marketing and administrative	234,470	225,757	223,778
Corporate and development	40,248	42,709	46,750
Valuation changes and expense recoveries	30,549		(6,762)
Preopening expense	615		
Depreciation and amortization	76,050	77,613	95,478
Total operating expenses	892,988	834,730	854,874
Operating income	84,383	101,931	72,361
Interest expense	(87,905)	(91,935)	(75,434)
Interest income	819	1,903	1,814
Derivative income (expense)	439	(1,214)	(370)
Income (loss) from continuing operations, before income taxes	(2,264)	10,685	(1,629)
Income tax (provision) benefit	(15,119)	(6,950)	6,609
Income (loss) from continuing operations	(17,383)	3,735	4,980
Income (loss) from discontinued operations, including loss on sale, net of income tax benefit of \$2,026, \$5,328 and \$2,330 for the fiscal years ended 2012, 2011 and 2010, respectively	(112,370)	805	(8,253)
Net income (loss) attributable to common stockholders	\$ (129,753)	\$ 4,540	\$ (3,273)
Earnings (loss) per common share attributable to common stockholders—basic:			
Income (loss) from continuing operations	\$ (0.45)	\$ 0.11	\$ 0.15
Income (loss) from discontinued operations including gain on sale, net of income taxes	(2.90)	0.02	(0.25)
Net income (loss) attributable common stockholders	\$ (3.35)	\$ 0.13	\$ (0.10)
Earnings (loss) per common share attributable to common stockholders—diluted			
Income (loss) from continuing operations	\$ (0.45)	\$ 0.11	\$ 0.15
Income (loss) from discontinued operations including gain on sale, net of income taxes	(2.90)	0.02	(0.25)
Net income (loss) attributable common stockholders	\$ (3.35)	\$ 0.13	\$ (0.10)
Weighted average basic shares	38,753,098	34,066,159	32,245,769
Weighted average diluted shares	38,753,098	34,174,717	32,362,280

See accompanying notes to consolidated financial statements.

Table of Contents

ISLE OF CAPRI CASINOS, INC.
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except share amounts)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Accum. Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, April 26, 2009	36,111,089	\$ 361,193	\$193,827	\$ 101,828	\$ (15,191)	\$(52,399)	\$ 228,426
Net loss	—	—	—	(3,273)	—	—	(3,273)
Unrealized gain on interest rate swap contracts net of income tax provision of \$2,683	—	—	—	—	4,456	—	4,456
Deferred hedge adjustment net of income tax provision of \$1,463	—	—	—	—	2,449	—	2,449
Foreign currency translation adjustments	—	—	—	—	226	—	226
Comprehensive income							3,858
Exercise of stock options	21,602	—	204	—	—	—	204
Issuance of deferred bonus shares	—	—	(292)	—	—	292	—
Other	664	—	103	—	—	—	103
Issuance of restricted stock, net of forfeitures	638,375	6	(6)	—	—	—	—
Stock compensation expense	—	—	7,628	—	—	—	7,628
Balance, April 25, 2010	36,771,730	367,201	201,464	98,555	(8,060)	(52,107)	240,219
Net income	—	—	—	4,540	—	—	4,540
Deferred hedge adjustment net of income tax provision of \$3,408	—	—	—	—	5,724	—	5,724
Unrealized loss on interest rate cap contracts net of income tax benefit of \$19,832	—	—	—	—	(32)	—	(32)
Foreign currency translation adjustments	—	—	—	—	133	—	133
Comprehensive income							10,365
Common stock offering	5,300,000	53	51,174	—	—	—	51,227
Exercise of stock options	1,500	—	(2)	—	—	25	23

Issuance of deferred bonus shares	11,641	1	—	—	—	1	
Forfeitures and other	(21,302)	—	(402)	—	—	(402)	
Issuance of restricted stock	—	—	(5,816)	—	—	5,816	
Stock compensation expense	—	—	7,595	—	—	7,595	
Balance, April 24, 2011	42,063,569	421	254,013	103,095	(2,235)	(46,266)	309,028
Net loss	—	—	—	(129,753)	—	—	(129,753)
Deferred hedge adjustment net of income tax provision of \$789	—	—	—	—	1,312	—	1,312
Unrealized gain on interest rate cap contracts net of income tax provision of \$41	—	—	—	—	—	68	68
Comprehensive loss	—	—	—	—	—	—	(128,373)
Exercise of stock options	(2,000)	—	13	—	—	—	13
Issuance of restricted stock	579	—	(9,123)	—	—	9,123	—
Reduction of tax benefit from vested and exercised stock based compensation	—	—	(4,758)	—	—	—	(4,758)
Stock compensation expense	—	—	7,710	—	—	—	7,710
Balance, April 29, 2012	\$ 42,066,148	\$ 421	\$ 247,855	\$ (26,658)	\$ (855)	\$ (37,143)	\$ 183,620

See accompanying notes to consolidated financial statements.

Table of Contents

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Fiscal Year Ended		
	April 29, 2012	April 24, 2011	April 25, 2010
Operating activities:			
Net income (loss)	\$ (129,753)	\$ 4,540	\$ (3,273)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	83,526	89,040	109,504
Amortization and write-off of deferred financing costs	6,072	6,266	2,834
Amortization of debt discount	211	23	—
Valuation charges and expense recoveries	143,113	—	(6,762)
Deferred income taxes	11,176	2,508	(455)
Stock compensation expense	7,710	7,595	7,633
Deferred compensation expense	—	—	103
(Gain) loss on derivative instruments	(439)	1,214	370
Loss (gain) on disposal of assets	95	(296)	722
Changes in operating assets and liabilities:			
(Purchases) sales of trading securities	(2,769)	753	(5,378)
Accounts receivable	2,012	(460)	3,274
Income taxes receivable	1,705	4,243	(365)
Insurance receivable	(7,263)	(234)	2,204
Prepaid expenses and other assets	8,468	7,426	4,546
Accounts payable and accrued liabilities	(5,805)	1,066	(8,575)
Net cash provided by operating activities	118,059	123,684	106,382
Investing activities:			
Purchase of property and equipment	(75,177)	(58,600)	(27,690)
Proceeds from divestitures	14,784	—	653
Payments towards gaming license	—	—	(4,000)
Net cash paid for acquisitions	—	(76,167)	—
Restricted cash and investments	344	(9,870)	47
Net cash used in investing activities	(60,049)	(134,637)	(30,990)
Financing activities:			
Principal repayments on long-term debt	(5,374)	(317,609)	(8,730)
Net borrowings (repayments) on line of credit	(33,000)	11,500	(91,558)
Proceeds from long-term debt borrowings	—	297,792	—
Payment of deferred financing costs	(366)	(14,823)	(3,874)
Proceeds from issuance of common stock and exercise of stock options	13	51,250	204
Net cash (used in) provided by financing activities	(38,727)	28,110	(103,958)
Effect of foreign currency exchange rates on cash	—	(48)	(19)
Net increase (decrease) in cash and cash equivalents	19,283	7,109	(28,585)
Cash and cash equivalents at beginning of year	75,178	68,069	96,654
Cash and cash equivalents at end of year	\$ 94,461	\$ 75,178	\$ 68,069

See accompanying notes to consolidated financial statements.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(amounts in thousands, except share and per share amounts)

1. Organization

Organization—Isle of Capri Casinos, Inc., a Delaware corporation, was incorporated in February 1990. Except where otherwise noted, the words "we," "us," "our" and similar terms, as well as "Company," refer to Isle of Capri Casinos, Inc. and all of its subsidiaries. We are a leading developer, owner and operator of branded gaming facilities and related lodging and entertainment facilities in markets throughout the United States. Our wholly owned subsidiaries own and operate fourteen casino gaming facilities in the United States located in Black Hawk, Colorado; Lake Charles, Louisiana; Lula, Biloxi, Natchez and Vicksburg, Mississippi; Kansas City, Boonville and Caruthersville, Missouri; Bettendorf, Davenport, Marquette and Waterloo, Iowa; and Pompano Beach, Florida. We are currently constructing a new gaming facility in Cape Girardeau, Missouri, which we expect to open by November 1, 2012, subject to regulatory approval.

2. Summary of Significant Accounting Policies

Basis of Presentation—The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated. We view each property as an operating segment and all operating segments have been aggregated into one reporting segment.

Discontinued operations includes our Biloxi, Mississippi property; our former casinos in Dudley and Wolverhampton, England sold in November 2009; and in Freeport, Grand Bahamas exited in November 2009. Assets and liabilities related to our Biloxi operations expected to be sold during fiscal year 2013 are classified as assets held for sale and liabilities related to assets held for sale in our consolidated balance sheet as of April 29, 2012.

Fiscal Year-End—Our fiscal year ends on the last Sunday in April. Periodically, this system necessitates a 53-week year. Fiscal year 2012 is a 53-week year, which commenced on April 25, 2011, with the fourth quarter having 14 weeks. Fiscal years 2011 and 2010 are 52-week years, which commenced on April 26, 2010 and April 27, 2009, respectively. Fiscal 2013 will be a 52-week year.

Reclassifications—Certain reclassifications of prior year presentations have been made to conform to the fiscal 2012 presentation.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents—We consider all highly liquid investments purchased with an original maturity of three months or less as cash equivalents. Cash also includes the minimum operating cash balances required by state regulatory bodies, which totaled \$24,778 and \$24,230 at April 29, 2012 and April 24, 2011, respectively.

Marketable Securities—Marketable securities consist primarily of trading securities held by our captive insurance subsidiary. The trading securities are primarily debt and equity securities that are purchased with the intention to resell in the near term. The trading securities are carried at fair value.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

2. Summary of Significant Accounting Policies (Continued)

with changes in fair value recognized in current period income in the accompanying statements of operations.

Inventories—Inventories are stated at the lower of weighted average cost or market value.

Property and Equipment—Property and equipment are stated at cost or if purchased through a business acquisition, the value determined under purchase accounting. We capitalize the cost of purchased property and equipment and capitalize the cost of improvements to property and equipment that increases the value or extends the useful lives of the assets. Costs of normal repairs and maintenance are charged to expense as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

	Years
Slot machines, software and computers	3 - 5
Furniture, fixtures and equipment	5 - 10
Leasehold improvements	Lesser of life of lease or estimated useful life
Buildings and improvements	7 - 39.5

Certain property currently leased in Bettendorf, Iowa is accounted for in accordance with Accounting Standards Codification ("ASC") Topic 840, Leases ("ASC 840").

We periodically evaluate the carrying value of long-lived assets to be held and used in accordance with ASC Topic 360, Property, Plant and Equipment ("ASC 360") which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the estimated fair market value of the long-lived assets.

Capitalized Interest—The interest cost associated with major development and construction projects is capitalized and included in the cost of the project. When no debt is incurred specifically for a project, interest is capitalized on amounts expended on the project using the weighted-average cost of our borrowings. Capitalization of interest ceases when the project is substantially complete or development activity is suspended. Capitalized interest was \$1,105, \$125, and \$75 for fiscal years 2012, 2011 and 2010, respectively.

Restricted Cash and Investments—We classify cash and investments which are either statutorily or contractually restricted as to its withdrawal or usage as restricted cash short-term, included in prepaid expenses and other assets, or restricted cash and investments long-term based on the duration of the underlying restriction. Restricted cash primarily includes amounts related to state tax bonds and other gaming bonds, and amounts held in escrow related to leases. Restricted investments relate to trading securities pledged as insurance reserves by our captive insurance company.

Goodwill and Other Intangible Assets—Goodwill represents the excess of cost over the net identifiable tangible and intangible assets of acquired businesses and is stated at cost, net of

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

2. Summary of Significant Accounting Policies (Continued)

impairments, if any. Other intangible assets include values attributable to acquired gaming licenses, customer lists, and trademarks. ASC Topic 350, Intangibles—Goodwill and Other ("ASC 350") requires these assets be reviewed for impairment at least annually or on an interim basis if indicators of impairment exist. We perform our annual impairment test during our fourth quarter. If necessary, goodwill for relevant reporting units is tested for impairment using: 1) a discounted cash flow analysis based on forecasted future results discounted at the weighted average cost of capital and, 2) by using a market approach based upon valuation multiples for similar companies. For intangible assets with indefinite lives not subject to amortization, we review, at least annually, the continued use of an indefinite useful life. If these intangible assets are determined to have a finite useful life, they are amortized over their estimated remaining useful lives.

Deferred Financing Costs—The costs of issuing long-term debt are capitalized and amortized using the effective interest method over the term of the related debt.

Self-Insurance—We are self-funded up to a maximum amount per claim for employee-related health care benefits, workers' compensation and general liabilities. Claims in excess of this maximum are fully insured through stop-loss insurance policies. We accrue for workers' compensation and general liabilities on a discounted basis based on claims filed and estimates of claims incurred but not reported. The estimates have been discounted at 1.1% and 2.0% at April 29, 2012 and April 24, 2011, respectively, or a discount of \$949 and \$1,758, respectively. We utilize independent consultants to assist management in its determination of estimated insurance liabilities. As of April 29, 2012 and April 24, 2011, we have accrued \$33,514 and \$33,046, respectively, for employee-related health care, workers' compensation and general liability claims. Accruals for employee health care and workers compensation are included in accrued liabilities—payroll and accruals for general liabilities are included in accrued liabilities—other in the accompanying consolidated balance sheets. While the total cost of claims incurred depends on future developments, in management's opinion, recorded reserves are adequate to cover future claims payments.

Derivative Instruments and Hedging Activities—ASC Topic 815, Derivatives and Hedging ("ASC 815") requires we recognize all of our derivative instruments as either assets or liabilities in the consolidated balance sheet at fair value and disclose certain qualitative and quantitative information. We utilize derivative financial instruments to manage interest rate risk associated with a portion of our variable rate borrowings. Derivative financial instruments are intended to reduce our exposure to interest rate volatility. We account for changes in the fair value of a derivative instrument depending on the intended use of the derivative and if the derivative has been designated as effective or ineffective, which is established at the inception of a derivative. ASC 815 requires that a company formally document, at the inception of a hedge, the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge, including identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, the method used to assess effectiveness and the method that will be used to measure hedge ineffectiveness of derivative instruments that receive hedge accounting treatment. For derivative instruments designated as cash flow hedges, changes in fair value, to the extent the hedge is effective, are recognized in other comprehensive income until the hedged item is recognized in earnings, and ineffective hedges are recognized as other income or loss below operating income. Hedge effectiveness is assessed quarterly.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition—In accordance with gaming industry practice, we recognize casino revenues as the net win from gaming activities. Casino revenues are net of accruals for anticipated payouts of progressive slot jackpots and certain table games wherein incremental jackpot amounts owed are accrued for games in which certain wagers add to the jackpot total. Revenues from rooms, food, beverage, entertainment and the gift shop are recognized at the time the related service or sale is performed or realized.

Promotional Allowances—The retail value of rooms, food and beverage and other services furnished to guests without charge or at a discount is included in gross revenues and then deducted as promotional allowances to arrive at net revenues included in the accompanying consolidated statements of operations. We also record the redemption of coupons and points for cash as promotional allowances. The estimated cost of providing such complimentary services from continuing operations are included in casino expense in the accompanying consolidated statements of operations as follows:

	Fiscal Year Ended		
	April 29, 2012	April 24, 2011	April 25, 2010
Rooms	\$ 8,603	\$ 8,043	\$ 7,642
Food and beverage	60,252	52,905	50,875
Other	987	991	676
Total cost of complimentary services	\$ 69,842	\$ 61,939	\$ 59,193

Players Club Awards—We provide patrons with rewards based on the amounts wagered on casino games. A liability has been established based on the estimated value of these outstanding rewards, considering the age of the points and prior redemption history.

Advertising—Advertising costs are expensed the first time the related advertisement appears. Total advertising costs from continuing operations were \$33,207, \$32,033, and \$28,444 in fiscal years 2012, 2011 and 2010, respectively.

Operating Leases—We recognize rent expense for each lease on the straight line basis, aggregating all future minimum rent payments including any predetermined fixed escalations of the minimum rentals. Our liabilities include the aggregate difference between rent expense recorded on the straight-line basis and amounts paid under the leases.

Development Costs—We pursue development opportunities for new gaming facilities in an ongoing effort to expand our business. In accordance with ASC Topic 720, Other Expenses ("ASC 720"), costs related to projects in the development stage are recorded as a development expense, except for those costs capitalized in accordance with the guidance of ASC 720. Capitalized development costs are expensed when the development is deemed less than probable. Total development costs expensed from continuing operations were recorded in the consolidated statements of operations in corporate and development expenses.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

2. Summary of Significant Accounting Policies (Continued)

Pre-Opening Costs—We expense pre-opening costs as incurred. Pre-opening costs include payroll, outside services, advertising, insurance, utilities, travel and various other expenses related to new operations prior to opening.

Income Taxes—We account for income taxes in accordance ASC Topic 740, Income Taxes ("ASC 740"). ASC 740 requires the recognition of deferred income tax liabilities, deferred income tax assets, net of valuation allowances related to net operating loss carry forwards and certain temporary differences. Recognizable future tax benefits are subject to a valuation reserve, unless such tax benefits are determined to be more likely than not realizable. We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense.

Earnings (Loss) Per Common Share—In accordance with the guidance of ASC 260, Earnings Per Share ("ASC 260"), basic earnings (loss) per share ("EPS") is computed by dividing net income (loss) applicable to common stock by the weighted average common shares outstanding during the period. Diluted EPS reflects the additional dilution for all potentially dilutive securities such as stock options. Any potentially dilutive securities with an exercise price in excess of the average market price of our common stock during the periods presented are not considered when calculating the dilutive effect of stock options for diluted earnings per share calculations as they would be anti-dilutive.

Stock Compensation—Our stock based compensation is accounted for in accordance with ASC Topic 718, Compensation—Stock Compensation ("ASC 718"). Stock compensation cost is measured at the grant date, based on the estimated fair value of the award and is recognized as expense on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

Allowance for Doubtful Accounts—We reserve for receivables that may not be collected. Methodologies for estimating the allowance for doubtful accounts range from specific reserves to various percentages applied to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific reserves.

Fair Value Measurements—We follow the guidance of ASC Topic 820, Fair Value Measurements and Disclosures ("ASC 820") for our financial assets and liabilities including marketable securities, restricted cash and investments and derivative instruments. ASC 820 provides a framework for measuring the fair value of financial assets and liabilities. A description of the valuation methodologies used to measure fair value, key inputs, and significant assumptions follows:

Marketable securities— The estimated fair values of our marketable securities are based upon quoted prices available in active markets and represent the amounts we would expect to receive if we sold these marketable securities.

Restricted cash and investments— The estimated fair values of our restricted cash and investments are based upon quoted prices available in active markets and represent the amounts we would expect to receive if we sold these restricted cash and investments.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts).

2. Summary of Significant Accounting Policies (Continued)

Derivative instruments— The estimated fair value of our derivative instruments is based on market prices obtained from dealer quotes, which are based on interest yield curves. Such quotes represent the estimated amounts we would receive or pay to terminate the contracts.

Recently Issued Accounting Standards— In September 2011, the Financial Accounting Standards Board, ("FASB") issued Update No. 2011-08, "Testing Goodwill for Impairment," which amends ASC 350 "Intangibles— Goodwill and Other." This update permits entities to make a qualitative assessment of whether a reporting unit's fair value is, more likely than not, less than its carrying amount. If an entity concludes it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, the entity is not required to perform the two-step impairment test for that reporting unit. The update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. During fiscal 2012, we adopted this standard, which did not materially impact our consolidated financial statements.

In June 2011, the FASB issued Update No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income," which allows for the presentation of total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In addition, the guidance eliminates the option of presenting the components of other comprehensive income as part of the statement of changes in stockholders' equity. This guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011. While the adoption will impact where we disclose the components of other comprehensive income in our consolidated financial statements, we do not expect the adoption to have a material impact on those consolidated financial statements.

3. Discontinued Operations

Discontinued operations includes our casino in Biloxi, Mississippi, which is currently classified as held for sale; and our former casinos: Dudley and Wolverhampton, England ("Blue Chip") sold in November 2009 and Freeport, Grand Bahamas exited in November 2009.

The results of our discontinued operations are summarized as follows:

	Discontinued Operations		
	Fiscal Year Ended		
	April 29, 2012	April 24, 2011	April 25, 2010
Net revenues	\$ 67,454	\$ 168,334	\$ 80,008
Valuation charges	(112,564)		
Pretax (loss) gain on sale of discontinued operations			(61.7)
Pretax (loss) income from discontinued operations	(114,396)	(4,523)	(10,583)
Income tax benefit from discontinued operations	2,026	5,328	2,330
Income (loss) from discontinued operations	(112,370)	805	(8,253)

During fiscal 2012, we entered into a definitive purchase agreement to sell our Biloxi casino operations for \$45,000 subject to certain working capital adjustments and regulatory approvals. As a result, we recorded a noncash pretax valuation charge of \$112,564 to reduce the carrying value of

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

3. Discontinued Operations (Continued)

Biloxi's net assets held for sale to the expected net realizable value upon completion of the sale transaction. The transaction is expected to close before the end of calendar 2012 and we do not expect to have any continuing involvement following completion of the sale. The income tax benefit of \$2,026 recorded in discontinued operations for fiscal 2012 is net of a valuation allowance of \$41,029. Included in net revenues from discontinued operations in the table above for fiscal 2012 is an insurance recovery of \$995 resulting from settlement of lost profits and business interruption at our Biloxi property related to the oil spill in the Gulf of Mexico during fiscal 2011.

The assets held for sale and liabilities related to assets held for sale are as follows:

	April 29, 2012
Current assets:	
Accounts receivable, net	\$ 414
Prepaid expenses and other assets	1,289
Total current assets	1,703
Property and equipment, net	45,000
Total assets	46,703
Current liabilities:	
Accounts payable	1,626
Other accrued liabilities	2,736
Total current liabilities	4,362
Net assets	\$ 42,341

During fiscal 2011, we recognized an after-tax gain of \$2,658 including certain tax benefits upon completion of the Blue Chip administration process. We also recognized a tax benefit of \$794 in discontinued operations representing the resolution of previously unrecognized tax positions related to Blue Chip following the completion of certain federal tax reviews.

During fiscal 2010, we completed the sale of our Blue Chip casino properties under a plan of administration and have no continuing involvement in their operation. The sale of our Blue Chip assets resulted in a pretax charge of \$617 recorded in fiscal 2010.

Interest income of \$5, \$13, and \$25 for fiscal years 2012, 2011, and 2010, respectively, has been allocated to discontinued operations. No interest expense was allocated to our discontinued operations as no third-party debt is to be assumed by the purchaser.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

4. Flooding

Flooding along the Mississippi River caused five of our properties to close for portions of fiscal 2012. A summary of the closure dates and subsequent reopening is as follows:

	Closing Date	Reopening Date	Number Days Closed
Davenport, Iowa	April 15, 2011	May 1, 2011	15(A)
Caruthersville, Missouri	May 1, 2011	May 13, 2011	12
Lula, Mississippi	May 3, 2011	June 3, 2011	31
		September 2, 2011	91(B)
Natchez, Mississippi	May 7, 2011	June 17, 2011	41
Vicksburg, Mississippi	May 11, 2011	May 27, 2011	16

(A) Six days of closure in the first quarter of fiscal 2012 and nine days of closure in the fourth quarter of fiscal 2011.

(B) The second casino barge reopened on September 2, 2011, after flood damage was remediated.

During fiscal 2012 we settled all of our insurance claims with our insurance carrier and recognized \$9,637 of revenue, included in insurance recoveries in the consolidated statement of operations, as reimbursement under our business interruption insurance policies. At April 29, 2012, we have an insurance receivable of \$7,497.

5. Acquisition

Acquisition of Rainbow Casino—On June 8, 2010 we completed the acquisition of Rainbow Casino-Vicksburg Partnership, L.P. ("Rainbow") located in Vicksburg, Mississippi. We acquired 100% of the partnership interests and have included the results of Rainbow in our consolidated financial statements subsequent to June 8, 2010. The allocation of the purchase price for these partnership interests was determined based upon estimates of future cash flows and evaluations of the net assets acquired. The transaction was accounted for using the acquisition method in accordance with the accounting guidance under Accounting Standards Codification Topic 805, *Business Combinations*. As a result, the net assets of Rainbow were recorded at their estimated fair value with the excess of the purchase price over the fair value of the net assets acquired allocated to goodwill. The acquisition was funded by borrowings from our senior secured credit facility.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

5. Acquisition (Continued)

The following table sets forth the determination of the consideration paid for Rainbow and the purchase price allocation based upon management's valuation of the net assets acquired.

	June 8, 2010
Gross cash purchase price	\$ 80,000
Deduct:	
Cash acquired	(2,540)
Cash refunded by Seller under purchase price adjustments	(1,293)
Purchase price	<u>\$ 76,167</u>
Purchase price allocation:	
Current assets	\$ 298
Property and equipment	38,387
Intangible assets:	
Customer list	\$ 9
Tradename	544
Customer relationships	6,700
Total intangibles	7,253
Goodwill	32,167
Other assets	392
Current liabilities	(1,902)
Other liabilities	(428)
Purchase price	<u>\$ 76,167</u>

The useful lives of assets acquired are estimated as follows: customer list—three years; tradename 1.5 years; customer relationships eight years; furniture and equipment one to five years; and other property and equipment fifteen to twenty-five years. Deductible goodwill for tax purposes is approximately \$33,000.

Net revenue and income (loss) from continuing operations for fiscal 2011 related to Rainbow were \$27,935 and (\$1,724), respectively.

The pro forma results of operations, as if the acquisition of Rainbow had occurred on the first day of fiscal 2011 and 2010 is as follows:

	Fiscal Year Ended	
	April 24, 2011	April 25, 2010
Pro forma:		
Net revenues	\$ 940,689	\$ 964,381
Income from continuing operations before income taxes	10,981	\$5,004
Net income from continuing operations	3,820	9,225
Basic earnings per share from continuing operations	0.11	0.29
Diluted earnings per share from continuing operations	0.11	0.29

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

6. Property and Equipment, Net

Property and equipment, net consists of the following:

	April 29, 2012	April 24, 2011
Property and equipment:		
Land and land improvements	\$ 177,524	\$ 202,773
Leasehold improvements	146,095	336,269
Buildings and improvements	632,137	627,907
Riverboats and floating pavilions	123,933	143,418
Furniture, fixtures and equipment	495,469	551,258
Construction in progress	68,000	23,330
Total property and equipment	1,643,158	1,884,955
Less accumulated depreciation and amortization	(693,144)	(771,406)
Property and equipment, net	\$ 950,014	\$ 1,113,549

7. Goodwill and Other Intangible Assets

A roll forward of goodwill is as follows:

Balance, April 25, 2010	\$ 313,136
Addition from Rainbow acquisition	32,167
Balance, April 24, 2011	345,303
Impairment charge	(14,400)
Balance, April 29, 2012	\$ 330,903

Goodwill includes accumulated impairment losses of \$29,201.

Other intangible assets consist of the following:

	April 29, 2012		April 24, 2011	
	Gross Carrying Amount	Net Carrying Amount Accumulated Amortization	Gross Carrying Amount	Net Carrying Amount Accumulated Amortization
Indefinite-lived assets:				
Gaming licenses	\$44,342	\$ —	\$44,342	\$66,126
Trademarks	7,149	—	7,149	7,149
Intangible assets—subject to amortization:				
Customer lists	15,393	(15,393)	15,393	(12,655)
Trade name	544	(544)	544	(317)
Customer relationships	6,700	(1,605)	6,700	(733)
Total	\$74,128	\$ (17,542)	\$95,586	\$95,912

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

7. Goodwill and Other Intangible Assets (Continued)

Our indefinite-lived intangible assets consist primarily of gaming licenses and trademarks for which it is reasonably assured that we will continue to renew indefinitely. Our finite-lived assets consist of customer lists amortized over 2 to 4 years, a trade name amortized over 1.5 years, and customer relationships amortized over 8 years. The weighted average remaining life of our other intangible assets subject to amortization is approximately 6.1 years.

We recorded amortization expense of \$3,837, \$4,271, and \$3,913 for our intangible assets subject to amortization related to our continuing operations for the fiscal years ended 2012, 2011, and 2010, respectively.

Future amortization expense of our amortizable intangible assets is as follows:

2013	\$	838
2014		838
2015		838
2016		838
2017		838
Thereafter		905
Total	\$	5,095

8. Long-Term Debt

Long-term debt consists of the following:

	April 29, 2012	April 24, 2011
Senior Secured Credit Facility		
Revolving line of credit, expires November 1, 2013, interest payable at least quarterly at either LIBOR and/or prime plus a margin	\$ —	\$ 33,000
Variable rate term loans, mature November 1, 2013, principal and interest payments due quarterly at either LIBOR and/or prime plus a margin	495,000	500,000
7.75% Senior Notes, interest payable semi-annually March 15 and September 15, net of discount	298,026	297,815
7% Senior Subordinated Notes, interest payable semi-annually March 1 and September 1	357,275	357,275
Other	4,130	4,504
	1,154,431	1,192,594
Less current maturities	5,393	5,373
Long-term debt	\$1,149,038	\$1,187,221

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

8. Long-Term Debt (Continued)

Senior Secured Credit Facility, as amended and restated—Our Credit Facility as amended and restated ("Credit Facility") consists of a \$300,000 revolving line of credit and a \$500,000 term loan. The Credit Facility is secured on a first priority basis by substantially all of our assets and guaranteed by substantially all of our significant subsidiaries.

Our net revolving line of credit availability at April 29, 2012 as limited by our maximum senior secured leverage covenant was approximately \$258,000, after consideration of \$29,000 in outstanding surety bonds and letters of credit. We have an annual commitment fee related to the unused portion of the Credit Facility of up to 0.625% which is included in interest expense in the accompanying consolidated statements of operations. The weighted average effective interest rates of the Credit Facility for fiscal years 2012 and 2011 were 5.46% and 6.25%, respectively.

The Credit Facility includes a number of affirmative and negative covenants. Additionally, we must comply with certain financial covenants including maintenance of a total leverage ratio, senior secured leverage ratio and minimum interest coverage ratio. The Credit Facility also restricts our ability to make certain investments or distributions. We were in compliance with the covenants as of April 29, 2012.

In March 2011, we amended and restated our Credit Facility which (1) extended the maturity of the credit facility to November 1, 2013, or if the 7% Senior Subordinated Notes are refinanced prior to that date, the revolving line of credit matures on March 25, 2016 and term loan matures on March 25, 2017 (2) updated covenants to provide financial flexibility through the term of the loans and (3) set the interest rate to LIBOR plus a margin based on the total leverage ratio. As a result of the amendment and restatement and in accordance with ASC 470-50, "Debt Modifications and Extinguishments," we incurred expenses, included in the statement of operations for the year ended April 24, 2011, of approximately \$6,155 related to fees and the write-off of certain unamortized deferred financing costs, of which approximately \$3,167 was non-cash, and capitalized deferred financing costs of \$9,477.

As a result of a previous amendment, we incurred a charge of approximately \$2,143 related to fees and the write-off of certain unamortized deferred financing costs, of which approximately \$309 was non-cash, and capitalized deferred financing costs of \$3,874 in fiscal 2010.

7.75% Senior Notes—On March 7, 2011, we issued \$300,000 of 7.75% Senior Notes due 2019 at a price of 99.264% ("7.75% Senior Notes"). The net proceeds from the issuance were used to repay term loans under our Credit Facility. The 7.75% Senior Notes are guaranteed, on a joint and several basis, by substantially all of our significant subsidiaries and certain other subsidiaries as described in Note 20. All of the guarantor subsidiaries are wholly owned by us. The 7.75% Senior Notes are general unsecured obligations and rank junior to all of our senior secured indebtedness and senior to our senior subordinated indebtedness. The 7.75% Senior Notes are redeemable, in whole or in part, at our option at any time on or after March 15, 2015, with call premiums as defined in the indenture governing the 7.75% Senior Notes. As a result of the issuance, we capitalized deferred financing costs of \$5,346 in fiscal 2011 and \$275 in fiscal 2012.

The indenture governing the 7.75% Senior Notes limits, among other things, our ability and our restricted subsidiaries ability to borrow money, make restricted payments, use assets as security in other transactions, enter into transactions with affiliates, pay dividends, or repurchase stock. The indenture

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

8. Long-Term Debt (Continued)

also limits our ability to issue and sell capital stock of subsidiaries, sell assets in excess of specified amounts or merge with or into other companies.

7% Senior Subordinated Notes—During 2004, we issued \$500,000 of 7% Senior Subordinated Notes due 2014 ("7% Senior Subordinated Notes"), of which \$357,000 remain outstanding. The 7% Senior Subordinated Notes are guaranteed, on a joint and several basis, by all of our significant subsidiaries and certain other subsidiaries as described in Note 20. All of the guarantor subsidiaries are wholly owned by us. The 7% Senior Subordinated Notes are general unsecured obligations and rank junior to all of our senior indebtedness. The 7% Senior Subordinated Notes are redeemable, in whole or in part, at our option at any time on or after March 1, 2009, with call premiums as defined in the indenture governing the 7% Senior Subordinated Notes.

The indenture governing the 7% Senior Subordinated Notes limits, among other things, our ability and our restricted subsidiaries ability, to borrow money, make restricted payments, use assets as security in other transactions, enter into transactions with affiliates, pay dividends, or repurchase stock. The indenture also limits our ability to issue and sell capital stock of subsidiaries, sell assets in excess of specified amounts or merge with or into other companies.

Future Principal Payments of Long-term Debt—The aggregate principal payments due on long-term debt as of April 29, 2012, over the next five years and thereafter, are as follows:

Fiscal Years Ending	
2013	\$ 5,393
2014	847,689
2015	439
2016	169
2017	111
Thereafter	302,604
	<u>1,156,405</u>
Unamortized debt discount	(1,974)
	<u>\$ 1,154,431</u>

9. Other Long-Term Obligations

Quad-Cities Waterfront Convention Center—We entered into agreements with the City of Bettendorf, Iowa under which the City constructed a convention center which opened in January 2009, adjacent to our hotel. We lease, manage, and provide financial and operating support for the convention center. The Company was deemed, for accounting purposes only, to be the owner of the convention center during the construction period. Upon completion of the convention center we were precluded from accounting for the transaction as a sale and leaseback due to our continuing involvement. Therefore, we are accounting for the transaction using the direct financing method. As of April 29, 2012, we have recorded in other long-term obligations \$16,556 related to our liability under ASC 840 related to the convention center. Under the terms of our agreements for the convention

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

9. Other Long-Term Obligations (Continued)

center, we have guaranteed certain obligations related to \$13,815 of notes issued by the City of Bettendorf, Iowa for the convention center.

The other long term obligation will be reflected in our consolidated balance sheets until completion of the lease term, at which time the related fixed assets, net of accumulated depreciation, will be removed from our consolidated financial statements and the net remaining obligation over the net carrying value of the fixed asset will be recognized as a gain (loss) on sale of the facility.

Future minimum payments due under other long-term obligations, including interest, as of April 29, 2012 as follows:

Fiscal Years Ending:		
2013	\$	1,100
2014		1,267
2015		1,600
2016		1,767
2017		1,767
Thereafter		14,002
Total minimum payments	\$	21,503

10. Valuation Charges and Expense Recoveries

We recorded pretax valuation charges and expense recoveries from continuing operations as follows:

Fiscal 2012—An impairment charge of \$14,400 related to goodwill was recorded at our Lula, Mississippi property as a result of our annual impairment test required under ASC 350. The fair value used in our determination of the impairment charge considered discounted cash flow and market based valuation multiple methods. The impairment was a result of an expected decrease in future cash flows resulting from the prolonged recession and from realignment of market share following flooding during fiscal 2012.

In connection with the sale of Grand Palais Riverboat, Inc., including its gaming license, a riverboat gaming vessel and certain other equipment, we recorded a valuation charge of \$16,149 to reduce the carrying value of the net assets sold to the net proceeds realized upon sale during fiscal year 2012. This gaming license and riverboat were used as a portion of our Lake Charles, Louisiana gaming operations. We continue to operate a casino riverboat operation in Lake Charles.

Fiscal 2010—We recorded an expense recovery of \$6,762 representing the discounted value of a receivable for reimbursement of development costs expended in prior periods relating to a terminated plan to develop a casino in Pittsburgh, Pennsylvania. This receivable was recorded following a revised assessment of collectability.

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

11. Income Taxes

Income tax (benefit) provision from continuing operations consists of the following:

	Fiscal Year Ended		
	April 29, 2012	April 24, 2011	April 25, 2010
Current:			
Federal	\$ (415)	\$ (725)	\$ (868)
State	2,333	(483)	719
	1,918	(1,208)	(149)
Deferred:			
Federal	15,628	4,818	(1,310)
State	(2,427)	3,340	(5,150)
	13,201	8,158	(6,460)
Income tax (benefit) provision	\$ 15,119	\$ 6,950	\$ (6,609)

A reconciliation of income taxes from continuing operations at the statutory corporate federal tax rate of 35% to the income tax (benefit) provision reported in the accompanying consolidated statements of operations is as follows:

	Fiscal Year Ended		
	April 29, 2012	April 24, 2011	April 25, 2010
Statutory tax (benefit) provision	\$ (792)	\$ 3,740	\$ (569)
Effects of:			
State taxes	(1,854)	2,857	(1,458)
Reduction of unrecognized tax benefits	(270)	—	(4,320)
Other:			
Lobbying	595	745	397
Employment tax credits	(1,095)	(588)	(787)
Fines & Penalties	58	81	58
Meals & Entertainment	64	74	53
Qualified stock option expense (benefit)	29	39	(252)
Various permanent differences	(37)	(11)	236
Interest	(163)	(131)	33
Bahamas stock loss	(727)	—	—
Debt basis differential	4,529	—	—
Goodwill impairment	5,040	—	—
Valuation allowance	8,742	—	—
Other	—	144	—
Income tax (benefit) provision	\$ 15,119	\$ 6,950	\$ (6,609)

We allocated the income tax provision and valuation allowance between continuing operations and discontinued operations consistent with the provisions of ASC 740.

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

11. Income Taxes (Continued)

Significant components of our domestic net deferred income tax asset (liability) are as follows:

	Fiscal Year Ended	
	April 25, 2012	April 24, 2011
Deferred tax liabilities:		
Property and equipment	\$ (51,713)	\$ (68,075)
Goodwill and intangibles	(26,740)	(29,762)
Gain on early extinguishment of debt	(21,641)	(21,593)
Other	(2,859)	(1,809)
Total deferred tax liabilities	(102,953)	(121,239)
Deferred tax assets:		
Net operating losses	36,244	64,042
Asset impairment	42,262	
Employment tax credits	19,171	17,398
Accrued expenses	6,952	10,521
Alternative minimum tax credit	1,338	1,338
Other	15,771	13,921
Total deferred tax assets	121,738	107,270
Valuation allowance on deferred tax assets	(54,215)	(4,696)
Net deferred tax asset	67,523	102,574
Net deferred tax asset/(liability)	\$ (35,430)	\$ (18,665)

Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluated the realizability of our deferred tax assets and performed an analysis of all available evidence, both positive and negative, consistent with the provisions of ASC 740-10-30-17. The three-year cumulative loss is a significant piece of negative evidence and while it is primarily the result of a pre-tax charge related to marking the Isle Casino Hotel in Biloxi, Mississippi assets to their net realizable value and not an indication of continuing operations, we are required to give objective historical evidence significantly more weight than subjective evidence, such as forecasts of future income. Accordingly, in the fiscal 2012 fourth quarter, the Company recorded a \$49,519 valuation allowance on its deferred tax assets. This allowance does not preclude us from utilizing the deferred tax assets in the future, nor does it reflect a change in our long-term outlook.

A reconciliation of the beginning and ending amounts of valuation allowance is as follows:

	Federal	State	Total
Balance, April 24, 2011	\$ 46,805	\$ 4,696	\$ 51,501
Current year provision	46,805	2,714	49,519
Balance, April 29, 2012	\$ 93,610	\$ 7,410	\$ 101,020

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

11. Income Taxes (Continued)

We have determined that it is more likely than not that we will not be able to utilize \$46,805 of the federal deferred tax assets and have established valuation allowances accordingly. We have determined that it is more likely than not that we will not be able to utilize \$7,410 of the state deferred tax assets and have established valuation allowances accordingly.

At April 29, 2012, we have federal net operating loss carryforwards of \$78,775 for income tax purposes, with expiration dates from fiscal 2024 to 2032. Approximately \$49,649 of these net operating losses are attributable to IC Holdings Colorado, Inc. and its wholly-owned subsidiary CCSC/Blackhawk, Inc. ("IC Holdings, Inc. & Sub") and can only be used to offset income earned by these entities. The remaining federal net operating losses are subject to limitations under the internal revenue code and underlying treasury regulations, which may limit the amount ultimately utilized. We also have various state income tax net operating loss carryforwards totaling \$221,535 with expiration dates from fiscal 2013 to 2032. This includes both consolidated and separate company net operating loss carryforwards. If or, when recognized, the tax benefits relating to any reversal of the valuation allowance on deferred tax assets as of April 29, 2012 will be accounted for as a reduction of income tax expense. We also have a federal general business and AMT credit carryforwards of \$20,509 for income tax purposes, with expiration dates from fiscal 2022 to 2032. Deferred income taxes related to NOL carryforwards have been classified as noncurrent to reflect the expected utilization of the carryforwards.

We account for unrecognized tax benefits in accordance with ASC 740. A reconciliation of the beginning and ending amounts of unrecognized tax benefits as follows:

	April 29, 2012	April 24, 2011	April 25, 2010
Beginning Balance	\$ 11,491	\$ 12,126	\$ 19,482
Gross increases—tax positions in current period	—	—	—
Gross increases—tax positions in prior periods	—	144	—
Gross decreases—tax positions in prior periods	—	(779)	(5,254)
Settlements	—	—	(2,102)
Lapse of statute of limitations	(7,419)	—	—
Ending Balance	\$ 4,072	\$ 11,491	\$ 12,126

Included in the balance of unrecognized tax benefits at April 29, 2012 are \$2,647 of tax benefits that, if recognized, would affect the effective tax rate. There are no tax benefits in the balance of unrecognized tax benefits at April 29, 2012 that, if recognized, would result in adjustments to deferred taxes.

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. Related to the unrecognized tax benefits noted above, we recorded interest expense of \$310 in fiscal 2012 related to prior periods. We accrued no penalties during the fiscal year ended 2012. In total, as of April 29, 2012, we have recognized a liability of \$2,060 for interest and no amount for penalties.

We believe that an increase in unrecognized tax benefits related to federal and state exposures in the coming year, though possible, cannot be reasonably estimated and will not be significant. In addition, we believe that it is reasonably possible that an amount between \$0 and \$2,647 of our currently remaining unrecognized tax positions may be recognized by the end of the fiscal year ending

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

11. Income Taxes (Continued)

April 28, 2013. These amounts relate to positions taken on Mississippi income tax returns for the fiscal years ending April 2002 through April 2008. The Mississippi Department of Revenue has completed its examination of the income tax returns for these years and has issued its assessment. We have filed an appeal and motion for summary judgment and expect to resolve this issue during the next twelve months.

On April 30, 2011, the Federal statute of limitation for the fiscal years ending April 30, 2006 and April 29, 2007 lapsed. Consequently, we recognized approximately \$6,704 of Federal and \$475 of state tax benefits during the fiscal year ending April 29, 2012. Related to the tax benefits recognized during the current fiscal year, we reversed interest expense of (\$404) related to prior periods.

We file income tax returns in the U.S. Federal jurisdiction and various state jurisdictions. During fiscal 2010, the IRS completed its examination of our Federal income tax returns for the 2006 and 2007 tax years which relate to our fiscal years ended April 29, 2007 and April 27, 2008, respectively. We recorded a tax benefit of \$168 in fiscal 2010 related to the examination. These income tax examination changes were reviewed by the U.S. Congress Joint Committee on Taxation and agreed to during the fiscal year ending April 25, 2010. The tax returns for subsequent years are also subject to examination.

We file in numerous state jurisdictions with varying statutes of limitations. Our unrecognized state tax benefits are related to state tax returns open from tax years 2002 through 2012 depending on each state's statute of limitations.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

12. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings (loss) per share (in thousands, except share and per share amounts):

	Fiscal Year Ended		
	April 29, 2012	April 24, 2011	April 25, 2010
Numerator:			
Income (loss) applicable to common shares:			
Income (loss) from continuing operations attributable to common stockholders	\$ (17,383)	\$ 3,735	\$ 4,980
Income (loss) from discontinued operations	(112,370)	805	(8,253)
Net income (loss) attributable to the common stockholders	\$ (129,753)	\$ 4,540	\$ (3,273)
Denominator:			
Denominator for basic earnings (loss) per share—weighted average shares	38,753,098	34,066,159	32,245,769
Effect of dilutive securities			
Employee stock options		108,558	116,511
Denominator for diluted earnings (loss) per share—adjusted weighted average shares and assumed conversions	38,753,098	34,174,717	32,362,280
Basic earnings (loss) per share attributable to common stockholders:			
Income (loss) from continuing operations	\$ (0.45)	\$ 0.11	\$ 0.15
Income (loss) from discontinued operations	(2.90)	0.02	(0.25)
Net income (loss) attributable to common stockholders	\$ (3.35)	\$ 0.13	\$ (0.10)
Diluted earnings (loss) per share attributable to common stockholders:			
Income (loss) from continuing operations	\$ (0.45)	\$ 0.11	\$ 0.15
Income (loss) from discontinued operations	(2.90)	0.02	(0.25)
Net income (loss) attributable to common stockholders	\$ (3.35)	\$ 0.13	\$ (0.10)

During January 2011, we completed the sale of 5,300,000 shares of common stock generating net proceeds of \$51,227. Proceeds from our equity offering were used to repay long-term debt.

Due to the loss from continuing operations, stock options representing 21,845 shares, which are potentially dilutive, and 1,161,710 shares, which were anti-dilutive, were excluded from the calculation of common shares for diluted earnings per share for fiscal 2012. Stock options representing 469,710 shares and 495,474 shares, which were anti-dilutive, were excluded from the calculation of common shares for diluted earnings per share for fiscal 2011 and fiscal 2010, respectively.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

13. Stock Based Compensation

Under our amended and restated Long Term Incentive Plan, we have issued restricted stock and stock options.

Restricted Stock—We issue shares of restricted common stock to employees and directors under our Long Term Incentive Plan. Restricted stock awarded to employees primarily vests one-third on each anniversary of the grant date and for directors vests one-half on the grant date and one-half on the first anniversary of the grant date. Our estimate of forfeitures for restricted stock for employees and directors is 5% and 0%, respectively.

Stock Options—We have issued incentive stock options and nonqualified stock options which have a maximum term of 10 years and are, generally, exercisable in yearly installments of 20% commencing one year after the date of grant. As of April 29, 2012, our aggregate forfeiture rate was 11%.

We granted stock options during fiscal 2010 and estimated the fair value of the option grant on the date of the grant using the Black-Scholes-Merton option-pricing model with the range of assumptions disclosed in the following table:

	Fiscal Year Ended April 25, 2010
Weighted average expected volatility	67.86%
Expected dividend yield	0.00%
Weighted average expected term (in years)	7
Weighted average risk-free interest rate	3.07%
Weighted average fair value of options granted	\$7.53

Weighted average volatility is calculated using the historical volatility of our stock price over a range of dates equal to the expected term of a grant's options. The weighted average expected term is calculated using historical data that is representative of the option for which the fair value is to be determined. The expected term represents the period of time that options granted are expected to be outstanding. The weighted average risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant for the approximate period of time equivalent to the grant's expected term.

Stock Compensation Expense—Total stock compensation expense from continuing operations in the accompanying consolidated statements of operations was \$7,642, \$7,442, and \$7,467 for the fiscal years 2012, 2011, and 2010, respectively. We recognize compensation expense for these awards on a straight-line basis over the requisite service period for each separately vesting portion of the award.

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

13. Stock Based Compensation (Continued)

Activity Under Our Share Based Plans—A summary of restricted stock and option activity for fiscal 2012 is presented below:

	Restricted Stock	Weighted Average Grant-Date Fair Value	Options	Weighted Average Exercise Price
Outstanding at April 24, 2011	1,091,599	\$ 8.76	1,367,110	\$ 11.08
Granted	757,995	7.59	—	—
Exercised	—	—	(2,000)	6.30
Vested	(959,069)	7.63	—	—
Forfeited and expired	—	—	(93,400)	7.75
Outstanding at April 29, 2012	890,525	\$ 8.99	1,271,710	\$ 11.33
As of April 29, 2012:				
Outstanding exercisable options	n/a		1,041,810	\$ 11.92
Weighted average remaining contractual term	0.9 years		5.1 years	
Aggregate intrinsic value:				
Outstanding exercisable	n/a		\$ 108	
Outstanding	\$ 5,566		\$ 179	
Nonvested:				
Unrecognized compensation cost	\$ 2,656		\$ 235	
Weighted average remaining vesting period	0.9 years		1.3 years	

Additional information relating to our share based plans is as follows:

	April 29, 2012	April 24, 2011	April 25, 2010
Restricted Stock:			
Fair value of restricted stock vested during the year	\$ 7,317	\$ 4,457	\$ 2,146
Stock Options:			
Intrinsic value of stock options exercised	5	11	30
Proceeds from stock option exercises	13	523	204

We have 1,143,246 shares available for future issuance under our equity compensation plan as of April 29, 2012. Upon issuance of restricted shares or exercise of stock options, shares may be issued from available treasury or common shares.

Restricted Stock Units—Subsequent to our fiscal year ended April 29, 2012, we granted restricted stock units ("RSUs") containing market performance conditions which will determine the ultimate amount of shares if any to be awarded up to 728,570 shares. Any shares earned will vest 50% three years from the grant date and 50% four years from the grant date. The fair value of these RSUs is determined utilizing a lattice pricing model which considers a range of assumptions including volatility and risk-free interest rates. The aggregate compensation cost related to these RSUs is \$2,350 to be recognized over the vesting periods.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

13. Stock Based Compensation (Continued)

Tax effect of Stock Based Compensation—Upon the exercise of certain stock options and vested restricted stock, the tax benefit (provision) related to stock compensation, subject to certain limitations, is recognized as an addition to or deduction from Additional paid in capital. During fiscal year 2012, we reduced our Additional paid in capital by \$4,758, reflecting a tax provision related to the impact of stock option exercises and restricted stock vesting. At April 29, 2012, we have deferred \$1,433 of tax benefits associated with stock exercises and restricted stock vesting due to our net operating loss position.

Stock Repurchase—Our Board of Directors has approved a stock repurchase program, as amended, allowing up to 6,000,000 shares of our common stock to be repurchased. As of April 29, 2012, we have repurchased 4,895,792 shares of common stock, and retired 553,800 shares of common stock under this stock repurchase program. No shares were repurchased in fiscal years 2012, 2011 or 2010.

14. Deferred Compensation Plans

2005 Deferred Compensation Plan—Our 2005 Deferred Compensation Plan (the "Plan"), as amended and restated, is an unfunded deferred compensation arrangement for the benefit of key management officers and employees of the Company and its subsidiaries. The terms of the Plan include the ability of the participants to defer, on a pre-tax basis, salary, and bonus payments in excess of the amount permitted under IRS Code Section 401(k). The terms also allow for a discretionary annual matching contribution by the Company. The Plan allows for the aggregation and investment of deferred amounts in notional investment alternatives, including units representing shares of our common stock. The liability related to the Plan as of April 29, 2012 and April 24, 2011 was \$2,796 and \$3,016, respectively, and is included in long-term other accrued liabilities in the consolidated balance sheets. Expense from continuing operations for our contributions related to the Plan was \$69, \$53 and \$73 in fiscal years 2012, 2011 and 2010, respectively.

15. Supplemental Disclosure of Cash Flow Information

For the fiscal years 2012, 2011 and 2010 we made cash payments for interest, net of capitalized interest of \$83,004, \$84,506, and \$71,623, respectively. We made income tax payments, net of refunds, of \$1,547 for fiscal year 2012 and collected an income tax refund, net of payments, of \$5,599 and \$1,561 for fiscal years 2011 and 2010, respectively.

For fiscal 2012 and 2011, the change in accrued purchase of property and equipment in accounts payable increased by \$8,315 and \$1,642, respectively.

16. Employee Benefit Plan

401(k) Plan—We have a 401(k) plan covering substantially all of our employees who have completed 90 days of service. Expense for our contributions for continuing operations related to the 401(k) plan was \$1,485, \$1,242, and \$1,315 in fiscal years 2012, 2011, and 2010, respectively. Our contribution is based on a percentage of employee contributions and may include an additional discretionary amount.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

17. Interest Rate Derivatives

We have entered into various interest rate derivative agreements in order to manage market risk on variable rate loans outstanding. We have an interest rate swap agreement with an aggregate notional value of \$50,000 with a maturity date in fiscal 2014. We have also entered into interest rate cap contracts with an aggregate notional value of \$100,000 having maturity dates in fiscal 2013 and paid premiums of \$203 at inception.

The fair values of derivatives included in our consolidated balance sheet are as follows:

Type of Derivative Instrument	Balance Sheet Location	April 29, 2012	April 24, 2011
Interest rate cap contracts	Prepaid deposits and other	\$ 29	\$ 29
Interest rate swap contracts	Accrued interest	—	1,439
Interest rate swap contracts	Other, long-term liabilities	2,493	3,594

The interest rate cap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of April 29, 2012 as being fully effective. As a result, there is no impact on our consolidated statement of operations from changes in fair value of the interest rate cap agreements. The loss recorded in accumulated other comprehensive income (loss) for our interest rate cap contracts is recorded net of deferred income tax benefits of \$8 and \$49 as of April 29, 2012 and April 24, 2011, respectively. The change in unrealized gain (loss) on our derivatives qualifying for hedge accounting was \$68 and \$5 for fiscal years 2012 and 2011, respectively.

Our interest rate swaps no longer meet the criteria for hedge effectiveness, and therefore changes in the fair value of the swaps subsequent to the date of ineffectiveness in February 2010, are recorded in derivative income (expense) in the consolidated statements of operations. The cumulative loss recorded in other comprehensive income (loss) through the date of ineffectiveness is being amortized into derivative expense over the remaining term of the individual interest rate swap agreements or when the underlying transaction is no longer expected to occur. As of April 29, 2012, the weighted average fixed LIBOR interest rate of our interest rate swap agreements was 3.995%.

The loss recorded in accumulated other comprehensive income (loss) of our interest rate swap contracts is recorded net of deferred income tax benefits of \$506 and \$1,295, as of April 29, 2012 and April 24, 2011, respectively.

Derivative income (expense) related to the change in fair value of interest rate swap contracts is as follows:

	Fiscal Year Ended	
	April 29, 2012	April 24, 2011
Derivative income (expense)	\$ 2,540	\$ 7,918

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

17. Interest Rate Derivatives (Continued)

Derivative income (expense) realized associated with the amortization of cumulative loss recorded in other comprehensive income (loss) for the interest rate swaps through the date of ineffectiveness is as follows:

	Fiscal Year Ended	
	April 29, 2012	April 24, 2011
Accumulated OCI amortization	\$ 1,312	\$ 5,724
Change in deferred taxes	789	3,408
Derivative income (expense)	(2,101)	(9,132)

The amount of accumulated other comprehensive income (loss) related to the interest rate swap contract and the interest rate cap contracts maturing within the next twelve months was \$608, net of tax of \$365, as of April 29, 2012.

18. Fair Value

The fair value of our interest swap and cap contracts are recorded using Level 3 inputs at the present value of all expected future cash flows based on the LIBOR-based yield curve as of the date of the valuation.

The following table presents the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the fiscal years ended April 29, 2012 and April 24, 2011:

Interest Rate Derivatives	Fiscal Year Ended	
	April 29, 2012	April 24, 2011
Beginning balance	\$ (5,004)	\$ (12,927)
Realized gain	2,540	7,918
Unrealized (loss) gain	(29)	58
Ending balance	\$ (2,493)	\$ (5,004)

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

18. Fair Value (Continued)

Financial Instruments—The estimated carrying amounts and fair values of our other financial instruments are as follows:

	April 29, 2012		April 24, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	\$ 94,461	\$ 94,461	\$ 75,178	\$ 75,178
Marketable securities	24,943	24,943	22,173	22,173
Restricted cash and investments	12,551	12,551	12,810	12,810
Notes receivable	1,293	1,293	3,788	3,788
Financial liabilities:				
Revolving line of credit	\$ —	\$ —	\$ 33,000	\$ 31,350
Variable rate term loans	495,000	498,713	500,000	505,000
7.75% Senior notes	298,026	308,829	297,815	305,055
7% Senior subordinated notes	357,275	358,168	357,275	358,615
Other long-term debt	4,130	4,130	4,504	4,504
Other long-term obligations	16,556	16,556	16,694	16,694

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and notes receivable are carried at cost, which approximates fair value due to their short-term maturities.

Marketable securities and restricted cash and investments are based upon Level 1 inputs obtained from quoted prices available in active markets and represent the amounts we would expect to receive if we sold these assets.

The fair value of our long-term debt or other long-term obligations is estimated based on the quoted market price of the underlying debt issue (Level 1 input) or, when a quoted market price is not available, the discounted cash flow of future payments utilizing current rates available to us for debt of similar remaining maturities (Level 3 inputs). Debt obligations with a short remaining maturity have a carrying amount that approximates fair value.

19. Accumulated Other Comprehensive Income (Loss)

A detail of accumulated other comprehensive income (loss) is as follows:

	April 29, 2012	April 24, 2011
Interest rate cap contracts	\$(14)	\$(82)
Interest rate swap contracts	(841)	(2,153)
	\$(855)	\$(2,235)

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

19. Accumulated Other Comprehensive Income (Loss) (Continued)

The amount of change in the gain (loss) recognized in accumulated other comprehensive income (loss) related to derivative instruments is as follows:

Type of Derivative Instrument	Fiscal Year Ended	
	April 29, 2012	April 24, 2011
Interest rate cap contracts	\$ 68	\$ (32)
Interest rate swap contracts	1,312	5,724
	\$ 1,380	\$ 5,692

20. Consolidating Condensed Financial Information

Certain of our wholly owned subsidiaries have fully and unconditionally guaranteed on a joint and several basis, the payment of all obligations under our 7.75% Senior Notes and 7% Senior Subordinated Notes.

The following wholly owned subsidiaries of the Company are guarantors, on a joint and several basis, under the 7.75% Senior Notes and 7% Senior Subordinated Notes: Black Hawk Holdings, L.L.C.; CCSC/Blackhawk, Inc.; IC Holdings Colorado, Inc.; IOC-Black Hawk Distribution Company, L.L.C.; IOC-Boonville, Inc.; IOC-Camthersville, L.L.C.; IOC-Kansas City, Inc.; IOC-Lula, Inc.; IOC-Natchez, Inc.; IOC-Black Hawk County, Inc.; IOC-Davenport, Inc.; IOC Holdings, L.L.C.; IOC Services, L.L.C.; IOC-Vicksburg, Inc.; IOC-Vicksburg, LLC; Rainbow Casino Vicksburg Partnership, L.P.; IOC Cape Girardeau, LLC; Isle of Capri Bettendorf Marina Corporation; Isle of Capri Bettendorf, L.C.; Isle of Capri Black Hawk Capital Corp.; Isle of Capri Black Hawk, L.L.C.; Isle of Capri Marquette, Inc.; P.P.I, Inc.; Riverboat Corporation of Mississippi; Riverboat Services, Inc.; and St. Charles Gaming Company, Inc. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

20. Consolidating Condensed Financial Information (Continued)

Consolidating condensed balance sheets as of April 29, 2012 and April 24, 2011 are as follows (in thousands):

Balance Sheet	As of April 29, 2012				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Current assets	\$ 52,532	\$ 120,711	\$ 29,324	\$ (284)	\$ 202,283
Intercompany receivables	673,849	(176,882)	(50,942)	(446,025)	—
Investments in subsidiaries	644,424	(29,795)	—	(614,629)	—
Property and equipment, net	9,194	908,586	32,234	—	950,014
Other assets	(5,524)	384,469	17,209	26,519	422,673
Total assets	\$1,374,475	\$1,207,089	\$ 27,825	\$ (1,034,419)	\$1,574,970
Current liabilities	\$ 37,509	\$ 89,213	\$ 29,690	\$ (296)	\$ 156,116
Intercompany payables	—	446,025	—	(446,025)	—
Long-term debt, less current maturities	1,145,301	3,264	473	—	1,149,038
Other accrued liabilities	8,045	37,175	14,445	26,531	86,196
Stockholders' equity	183,620	631,412	(16,783)	(614,629)	183,620
Total liabilities and stockholders' equity	\$1,374,475	\$1,207,089	\$ 27,825	\$ (1,034,419)	\$1,574,970

Balance Sheet	As of April 24, 2011				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Current assets	\$ 28,886	\$ 87,650	\$ 32,274	\$ (451)	\$ 148,359
Intercompany receivables	1,020,593	(226,226)	(56,599)	(737,768)	—
Investments in subsidiaries	418,767	(65,229)	(37)	(353,501)	—
Property and equipment, net	10,215	1,071,415	31,919	—	1,113,549
Other assets	63,889	441,794	20,002	(53,705)	471,980
Total assets	\$1,542,350	\$1,309,404	\$ 27,559	\$ (1,145,425)	\$1,733,888
Current liabilities	\$ 40,714	\$ 84,565	\$ 29,050	\$ (451)	\$ 153,878
Intercompany payables	—	737,768	—	(737,768)	—
Long-term debt, less current maturities	1,183,091	3,517	613	—	1,187,221
Other accrued liabilities	9,517	114,205	13,744	(53,705)	83,761
Stockholders' equity	309,028	369,349	(15,848)	(353,501)	309,028
Total liabilities and stockholders' equity	\$1,542,350	\$1,309,404	\$ 27,559	\$ (1,145,425)	\$1,733,888

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

20. Consolidating Condensed Financial Information (Continued)

Consolidating condensed statements of operations for the fiscal years ended April 29, 2012, April 24, 2011 and April 25, 2010 are as follows:

Statement of Operations	For the Fiscal Year Ended April 29, 2012				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	\$ —	\$1,006,523	\$ —	\$ —	\$1,006,523
Rooms, food, beverage, pari-mutuel and other	1,088	169,192	9,645	(9,290)	170,635
Gross revenues	1,088	1,175,715	9,645	(9,290)	1,177,158
Less promotional allowances	—	(199,787)	—	—	(199,787)
Net revenues	1,088	975,928	9,645	(9,290)	977,371
Operating expenses:					
Casino	—	153,743	—	—	153,743
Gaming taxes	—	251,780	—	—	251,780
Rooms, food, beverage, pari-mutuel and other	41,502	371,167	8,036	(9,290)	411,415
Management fee expense (revenue)	(34,751)	34,751	—	—	—
Depreciation and amortization	1,960	73,538	552	—	76,050
Total operating expenses	8,711	884,979	8,588	(9,290)	892,988
Operating income (loss)	(7,623)	90,949	1,057	—	84,383
Interest expense, net	(28,385)	(58,045)	(656)	—	(87,086)
Gain on extinguishment of debt	—	—	—	—	—
Derivative income	439	—	—	—	439
Equity in income (loss) of subsidiaries	54,462	—	—	(54,462)	—
Income (loss) from continuing operations before income taxes and noncontrolling interest	18,893	32,904	401	(54,462)	(2,264)
Income tax (provision) benefit	(36,276)	21,279	(122)	—	(15,119)
Income (loss) from continuing operations	(17,383)	54,183	279	(54,462)	(17,383)
Income (loss) of discontinued operations	(112,370)	(114,125)	—	114,125	(112,370)
Net income (loss)	\$ (129,753)	\$ (59,942)	\$ 279	\$ 59,663	\$ (129,753)

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

20. Consolidating Condensed Financial Information (Continued)

Statement of Operations	For the Fiscal Year Ended April 24, 2011				
	Iste of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating and Eliminating Entries	Iste of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	\$ —	\$ 968,423	\$ —	\$ —	\$ 968,423
Rooms, food, beverage, pari-mutuel and other	1,670	152,331	9,626	(9,528)	154,099
Gross revenues	1,670	1,120,754	9,626	(9,528)	1,122,522
Loss, promotional allowances		(185,861)			(185,861)
Net revenues	1,670	934,893	9,626	(9,528)	936,661
Operating expenses:					
Casino	—	142,642	—	—	142,642
Gaming taxes		242,949			242,949
Rooms, food, beverage, pari-mutuel and other	42,837	328,925	9,292	(9,528)	371,526
Management fee expense (revenue)	(33,259)	33,259			—
Depreciation and amortization	1,955	75,086	572	—	77,613
Total operating expenses	11,533	822,861	9,864	(9,528)	834,730
Operating income (loss)	(9,863)	112,032	(238)	—	101,931
Interest expense, net	(29,634)	(61,046)	648		(90,032)
Gain on extinguishment of debt	—	—	—	—	—
Derivative income (expense)	(1,214)	—	—	—	(1,214)
Equity in income (loss) of subsidiaries	36,389	23	—	(36,412)	—
Income (loss) from continuing operations before income taxes and noncontrolling interest	(4,322)	51,009	410	(36,412)	10,685
Income tax (provision) benefit	8,057	(12,995)	(2,012)	—	(6,950)
Income (loss) from continuing operations	3,735	38,014	(1,602)	(36,412)	3,735
Income (loss) of discontinued operations	805	(4,827)	1,475	3,352	805
Net income (loss)	\$ 4,540	\$ 33,187	\$ (127)	\$ (33,060)	\$ 4,540

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

20. Consolidating Condensed Financial Information (Continued)

Statement of Operations	For the Fiscal Year Ended April 25, 2010				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	\$ —	\$ 943,234	\$ —	\$ —	\$ 943,234
Rooms, food, beverage, pari-mutuel and other	1,320	154,346	9,654	(9,572)	155,748
Gross revenues	1,320	1,097,580	9,654	(9,572)	1,098,982
Less, promotional allowances	—	(171,747)	—	—	(171,747)
Net revenues	1,320	925,833	9,654	(9,572)	927,235
Operating expenses:					
Casino	—	137,305	—	—	137,305
Gaming taxes	—	254,718	—	—	254,718
Rooms, food, beverage, pari-mutuel and other	45,479	327,487	3,979	(9,572)	367,373
Management fee expense (revenue)	(23,800)	23,800	—	—	—
Depreciation and amortization	4,115	90,753	610	—	95,478
Total operating expenses	25,794	834,063	4,589	(9,572)	854,874
Operating income (loss)	(24,474)	91,770	5,065	—	72,361
Interest expense, net	(10,827)	(62,564)	(229)	—	(73,620)
Derivative income (expense)	(370)	—	—	—	(370)
Equity in income (loss) of subsidiaries	22,729	1,465	(1,450)	(22,744)	—
Income (loss) from continuing operations before income taxes and noncontrolling interest	(12,942)	30,671	3,386	(22,744)	(1,629)
Income tax (provision) benefit	17,922	(10,009)	(1,304)	—	6,609
Income (loss) from continuing operations	4,980	20,662	2,082	(22,744)	4,980
Income (loss) from discontinued operations, net of tax	(8,253)	(10,086)	(2,300)	12,386	(8,253)
Net income (loss)	\$ (3,273)	\$ 10,576	\$ (218)	\$ (10,358)	\$ (3,273)

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

20. Consolidating Condensed Financial Information (Continued)

Consolidating condensed statements of cash flows for the fiscal years ended April 29, 2012, April 24, 2011 and April 25, 2010 are as follows:

Statement of Cash Flows	For the Fiscal Year Ended April 29, 2012				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Net cash provided by (used in) operating activities	\$ 12,960	\$ 101,801	\$ 3,298	\$ —	\$ 118,059
Net cash provided by (used in) investing activities	60,806	(57,955)	(1,036)	(61,864)	(60,049)
Net cash provided by (used in) financing activities	(38,353)	(55,202)	(7,036)	61,864	(38,727)
Net increase (decrease) in cash and cash equivalents	35,413	(11,356)	(4,774)	—	19,283
Cash and cash equivalents at beginning of the period	3,952	62,105	9,121	—	75,178
Cash and cash equivalents at end of the period	\$ 39,365	\$ 50,749	\$ 4,347	\$ —	\$ 94,461

Statement of Cash Flows	For the Fiscal Year Ended April 24, 2011				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Net cash provided by (used in) operating activities	\$ (1,527)	\$ 119,078	\$ 6,133	\$ —	\$ 123,684
Net cash provided by (used in) investing activities	(29,490)	(129,743)	(10,160)	24,756	(144,637)
Net cash provided by (used in) financing activities	28,463	25,776	(1,373)	(24,756)	28,110
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(48)	—	(48)
Net increase (decrease) in cash and cash equivalents	(2,554)	15,111	(5,448)	—	7,109
Cash and cash equivalents at beginning of the period	6,506	46,994	14,569	—	68,069
Cash and cash equivalents at end of the period	\$ 3,952	\$ 62,105	\$ 9,121	\$ —	\$ 75,178

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

20. Consolidating Condensed Financial Information (Continued)

Statement of Cash Flows	For the Fiscal Year Ended April 25, 2010				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Net cash provided by (used in) operating activities	\$ (9,002)	\$ 118,277	\$ (2,893)	\$ —	\$ 106,382
Net cash provided by (used in) investing activities	109,297	(30,321)	722	(110,688)	(30,990)
Net cash provided by (used in) financing activities	(102,565)	(109,643)	(2,438)	110,688	(103,958)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(19)	—	(19)
Net increase (decrease) in cash and cash equivalents	(2,270)	(21,687)	(4,628)	—	(28,585)
Cash and cash equivalents at beginning of the period	8,776	68,681	19,197	—	96,654
Cash and cash equivalents at end of the period	\$ 6,506	\$ 46,994	\$ 14,569	\$ —	\$ 68,069

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

21. Selected Quarterly Financial Information (unaudited)

Our selected quarterly financial information has included reclassifications for amounts shown in our previously filed reports on Forms 10-Q to reflect the discontinued operations presentation for our Biloxi, Mississippi, Freeport, Grand Bahama and UK casino properties.

	Fiscal Quarters Ended			
	July 24, 2011	October 23, 2011	January 22, 2012	April 29, 2012
Net revenues	\$ 227,604	\$ 231,426	\$ 227,320	\$ 291,020
Operating income	17,693	19,773	20,813	26,104
Income (loss) from continuing operations	(2,559)	(1,030)	(316)	(13,478)
Income (loss) from discontinued operations, net of income taxes	236	(427)	(866)	(111,313)
Net income (loss)	(2,323)	(1,457)	(1,182)	(124,791)
Earnings (loss) per common share basic:				
Income (loss) from continuing operations	\$ (0.07)	\$ (0.03)	\$ (0.01)	\$ (0.35)
Income (loss) from discontinued operations, net of income taxes	0.01	(0.01)	(0.02)	(2.85)
Net income (loss)	\$ (0.06)	\$ (0.04)	\$ (0.03)	\$ (3.20)
Earnings (loss) per common share diluted:				
Income (loss) from continuing operations	\$ (0.07)	\$ (0.03)	\$ (0.01)	\$ (0.35)
Income (loss) from discontinued operations, net of income taxes	0.01	(0.01)	(0.02)	(2.85)
Net income (loss)	\$ (0.06)	\$ (0.04)	\$ (0.03)	\$ (3.20)
Weighted average basic shares	38,277,150	38,753,049	38,982,281	38,982,281
Weighted average dilutive shares	38,277,150	38,753,049	38,982,281	38,982,281

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

21. Selected Quarterly Financial Information (unaudited) (Continued)

	Fiscal Quarters Ended			
	July 25, 2010	October 24, 2010	January 23, 2011	April 24, 2011
Net revenues	\$ 233,282	\$ 229,383	\$ 217,362	\$ 256,634
Operating income	21,534	21,748	19,317	39,332
Income (loss) from continuing operations	(2,105)	(1,192)	(1,324)	8,356
Income (loss) from discontinued operations, net of income taxes	(549)	172	(1,333)	2,515
Net income (loss)	(2,654)	(1,020)	(2,657)	10,871
Earnings (loss) per common share basic:				
Income (loss) from continuing operations	\$ (0.06)	\$ (0.04)	\$ (0.04)	\$ 0.22
Income (loss) from discontinued operations, net of income taxes	(0.02)	0.01	(0.04)	0.07
Net income (loss)	\$ (0.08)	\$ (0.03)	\$ (0.08)	\$ 0.29
Earnings (loss) per common share diluted:				
Income (loss) from continuing operations	\$ (0.06)	\$ (0.04)	\$ (0.04)	\$ 0.22
Income (loss) from discontinued operations, net of income taxes	(0.02)	0.01	(0.04)	0.06
Net income (loss)	\$ (0.08)	\$ (0.03)	\$ (0.08)	\$ 0.28
Weighted average basic shares	32,447,904	32,783,726	32,929,965	38,103,040
Weighted average dilutive shares	32,447,904	32,783,726	32,929,965	38,252,693

A summary of certain revenues and expenses from our continuing operations impacting our quarterly financial results is as follows:

- (1) The fourth quarter of fiscal 2012 contained fourteen weeks as compared to the fourth quarter of fiscal 2011 which contained thirteen weeks.
- (2) During the fourth quarter of fiscal 2012, we recorded a goodwill impairment charge of \$14,400 related to our Lula property and a valuation charge of \$16,149 at our Lake Charles property associated with the sale of Grand Palais Riverboat, Inc.
- (3) During the first and second quarters of fiscal 2012, five of our properties were temporarily closed for flooding along the Mississippi River.

22. Related Party Transactions

Effective in February 2010, we amended a lease with an entity owned by certain of our stockholders resulting in a payment of \$60 annually for a parking area adjacent to one of our casinos. Prior to this lease amendment, we leased on a month to month basis this parking area and a warehouse for \$23 per month.

In 2005, one of our wholly owned subsidiaries, Isle of Capri Bettendorf, L.C., entered into a Development Agreement with the City of Bettendorf, Iowa and Green Bridge Company relating to the development of a conference/events center in Bettendorf, Iowa, the expansion of the hotel at

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

22. Related Party Transactions (Continued)

Bettendorf and related facilities, including a skywalk between the hotel and conference/events center and a parking facility. Green Bridge Company is indirectly owned by certain of our directors. Isle of Capri Bettendorf, L.C. will hold Green Bridge Company harmless from certain future increases in assessments on adjacent property owned by Green Bridge Company, capped at \$4,500.

23. Commitments and Contingencies

Operating Leases—The Company leases real estate and various equipment under operating lease agreements. Future minimum payments over the lease term of non-cancelable operating leases with initial terms of one year or more consisted of the following at April 29, 2012:

Fiscal Years Ending:	
2013	\$ 18,572
2014	17,248
2015	16,647
2016	16,717
2017	16,611
Thereafter	384,372
Total minimum lease payments	\$ 470,167

Rent expense from continuing operations was \$28,557, \$27,411, and \$25,979 in fiscal years 2012, 2011, and 2010, respectively. Such amounts include contingent rentals of \$3,655, \$4,129, and \$4,259 in fiscal years 2012, 2011 and 2010, respectively. Contingent rent is based upon casino revenues or other metrics as defined in our lease agreements. Certain of our leases are subject to renewals and may contain escalation clauses.

Development Projects—Construction is proceeding ahead of schedule for our Isle Casino Cape Girardeau development. We anticipate opening by November 1, 2012, subject to regulatory approvals. We currently estimate the cost of the project at approximately \$135,000 and have incurred capital expenditures, including capitalized interest, of \$49,900 to date, including current year capital expenditures of \$34,935.

Our proposed casino in Nemaquin, Pennsylvania was selected by the Pennsylvania Gaming Control Board to receive the final resort gaming license in Pennsylvania in April 2011. This award has been appealed to the Pennsylvania Supreme Court by another applicant. We have a development and management agreement with Nemaquin Woodlands. Subject to a successful ruling in the appeal, we expect to complete construction of the facility within approximately nine months after commencing construction. We currently estimate the cost of the project at approximately \$50,000. To date, we have incurred capital expenditures, including capitalized interest, of \$996, including \$721 in fiscal 2012. The timing of additional significant expenditures is dependent upon resolution of the appeal.

Legal and Regulatory Proceedings—We and our wholly-owned subsidiary, Riverboat Corporation of Mississippi ("RCM"), are defendants in a lawsuit filed in the Circuit Court of Adams County, Mississippi by Silver Land, Inc., alleging breach of contract in connection with our 2006 sale of casino operations in Vicksburg, Mississippi, to a third party. In January 2011, the court ruled in favor of Silver

Table of Contents

ISLE OF CAPRI CASINOS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(amounts in thousands, except share and per share amounts)

23. Commitments and Contingencies (Continued)

Land and in September 2011 the court awarded damages of \$1,979. We filed a notice of appeal in November 2011. While the outcome of this matter is still in doubt and cannot be predicted with any degree of certainty, we have accrued an estimated liability, including interest, of \$2,042 in fiscal 2012. We intend to continue a vigorous and appropriate appeal of this judgment.

Our wholly owned subsidiary, Lady Luck Gaming Corporation, and several joint venture partners have been defendants in the Greek Civil Courts and the Greek Administrative Courts in similar lawsuits brought by the country of Greece. The actions allege that the defendants failed to make specified payments in connection with the gaming license bid process for Patras, Greece. Although it is difficult to determine the damages being sought from the lawsuits, the action may seek damages up to that aggregate amount plus interest from the date of the action.

In the Civil Court lawsuit, the Civil Court of First Instance ruled in our favor and dismissed the lawsuit in 2001. Greece appealed to the Civil Appeal Court and, in 2003, the Court rejected the appeal. Greece then appealed to the Civil Supreme Court and, in 2007, the Supreme Court ruled that the matter was not properly before the Civil Courts and should be before the Administrative Court.

In the Administrative Court lawsuit, the Administrative Court of First Instance rejected the lawsuit stating that it was not competent to hear the matter. Greece then appealed to the Administrative Appeal Court, which court rejected the appeal in 2003. Greece then appealed to the Supreme Administrative Court, which remanded the matter back to the Administrative Appeal Court for a hearing on the merits. The re-hearing took place in 2006, and in 2008 the Administrative Appeal Court rejected Greece's appeal on procedural grounds. On December 22, 2008 and January 23, 2009, Greece appealed the ruling to the Supreme Administrative Court. A hearing has tentatively been scheduled for October 2012.

The outcome of this matter is still in doubt and cannot be predicted with any degree of certainty. We intend to continue a vigorous and appropriate defense to the claims asserted in this matter. Through April 29, 2012 we have accrued an estimated liability, including interest, of \$12,849. Our accrual is based upon management's estimate of the original claim by the plaintiffs for lost payments. We continue to accrue interest on the asserted claim. We are unable to estimate a total possible loss as information as to possible additional claims, if any, have not been asserted or quantified by the plaintiffs at this time.

We are subject to certain federal, state and local environmental protection, health and safety laws, regulations and ordinances that apply to businesses generally, and are subject to cleanup requirements at certain of our facilities as a result thereof. We have not made, and do not anticipate making material expenditures, nor do we anticipate incurring delays with respect to environmental remediation or protection. However, in part because our present and future development sites have, in some cases, been used as manufacturing facilities or other facilities that generate materials that are required to be remediated under environmental laws and regulations, there can be no guarantee that additional pre-existing conditions will not be discovered and we will not experience material liabilities or delays.

We are subject to various contingencies and litigation matters and have a number of unresolved claims. Although the ultimate liability of these contingencies, this litigation and these claims cannot be determined at this time, we believe they will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ISLE OF CAPRI CASINOS, INC.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

(In thousands)

Accounts Receivable Reserve				
Period	Balance at Beginning of Year	Charged to Costs and Expenses	Deductions from Reserves	Balance at End of Year
Year Ended April 29, 2012	\$ 1,010	\$ 1,711	\$ (219)	\$ 2,502
Year Ended April 24, 2011	1,955	98	(1,043)	1,010
Year Ended April 25, 2010	5,106	1,400	(4,551)	1,955

Other Receivables Reserve				
Period	Balance at Beginning of Year	Charged to Costs and Expenses	Deductions from Reserves	Balance at End of Year
Year Ended April 29, 2012	\$ 1,882	\$ —	\$ —	\$ 1,882
Year Ended April 24, 2011	2,882	—	(1,000)	1,882
Year Ended April 25, 2010	3,194	—	(312)	2,882

Table of Contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures—Based on their evaluation as of April 29, 2012, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective to ensure that the information required to be disclosed by us in this Annual Report was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and instructions for Form 10-K.

Management's Report on Internal Control over Financial Reporting—Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of April 29, 2012. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework. Our management has concluded that, as of April 29, 2012, our internal control over financial reporting is effective based on these criteria. Ernst & Young LLP, an independent registered public accounting firm, who audited and reported on the consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as stated in their report which is included in Item 8.

Changes in Internal Controls over Financial Reporting—There have been no changes in our internal controls over financial reporting during the quarter ended April 29, 2012 that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

Inherent Limitations on Effectiveness of Controls—Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

ITEM 9B. OTHER INFORMATION

None.

Table of Contents

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

This item has been omitted from this report and is incorporated by reference to Isle of Capri's definitive proxy statement to be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report.

ITEM 11. EXECUTIVE COMPENSATION

This item has been omitted from this report and is incorporated by reference to Isle of Capri's definitive proxy statement to be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item relating to security ownership of management has been omitted from this report and is incorporated by reference to Isle of Capri's definitive proxy statement to be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report.

Equity Compensation Plans. The following table provides information about securities authorized for issuance under our 2009 Long-Term Stock Incentive Plan for the fiscal 2012.

	(a)	(b)	(c)
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	1,271,710	\$ 11.33	1,143,246
Equity compensation plans not approved by security holders	—	—	—
Total	1,271,710	\$ 11.33	1,143,246

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

This item has been omitted from this report and is incorporated by reference to Isle of Capri's definitive proxy statement to be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

This item has been omitted from this report and is incorporated by reference to Isle of Capri's definitive proxy statement to be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report.

Table of Contents

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

The following documents are filed as part of this Form 10-K.

- (a) Consolidated financial statements filed as part of this report are listed under Part II, Item 8.
- (b) The exhibits listed on the "Index to Exhibits" are filed with this report or incorporated by reference as set forth below.

All other schedules are omitted because they are not applicable or not required, or because the required information is included in the consolidated financial statement or notes thereto.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ISLE OF CAPRI CASINOS, INC.

Dated: June 14, 2012

/s/ VIRGINIA M. MCDOWELL

Virginia M. McDowell,
*Chief Executive Officer, President and
Director*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: June 14, 2012

/s/ VIRGINIA M. MCDOWELL

Virginia M. McDowell,
*Chief Executive Officer, President and
Director
(Principal Executive Officer)*

Dated: June 14, 2012

/s/ DALE R. BLACK

Dale R. Black,
*Chief Financial Officer
(Principal Financial and Accounting
Officer)*

Dated: June 14, 2012

/s/ JAMES B. PERRY

James B. Perry,
Executive Chairman of the Board

Dated: June 14, 2012

/s/ ROBERT S. GOLDSTEIN

Robert S. Goldstein,
Vice Chairman of the Board

Dated: June 14, 2012

/s/ W. RANDOLPH BAKER

W. Randolph Baker,
Director

Dated: June 14, 2012

/s/ ALAN J. GLAZER

Alan J. Glazer,
Director

Table of Contents

Dated: June 14, 2012

/s/ JEFFREY D. GOLDSTEIN

Jeffrey D. Goldstein,
Director

Dated: June 14, 2012

/s/ RICHARD A. GOLDSTEIN

Richard A. Goldstein,
Director

Dated: June 14, 2012

/s/ GREGORY J. KOZICZ

Gregory J. Kozicz,
Director

Dated: June 14, 2012

/s/ SCOTT E. SCHUBERT

Scott E. Schubert,
Director

Dated: June 14, 2012

/s/ LEE S. WIELANSKY

Lee S. Wielansky,
Director

Table of Contents

INDEX TO EXHIBITS

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
2.1	Stock Purchase Agreement, dated March 4, 2012, by and among Golden Nugget Biloxi, Inc., as Buyer, and Isle of Capri Casinos, Inc., as Seller, and Riverboat Corporation of Mississippi (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 8, 2012)
3.1	Amended and Restated Certificate of Incorporation of Isle of Capri Casinos, Inc. (Incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K filed on June 16, 2011)
3.2	Bylaws, as amended (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on June 25, 2010)
4.1	Indenture, dated as of March 3, 2004, among Isle of Capri Casinos, Inc., the subsidiary guarantors named therein and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-4 filed on May 12, 2004)
4.2	Indenture, dated as of March 7, 2011, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on March 8, 2011)
10.1	Agreement, dated January 19, 2011, by and among Isle of Capri Casinos, Inc., and Mr. Jeffrey D. Goldstein, Mr. Robert S. Goldstein, Richard A. Goldstein and GFIL Holdings, LLC (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-k filed on January 19, 2011)
10.2	Amendment Number One to Governance Agreement, dated February 23, 2011, by and among Isle of Capri Casinos, Inc., GFIL Holdings, LLC, Jeffrey D. Goldstein, Robert S. Goldstein and Richard A. Goldstein (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on February 28, 2011)
10.3†	Amended Casino America, Inc. 1993 Stock Option Plan (Incorporated by reference to the Proxy Statement filed on August 25, 1997)
10.4†	Isle of Capri Casinos, Inc. 2009 Long-Term Stock Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on December 4, 2009)
10.5†	Isle of Capri Casinos, Inc. Corporate Level Incentive Compensation Plan (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on December 3, 2010)
10.6†	Isle of Capri Casinos, Inc. Deferred Bonus Plan (Incorporated by reference to the Proxy Statement filed on August 15, 2000)
10.7†	Isle of Capri Casinos, Inc. Deferred Bonus Plan Code Section 409A Compliance Amendment
10.8†	Isle of Capri Casinos, Inc.'s Amended and Restated Deferred Compensation Plan
10.9†	Isle of Capri Casino, Inc. Amended and Restated Deferred Compensation Plan Adoption Agreement
10.10†	Isle of Capri Casinos, Inc.'s 2005 Non-employee Director Deferred Compensation Plan (Incorporated by reference to Exhibit 10.33 to the Quarterly Report Form 10-Q filed on March 1, 2005)
10.11†	Isle of Capri Casinos, Inc. Non-employee Director Deferred Compensation Plan

Table of Contents

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
10.12†	Isle of Capri Casinos, Inc. Medical Expense Reimbursement Plan (MERP)
10.13†	Amended and Restated Employment Agreement, dated January 18, 2011, between Virginia M. McDowell and Isle of Capri Casinos, Inc. (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on January 18, 2011)
10.14†	Employment Agreement dated as of December 3, 2007, between Isle of Capri Casinos, Inc. and Dale R. Black (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 7, 2007)
10.15†	Amended and Restated Employment Agreement, dated January 18, 2011, between James B. Perry and Isle of Capri Casinos, Inc. (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on January 18, 2011)
10.16†	Employment Agreement, dated as of July 1, 2008, between Isle of Capri Casinos, Inc. and Edmund L. Quatmann, Jr. (Incorporated by reference to Exhibit 10.18 to the Annual Report on Form 10-K filed on July 11, 2008)
10.17†	Isle of Capri Casinos, Inc. Employment Agreement Compliance Addendum—Dale R. Black (Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed on March 6, 2009)
10.18†	Isle of Capri Casinos, Inc. Employment Agreement Compliance Addendum—Edmund L. Quatmann, Jr. (Incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed on March 6, 2009)
10.19†	Employment Agreement dated as of August 6, 2009, between Isle of Capri Casinos, Inc. and Eric Hausler (Incorporated by reference to Exhibit 10.19 to the Annual Report on Form 10-K/A filed on June 8, 2010)
10.20†	First Amendment to Employment Agreement, dated as of June 18, 2011, between Isle of Capri Casinos, Inc. and Arnold Block (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on June 29, 2011)
10.21†	Form Employment Agreement for Senior Vice Presidents of Isle of Capri Casinos, Inc. (Incorporated by reference to Exhibit 10.19 to the Annual Report on Form 10-K filed on July 11, 2008)
10.22†	Form Stock Option Award Agreement (Incorporated by reference to Exhibit 10.20 to the Annual Report on Form 10-K filed on July 11, 2008)
10.23†	Form of Restricted Stock Award Agreement (Incorporated by reference to Exhibit 10.22 to the Annual Report of form 10-K filed on June 25, 2009)
10.24†*	Form of Performance Based Restricted Stock Unit Agreement
10.25	Credit Agreement, dated as of July 26, 2007 among Isle of Capri Casinos, Inc., the Lenders listed herein, Credit Suisse, Cayman Island Branch, as administrative agent, issuing bank and swing line lender, Credit Suisse Securities (USA) LLC, as lead arranger and bookrunner, Deutsche Bank Securities Inc. and CIBC World Markets Corp., as co-syndication agents and U.S. Bank, N.A. and Wachovia Bank, National Association, as co-documentation agents (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 31, 2007)

Table of Contents

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
10.26	Security Agreement, dated as of July 26, 2007, among Isle of Capri Casinos, Inc., its material subsidiaries party thereto, and Credit Suisse, Cayman Islands Branch, as Administrative Agent for and representative of the financial institutions party to the Credit Agreement and any Hedge Providers (as defined therein) (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 31, 2007)
10.27	First Amendment to Credit Agreement, dated as of February 17, 2010, among the Company, as borrower, the financial institutions listed therein, as lenders, Credit Suisse AG, Cayman Islands Branch, as administrative agent and the other agents referred to therein among Isle of Capri Casinos, Inc., the Lenders listed therein (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on February 29, 2010)
10.28	Second Amendment to Credit Agreement, dated as of March 25, 2011, among Isle of Capri Casinos, Inc., as borrower, certain subsidiaries of Isle of Capri Casinos, Inc., the financial institutions listed therein, as lenders, Wells Fargo Bank, National Association, as administrative agent (as successor to Credit Suisse AG, Cayman Islands Branch (b/k/a Credit Suisse, Cayman Islands Branch)), and the other agents referred to therein (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 31, 2011)
10.29	Biloxi Waterfront Project Lease dated May 12, 1986 with Point Cadet Development Corporation (Biloxi) (Incorporated by reference to an exhibit to the Annual Report on Form 10-K for the fiscal year ended April 30, 1992)
10.30	Addendum to Lease Agreement, dated August 1, 1992, between the City of Biloxi, Mississippi, Point Cadet Development Corporation (Biloxi) (Incorporated by reference to an exhibit to the Annual Report on Form 10-K for the fiscal year ended April 30, 1992)
10.31	Second Addendum to Lease, dated April 9, 1994, by and between the City of Biloxi, Mississippi, Point Cadet Development Corporation, the Biloxi Port Commission and Riverboat Corporation of Mississippi (Biloxi) (Incorporated by reference to an exhibit to the Annual Report on Form 10-K for the fiscal year ended April 30, 1994)
10.32	Third Addendum to Casino Lease, dated April 26, 1995, by and between the City of Biloxi, Mississippi, Point Cadet Development Corporation, the Biloxi Port Commission and Riverboat Corporation of Mississippi (Biloxi) (Incorporated by reference to an exhibit to the Annual Report on Form 10-K for the fiscal year ended April 30, 1995)
10.33	Biloxi Waterfront Project Lease dated as of April 9, 1994 by and between the City of Biloxi, Mississippi and Riverboat Corporation of Mississippi (Biloxi) (Incorporated by reference to an exhibit to the Annual Report on Form 10-K for the fiscal year ended April 30, 1994)
10.34	First Amendment to Biloxi Waterfront Project Lease (Hotel Lease), dated as of April 26, 1995, by and between Riverboat Corporation of Mississippi (Biloxi) (Incorporated by reference to an exhibit to the Annual Report on Form 10-K for the fiscal year ended April 30, 1995)
10.35	Point Cadet Compromise and Settlement Agreement, dated August 15, 2002, by and between the Secretary of State of the State of Mississippi, the City of Biloxi, Mississippi, the Board of Trustees of State Institutions of Higher Learning and Isle of Capri Casinos, Inc. and Riverboat Corporation of Mississippi (Biloxi) (Incorporated by reference to Exhibit 10.29 to the Annual Report on Form 10-K filed on July 30, 2007)

Table of Contents

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
10.36	Biloxi Waterfront Project Garage-Podium Lease and Easement dated as of August 15, 2002, by and between the Secretary of State of the State of Mississippi, the City of Biloxi, Mississippi, the Board of Trustees of State Institutions of Higher Learning and Isle of Capri Casinos, Inc. and Riverboat Corporation of Mississippi (Biloxi) (Incorporated by reference to Exhibit 10.30 to the Annual Report on Form 10-K filed on July 30, 2007)
10.37	Amended and Restated Berth Rental Agreement dated May 12, 1992 between the Biloxi Port Commission and Riverboat Corporation of Mississippi (Biloxi) (Incorporated by reference to an exhibit to the Annual Report on Form 10-K for the fiscal year ended April 30, 1992)
10.38	Second Amendment to Berth Rental Agreement dated August 13, 1996; (ii) Third Amendment to Berth Rental Agreement dated December 14, 1999 and (iii) Letter Agreement to Berth Rental Agreement dated October 17, 2006 (Biloxi) (Incorporated by reference to Exhibit 10.32 to the Annual Report on Form 10-K filed on July 30, 2007)
10.39	Agreement on Casino Berth Tract dated as of August 15, 2002, State consented to dredging, wharfing and filling by Isle of areas to reconfigure Berth Tract to accommodate a larger gaming vessel (Biloxi) (Incorporated by reference to Exhibit 10.33 to the Annual Report on Form 10-K filed on July 30, 2007)
10.40	Amended and Restated Lease, dated as of April 19, 1999, among Port Resources, Inc. and CRU, Inc., as landlords and St. Charles Gaming Company, Inc., as tenant (St. Charles) (Incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K filed on July 02, 1999)
10.41	Lease of property in Coahoma, Mississippi dated as of November 16, 1993 by and among Roger Allen Johnson, Jr., Charles Bryant Johnson and Magnolia Lady, Inc. (Incorporated by reference to the Registration Statement on Form S-4/A filed June 19, 2002)
10.42	Addendum to Lease dated as of June 22, 1994 by and among Roger Allen Johnson, Jr., Charles Bryant Johnson and Magnolia Lady, Inc. (Incorporated by reference to Exhibit 10.46 to the Annual Report on Form 10-K filed on July 28, 2000)
10.43	Second addendum to Lease dated as of October 17, 1995 by and among Roger Allen Johnson, Jr., Charles Bryant Johnson and Magnolia Lady, Inc. (Incorporated by reference to Exhibit 10.47 to the Annual Report on Form 10-K filed on July 28, 2000)
10.44	Master Lease between The City of Boonville, Missouri and IOC-Boonville, Inc. formally known as Davis Gaming Boonville, Inc. dated as of July 18, 1997. (Incorporated by reference to Exhibit 10.40 to the Annual Report on Form 10-K filed on July 11, 2008)
10.45	Amendment to Master Lease between The City of Boonville, Missouri and IOC-Boonville, Inc. formally known as Davis Gaming Boonville, Inc. dated as of April 19, 1999. (Incorporated by reference to Exhibit 10.41 to the Annual Report on Form 10-K filed on July 11, 2008)
10.46	Second Amendment to Master Lease between The City of Boonville, Missouri and IOC-Boonville, Inc. formerly known as Davis Gaming Boonville, Inc. dated as of September 17, 2001. (Incorporated by reference to Exhibit 10.42 to the Annual Report on Form 10-K filed on July 11, 2008)

Table of Contents

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
10.47	Third Amendment to Master Lease between The City of Boonville, Missouri and IOC-Boonville, Inc. formerly known as Gold River's Boonville Resort, Inc. and Davis Gaming Boonville, Inc. dated as of November 19, 2001. (Incorporated by reference to Exhibit 10.43 to the Annual Report on Form 10-K filed on July 11, 2008)
10.48	Amended and Restated Lease Agreement by and between the Port Authority of Kansas City, Missouri and Tenant dated as of August 21, 1995 (Incorporated by reference to Exhibit 10.44 to the Annual Report on Form 10-K filed June 25, 2009)
10.49	First Amendment to Amended and Restated Lease Agreement by and between the Port Authority of Kansas City, Missouri and Tenant dated as of October 31, 1995 (Incorporated by reference to Exhibit 10.45 to the Annual Report on Form 10-K filed June 25, 2009)
10.50	Second Amendment to Amended and Restated Lease Agreement by and between the Port Authority of Kansas City, Missouri and Tenant dated as of June 10, 1996 (Incorporated by reference to Exhibit 10.46 to the Annual Report on Form 10-K filed June 25, 2009)
10.51	Assignment and Assumption Agreement (Lease Agreement) between Flamingo Hilton Riverboat Casino, LP, Isle of Capri Casinos, Inc. and IOC-Kansas City, Inc. dated as of June 6, 2000. (Incorporated by reference to Exhibit 10.44 to the Annual Report on Form 10-K filed on July 11, 2008)
10.52	Lease and Agreement-Spring 1995 between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, LLC. dated as of August 15, 1995. (Incorporated by reference to Exhibit 10.45 to the Annual Report on Form 10-K filed on July 11, 2008)
10.53	Addendum to the Lease and Agreement-Spring 1995 between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, LLC. dated as of April 4, 1996. (Incorporated by reference to Exhibit 10.46 to the Annual Report on Form 10-K filed on July 11, 2008)
10.54	Second Addendum to the Lease and Agreement-Spring 1995 between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, LLC. dated as of March 21, 2003. (Incorporated by reference to Exhibit 10.47 to the Annual Report on Form 10-K filed on July 11, 2008)
10.55	Third Addendum to the Lease and Agreement-Spring 1995 between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, LLC. dated as of April 22, 2003. (Incorporated by reference to Exhibit 10.48 to the Annual Report on Form 10-K filed on July 11, 2008)
10.56	Development Agreement by and between IOC-Cape Girardeau, LLC and the City of Cape Girardeau, Missouri dated as of October 4, 2010 (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed on December 3, 2010)
21.1*	Significant Subsidiaries of Isle of Capri Casinos, Inc.
23.1*	Consent of Ernst & Young LLP
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

Table of Contents

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
99.1*	Description of Governmental Regulation.
101*	The following financial statements and notes from the Isle of Capri Casinos, Inc. Annual Report on Form 10-K for the year ended April 29, 2012, filed on June 14, 2012, formatted in XBRL: (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Stockholders' Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements, tagged as blocks of text.
*	Filed herewith.
†	Management contract or compensatory plan or arrangement.

PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

ISLE OF CAPRI CASINOS, INC.
2009 LONG-TERM INCENTIVE PLAN

This Performance-Based Restricted Stock Unit Agreement (this "Agreement"), entered into as of _____ (the "Grant Date"), by and between _____ (the "Participant") and Isle of Capri Casinos, Inc. (the "Company").

WITNESSETH THAT:

WHEREAS, the Company maintains the Isle of Capri Casinos, Inc. 2009 Long-Term Incentive Plan (as may be amended from time to time, the "Plan"), which is incorporated into and forms a part of this Agreement; and the Participant has been selected by the committee administering the Plan (the "Committee") to receive a Full Value Award under the Plan in the form of a Restricted Stock Unit Award (as defined in paragraph 1 below) under the Plan;

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Participant as follows:

1. **Award.** The Company hereby grants to the Participant, and the Participant hereby accepts, an award of restricted stock units ("Restricted Stock Units") with threshold, target and maximum numbers of _____, _____, and _____, respectively (the "Restricted Stock Unit Award"). Each Restricted Stock Unit represents the right to receive one share of Stock (or its cash equivalent as provided in paragraph 3(c)(iv) below), upon the terms and subject to the conditions set forth in the Plan and this Agreement and, except as provided in paragraph 3(c)(iv) below, the Restricted Stock Units which become vested and payable under this Agreement will be paid to the Participant solely in shares of Stock (subject to payment of any fractional share in cash as described herein).

2. **Rights as Stockholder.** Except as otherwise provided herein, the Participant shall not have any rights of a stockholder with respect to the Restricted Stock Units until shares of Stock are distributed to him or her in settlement of such Restricted Stock Units.

3. **Determination of Number of Restricted Stock Units that may be Earned; Vesting; Payment.**

(a) **Determination of Number of Restricted Stock Units that may be Earned.**

(i) Except as provided in subparagraph (ii) below or otherwise in this subparagraph (i), the number of Restricted Stock Units that may be earned by the Participant (the "Earnable Restricted Stock Units") shall be determined as of the Measurement Date and shall be equal to the number set forth on the chart included as Exhibit A (the "Stock Price Chart") based on the Company's corresponding 90-Day Stock Price, interpolated on a linear basis between the levels of corresponding 90-Day Stock Prices set forth in the Stock Price Chart, reduced by the Committee, if at all and in its sole discretion, only by applying the TSR Factor.

Notwithstanding the foregoing, in the event that the Participant's Date of Termination occurs prior to the Measurement Date due to (A) termination by the Company without Cause or (B) the Participant's death, Disability or Retirement, the number of Earnable Restricted Stock Units shall be determined in accordance with the foregoing provisions of this subparagraph (i) (including after application of the TSR Factor) multiplied by a fraction (not exceeding one (1)), the numerator of which shall be the number of calendar days during the Measurement Period prior to and including the Participant's Date of Termination and the denominator of which shall be the total number of calendar days in the Measurement Period.

(ii) In the event of the occurrence of a Change in Control on or prior to the Measurement Date, the number of Restricted Stock Units that may be earned by the Participant (the "CIC Earnable Restricted Stock Units") shall be determined as of the date of the Change in Control and shall be equal to the number set forth on the Stock Price Chart based on the corresponding Change in Control Price, interpolated on a linear basis between the levels of corresponding Change in Control Prices set forth in the Stock Price Chart. The number of CIC Earnable Restricted Stock Units shall not be subject to reduction based on application of the TSR Factor. Notwithstanding the foregoing, in the event that the Participant's Date of Termination occurs prior to a Change in Control due to (A) termination by the Company without Cause (other than a termination without Cause that occurs within thirty (30) days prior to such Change in Control), or (B) the Participant's death, Disability or Retirement, the number of CIC Earnable Restricted Stock Units shall be determined in accordance with the foregoing provisions of this subparagraph (ii) multiplied by a fraction (not exceeding one (1)), the numerator of which shall be the number of calendar days during the Measurement Period prior to and including the Participant's Date of Termination and the denominator of which shall be the total number of calendar days in the Measurement Period. In the event the Participant's Date of Termination occurs as a result of the Participant's termination of employment without Cause or for Good Reason, in each case which occurs within thirty (30) days prior to a Change in Control, the Participant will be entitled to the CIC Earnable Restricted Stock Units determined in accordance with the first sentence of this subparagraph (ii) without any reduction based on application of the TSR Factor or reduction based on application of the immediately preceding sentence.

(iii) In no event shall the number of Earnable Restricted Stock Units or CIC Earnable Restricted Stock Units, as applicable, exceed the maximum number permitted by the Plan. Any determination by the Committee as to the number of Earnable Restricted Stock Units or CIC Earnable Restricted Stock Units, as applicable, shall be final and binding.

(iv) The occurrence of a Change in Control following the Measurement Date shall not have any effect on the determination of the number of Earnable Restricted Stock Units or the vesting or payment schedule thereof.

(b) **Vesting of Earnable Restricted Stock Units and Earnable CIC Restricted Stock Units.**

(i) (A) Fifty percent (50%) of the Earnable Restricted Stock Units shall become immediately vested as of the Measurement Date and (B) the remaining fifty percent (50%) of the Earnable Restricted Stock Units shall become vested upon the one-year anniversary of the Measurement Date provided that the Participant's Date of Termination does not occur

prior to such one-year anniversary other than due to (I) termination by the Company without Cause or (II) the Participant's death, Disability or Retirement.

(ii) (A) Fifty percent (50%) of the CIC Earnable Restricted Stock Units shall become immediately vested upon a Change in Control and (B) the remaining fifty percent (50%) of the CIC Earnable Restricted Stock Units shall become vested upon the one-year anniversary of such Change in Control provided that the Participant's Date of Termination does not occur prior to such one-year anniversary other than due to (I) termination by the Company without Cause, (II) the Participant's death, Disability or Retirement, or (III) the Participant's voluntary termination of employment for Good Reason during the time period specified in paragraph 18(i)).

(c) Payment of Restricted Stock Units.

(i) (A) The fifty percent (50%) of the Earnable Restricted Stock Units that have vested on the Measurement Date in accordance with paragraph (b) and that have not been forfeited shall be paid to the Participant within sixty (60) days following the Measurement Date, and (B) the remaining fifty percent (50%) of the Earnable Restricted Stock Units that have vested on the one-year anniversary of the Measurement Date in accordance with paragraph (b) and that have not been forfeited shall be paid to the Participant within sixty (60) days following the one-year anniversary of the Measurement Date.

(ii) If a Change in Control occurs, except as provided in subparagraph (iii) below, (A) the fifty percent (50%) of the CIC Earnable Restricted Stock Units that have vested on the Change in Control in accordance with paragraph (b) and that have not been forfeited shall be paid to the Participant within sixty (60) days following the Measurement Date, and (B) the remaining fifty percent (50%) of the CIC Earnable Restricted Stock Units that have vested on the one-year anniversary of the Change in Control in accordance with paragraph (b) and that have not been forfeited shall be paid to the Participant within sixty (60) days following the one-year anniversary of the Measurement Date.

(iii) If a Change in Control occurs and provided that the Change in Control also constitutes a change in control event pursuant to Treasury Regulations section 1.409A-3(i)(5)(v) (a "409A CIC"), (A) the fifty percent (50%) of the CIC Earnable Restricted Stock Units that have vested on the Change in Control in accordance with paragraph (b) and that have not been forfeited shall be paid to the Participant within sixty (60) days following the date of the 409A CIC, and (B) the remaining fifty percent (50%) of the CIC Earnable Restricted Stock Units that have vested on the one-year anniversary of the Change in Control in accordance with paragraph (b) and that have not been forfeited shall be paid to the Participant within sixty (60) days following the one-year anniversary of the 409A CIC.

(iv) All CIC Earnable Restricted Stock Units that have vested in accordance with paragraph (b) and that have not been forfeited shall be payable solely in cash. The amount of cash payable in respect of vested CIC Earnable Restricted Stock Units shall be based on the Change in Control Price. In addition, all Earnable Restricted Stock Units that have vested in accordance with paragraph (b) and that have not been forfeited shall be paid in cash

based on the Change in Control Price if a Change in Control occurs before payment is made for such vested Earnable Restricted Stock Units.

4. **Termination of Employment.** Upon the Participant's Date of Termination that results from termination of employment of the Participant for any reason other than (i) the Participant's termination of employment by the Company without Cause, (ii) the Participant's death, Disability or Retirement or (iii) the Participant's termination of employment for Good Reason during the time period specified in paragraph 18(i), the Participant shall forfeit any then unvested Restricted Stock Units and such Restricted Stock Units will terminate for no value.

5. **Adjustments to Shares.** In the event of a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the Committee shall adjust the Restricted Stock Unit Award (including any Earnable Restricted Stock Units and CIC Earnable Restricted Stock Units) to preserve the benefits or potential benefits thereof by adjusting the number and kind of shares subject to the Restricted Stock Unit Award, the price and kind of shares used in determining the 90-Day Stock Price, and the price and kind of shares used in calculating the Company's TSR. Nothing herein is intended to limit the Committee's discretion to make adjustments pursuant to the terms of Section 4.3 of the Plan (or any successor thereto).

6. **Section 409A.** It is intended that the provisions of this Agreement comply with section 409A of the Code, and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements of section 409A of the Code. No changes shall be made to the Restricted Stock Unit Award, including but not limited to the payment dates set forth in paragraph 3(c), unless such changes comply with section 409A of the Code and the regulations thereunder.

7. **Compliance with Applicable Laws; Limits on Distribution.**

(a) **Compliance with Securities Laws.** If the Participant is subject to Section 16(a) and 16(b) of the Exchange Act, the Committee may, at any time, add such conditions and limitations to any of the Restricted Stock Units (or the shares of Stock upon payment of the Restricted Stock Unit Award) as the Committee, in its sole discretion, deems necessary or desirable to comply with Section 16(a) or 16(b) of the Exchange Act and the rules and regulations thereunder or to obtain any exemption therefrom.

(b) **Certificates; Cash in Lieu of Fractional Shares.** To the extent that the Plan or this Agreement provides for issuance of certificates to reflect the payment of the Restricted Stock Unit Award, the transfer of such shares may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the rules of any securities exchange or similar entity. In lieu of issuing a fraction of a share of Stock pursuant to the Plan or this Agreement, the Company may pay to the Participant an amount equal to the Fair Market Value of such fractional share.

(c) **Lock-Up Period.** The Participant hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act of 1933, as amended (the "Securities Act"), the Participant shall not sell or otherwise transfer any Stock or other securities of the Company during the 180-day period, or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company (the "Market Standoff Period") following the effective date of a registration statement of the Company filed under the Securities Act. Such restriction shall apply only to the first registration statement of the Company to become effective under the Securities Act that includes securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

8. **Withholding.** The grant, vesting and payment of the Restricted Stock Unit Award under this Agreement shall be subject to withholding of all applicable taxes. Such withholding obligations shall be satisfied through the surrender of shares of Stock or the deduction of cash payments to which the Participant is otherwise entitled under the Plan; provided, however, that such shares may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

9. **Nontransferability.** Neither the Restricted Stock Units nor any interest or right therein or part thereof may be sold, assigned, transferred, pledged or otherwise encumbered in any manner otherwise than by will or by the laws of descent or distribution.

10. **Heirs and Successors.** This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights exercisable by the Participant or benefits deliverable to the Participant under this Agreement have not been exercised or delivered, respectively, at the time of the Participant's death, such rights shall be exercisable by the Designated Beneficiary, and such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of this Agreement and the Plan.

11. **Administration.** The authority to manage and control the operation and administration of this Agreement shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of the Agreement by the Committee and any decision made by it with respect to the Agreement is final and binding on all persons.

12. **Plan Governs.** Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company and this Agreement is subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

13. **Not An Employment Contract or Contract of Continued Service.** The grant of Restricted Stock Units pursuant to this Agreement will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Affiliate, nor will it interfere in any way with any right the Company or any Affiliate would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

14. **Amendment.** This Agreement may be amended in accordance with the provisions of the Plan and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

15. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

16. **Applicable Law.** The provisions of this Agreement shall be construed in accordance with the laws of the State of Delaware, without regard to the conflict of law provisions of any jurisdiction.

17. **Entire Agreement.** The Plan and this Agreement constitute all of the terms with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, including but not limited any employment agreement between the Participant and the Company.

18. **Definitions.** For purposes of this Agreement, words and phrases used in this Agreement shall be defined as follows:

(a) **90-Day Stock Price.** The term "90-Day Stock Price" means, the average of the closing market prices of the Stock on the principal exchange on which the stock is traded for the ninety (90) calendar day period ending with the Measurement Date.

(b) **Beginning Price.** The term "Beginning Price" means the average of the closing market prices of a company's common stock on the principal exchange on which such stock is traded for the ninety (90) calendar day period ending with the first day of the Measurement Period.

(c) **Cause.** The term "Cause" shall mean any (i) dishonesty, disloyalty or breach of corporate policies, in each case that is material to the ability of the Participant to continue to function as an effective executive given the strict regulatory standards of the industry in which the Company does business; (ii) gross misconduct on the part of the Participant in the performance of the Participant's duties (as determined by the Board); (iii) the Participant's termination for cause under pursuant to the terms of his or her employment agreement with the Company; (iv) if applicable, the Participant's failure to be licensed as a key person or similar role under the laws of any jurisdiction where the Company does business, or the loss of any such license for any reason, or (v) the Participant's repeated poor performance.

In order to terminate for Cause pursuant to subparagraphs (i)-(iv) above with respect to an event or circumstance that may be cured during a ten (10) day period, the Board must give the Participant advance written notice of the event or circumstance giving rise to the Company's ability to terminate the Participant's employment for Cause and a ten (10) day period following the date of the written notice to cure such event or circumstance to the Board's reasonable satisfaction. In order to terminate for Cause under subparagraph (v) above, (x) the Board must give the Participant advance written notice of the repeated poor performance setting forth the specific details of the poor performance and a ninety (90) day period following the date of the written notice to cure such poor performance to the Board's reasonable satisfaction and (y) such termination must occur prior to the first to occur of the Measurement Date or a Change in Control.

(d) **Change in Control Price.** The term "Change in Control Price" shall mean the highest price per share of Stock paid in a transaction or event that results in a Change in Control.

(e) **Date of Termination.** The term "Date of Termination" means, the first day occurring on or after the Grant Date on which the Participant is not employed by the Company or any Affiliate, regardless of the reason for the termination of employment. Notwithstanding the foregoing, a termination of employment shall not be deemed to occur by reason of a transfer of the Participant between the Company and an Affiliate or between two Affiliates, and the Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or an Affiliate approved by the Board.

(f) **Designated Beneficiary.** The "Designated Beneficiary" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the Designated Beneficiary's exercise of all rights under this Agreement or before the complete distribution of benefits to the Designated Beneficiary under this Agreement, then any rights that would have been exercisable by the Designated Beneficiary shall be exercised by the legal representative of the estate of the Designated Beneficiary, and any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

(g) **Disability.** The Participant shall be deemed to have a "Disability" if, by reason of a medically-determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of at least twelve (12) months, (i) the Participant is unable to engage in any substantial gainful employment, or (ii) has been receiving benefits the Company's separate long-term disability plan for a period of at least three months. The Board shall certify whether the Participant has a Disability as defined herein.

(h) **Ending Price.** The term "Ending Price" means the average of the closing market prices of a company's common stock on the principal exchange on which such

stock is traded for the ninety (90) calendar day period ending with the last day of the Measurement Period, or if applicable, for the ninety (90) calendar day period ending with the Last Trading Day.

(i) **Good Reason.** The Participant's termination shall be considered to be for "Good Reason" if the Participant terminates his or her employment with the Company within thirty (30) days prior to the occurrence of a Change in Control or upon or within twelve (12) months after a Change in Control following (i) a significant reduction in the Participant's authority, responsibilities, position or compensation or (ii) a material relocation of the principal place at which the Participant performs services for the Company, but in no event less than thirty-five (35) miles from the principal place at which the Participant performs such services immediately prior to the Change in Control, in either case which the Company has failed to remedy within thirty (30) days after receipt of the Participant's written notice thereof.

(j) **Last Trading Day.** The term "Last Trading Day" shall mean the last day on which the stock of a Non-Public Peer Group Company (as defined in subparagraph (p)(ii) below) is publicly traded.

(k) **Measurement Date.** The term "Measurement Date" shall mean April 26, 2015.

(l) **Measurement Period.** The term "Measurement Period" means the period commencing on the Grant Date and ending on the Measurement Date.

(m) **Peer Group Companies.** The term "Peer Group Companies" means Ameristar Casinos, Inc., Boyd Gaming Corporation, Penn National Gaming, Inc., Pinnacle Entertainment, Inc., and MTR Gaming Group, Inc.

(n) **Retirement.** The term "Retirement" shall mean the termination by a Participant of his employment after attaining age sixty-five (65) and completing at least three (3) years of service with the Company or its Affiliates.

(o) **TSR.** The term "TSR" means compound annual total stockholder return of a company and shall be determined by dividing: (i) the sum of (x) the Ending Price less the Beginning Price plus (y) all dividends and other distributions paid on such company's common stock during the Measurement Period (or the period commencing on the Grant Date and ending on the Last Trading Day, if applicable) by (ii) the Beginning Price. Any non-cash distributions paid on such company's common stock during the Measurement Period shall be ascribed such dollar value as may be determined by or at the discretion of the Committee.

(p) **TSR Factor.** "TSR Factor" shall be determined as follows after giving effect to subparagraphs (i)-(iii) below: If, as of the Measurement Date, the Company's TSR ranks last among the TSRs of the Company and the Peer Group Companies and (x) the Company's 90-Day Stock Price is less than \$11.00, the Committee may, in its sole discretion, reduce the number of otherwise Earnable Restricted Stock Units to any number but not below zero (0) or (y) the Company's 90-Day Stock Price is \$11.00 or greater, the Committee may, in its sole discretion, reduce the number of Earnable Restricted Stock Units by up to seventy-five percent.

(i) If the common stock of any company included in the Peer Group Companies ceases to be publicly traded during the Measurement Period on or prior to November 1, 2013, such company shall be excluded from the final TSR Factor calculation.

(ii) If the common stock of any company included in the Peer Group Companies ceases to be publicly traded during the Measurement Period after November 1, 2013 (a "Non-Public Peer Group Company"), for purposes of determining the Company's TSR as compared to such Non-Public Peer Group Company's TSR, the TSRs of both such companies shall be measured as of the Last Trading Day of the applicable Non-Public Peer Group Company.

(iii) If, as of the Measurement Date, the number of companies remaining in the Peer Group Companies is fewer than three due to the application of subparagraph (i) above, in lieu of measuring the Company's TSR against the TSRs of the Peer Group Companies, the TSR Factor shall be determined based on the Company's TSR percentile ranking among the TSRs for the companies comprising the Russell 2000 Index as follows: If, as of the Measurement Date, the Company's TSR percentile ranking among the TSRs for the companies comprising the Russell 2000 Index as of the Measurement Date is in the bottom quartile of the Russell 2000 Index, and (A) the Company's 90-Day Stock Price is less than \$11.00, the Committee may, in its sole discretion, reduce the number of Earnable Restricted Stock Units to any number but not below zero (0) or (B) the Company's 90-Day Stock Price is \$11.00 or greater, the Committee may, in its sole discretion, reduce the number of Earnable Restricted Stock Units by up to seventy-five percent.

(g) **Plan Definitions.** Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in this Agreement.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

Isle of Capri Casinos, Inc.

By: _____

Its: Chief Executive Officer

By accepting this Agreement, the Participant acknowledges that he or she has received and read, and agrees that this Restricted Stock Unit Award shall be subject to, the terms of this Agreement and Plan.

Name of Participant

SIGNIFICANT SUBSIDIARIES OF ISLE OF CAPRI CASINOS, INC.

WHOLLY-OWNED SUBSIDIARIES	STATE OF INCORPORATION
Black Hawk Holdings, L.L.C.	Colorado
Capri Insurance Company	Hawaii
CCSC Blackhawk, Inc.	Colorado
IC Holdings Colorado, Inc.	Colorado
IOC Black Hawk Distribution Company, LLC	Colorado
IOC-Boonville, Inc.	Nevada
IOC-Caruthersville, L.L.C.	Missouri
IOC-Kansas City, Inc.	Missouri
IOC-Lula, Inc.	Mississippi
IOC-Natchez, Inc.	Mississippi
IOC-Vicksburg, Inc.	Delaware
IOC-Vicksburg, L.L.C.	Delaware
IOC Black Hawk County, Inc.	Iowa
IOC Cape Girardeau, LLC	Missouri
IOC Davenport, Inc.	Iowa
IOC Holdings, L.L.C.	Louisiana
IOC-PA, L.L.C.	Pennsylvania
IOC Services, L.L.C.	Delaware
Isle of Capri Bettendorf, L.L.C.	Iowa
Isle of Capri Bettendorf Marina Corporation	Iowa
Isle of Capri Black Hawk, L.L.C.	Colorado
Isle of Capri Black Hawk Capital Corp.	Colorado
Isle of Capri Marquette, Inc.	Iowa
PPI, Inc.	Florida
Rainbow Casino Vicksburg Partnership, L.P.	Mississippi
Riverboat Corporation of Mississippi	Mississippi
Riverboat Services, Inc.	Iowa
St. Charles Gaming Company, Inc.	Louisiana

QuickLinks

Exhibit 2.1.1

SIGNIFICANT SUBSIDIARIES OF ISLE OF CAPRI CASINOS, INC.

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-160526) of Isle of Capri Casinos, Inc.,
- (2) Registration Statement (Form S-8 Nos. 33-61752, 33-80918, 33-86940, 333-50774, 333-50776, 333-77233, 333-111498, 333-123233, 333-153337, and 333-163543) of Isle of Capri Casinos, Inc.

of our reports dated June 14, 2012, with respect to the consolidated financial statements and schedule of Isle of Capri Casinos, Inc., and the effectiveness of internal control over financial reporting, of Isle of Capri Casinos, Inc. included in this Annual Report (Form 10-K) for the fiscal year ended April 29, 2012.

/s/ Ernst & Young LLP

St. Louis, Missouri
June 14, 2012

QuickLinks

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

I, Virginia M. McDowell, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Isle of Capri Casinos, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 14, 2012

/s/ VIRGINIA M. MCDOWELL

Virginia M. McDowell
Chief Executive Officer

QuickLinks

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Dale R. Black, Chief Financial Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Isle of Capri Casinos, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 14, 2012

/s/ DALE R. BLACK

Dale R. Black
Chief Financial Officer

QuickLinks

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)**

In connection with the Annual Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-K for the period ended April 29, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I, Virginia M. McDowell, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

- (1) The Annual Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: June 14, 2012

/s/ VIRGINIA M. MCDOWELL

Virginia M. McDowell
Chief Executive Officer

QuickLinks

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)**

In connection with the Annual Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-K for the period ended April 29, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I, Dale R. Black, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

- (1) The Annual Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: June 14, 2012

/s/ DALE R. BLACK

Dale R. Black
Chief Financial Officer

QuickLinks

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

DESCRIPTION OF GOVERNMENT REGULATIONS

The ownership and operation of casino gaming facilities are subject to extensive state and local regulations. We are required to obtain and maintain gaming licenses in each of the jurisdictions in which we conduct gaming. The limitation, conditioning or suspension of gaming licenses could (and the revocation or non-renewal of gaming licenses, or the failure to reauthorize gaming in certain jurisdictions, would), materially adversely affect our operation in that jurisdiction. In addition, changes in law that restrict or prohibit our gaming operations in any jurisdiction could have a material adverse effect on us.

Colorado

The State of Colorado created the Division of Gaming ("Colorado Division") within the Department of Revenue to license, implement, regulate and supervise the conduct of limited gaming under the Colorado Limited Gaming Act. The Director of the Colorado Division ("Colorado Director"), pursuant to regulations promulgated by, and subject to the review of, a five-member Colorado Limited Gaming Control Commission ("Colorado Commission"), has been granted broad power to ensure compliance with the Colorado gaming laws and regulations (collectively, the "Colorado Regulations"). The Colorado Director may inspect without notice, impound or remove any gaming device. The Colorado Director may examine and copy any licensee's records, may investigate the background and conduct of licensees and their employees, and may bring disciplinary actions against licensees and their employees. The Colorado Director may also conduct detailed background investigations of persons who loan money to, or otherwise provide financing to, a licensee.

The Colorado Commission is empowered to issue five types of gaming and gaming-related licenses, and has delegated authority to the Colorado Director to issue certain types of licenses and approve certain changes in ownership. The licenses are revocable and non-transferable. The failure or inability of the Isle of Capri Black Hawk, LLC or CCSC/Blackhawk, Inc. (each, a "Colorado Casino" or collectively, the "Colorado Casinos"), or the failure or inability of others associated with any of the Colorado Casinos, including us, to maintain necessary gaming licenses or approvals would have a material adverse effect on our operations. All persons employed by any of the Colorado Casinos, and involved, directly or indirectly, in gaming operations in Colorado also are required to obtain a Colorado gaming license. All licenses must be renewed every two years. As a general rule, under the Colorado Regulations, no person may have an "ownership interest" in more than three retail gaming licenses in Colorado. The Colorado Commission has ruled that a person does not have an ownership interest in a retail gaming licensee for purposes of the multiple license prohibition if:

- that person has less than a 5% ownership interest in an institutional investor that has an ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- a person has a 5% or more ownership interest in an institutional investor, but the institutional investor has less than a 5% ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- an institutional investor has less than a 5% ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- an institutional investor possesses voting securities in a fiduciary capacity for another person, and does not exercise voting control over 5% or more of the outstanding voting securities of a publicly traded licensee or of a publicly traded company affiliated with a licensee;

- a registered broker or dealer retains possession of voting securities of a publicly traded licensee or of a publicly traded company affiliated with a licensee for its customers and not for its own account, and exercises voting rights for less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee;
- a registered broker or dealer acts as a market maker for the stock of a publicly traded licensee or of a publicly traded company affiliated with a licensee and exercises voting rights in less than 5% of the outstanding voting securities of the publicly traded licensee or publicly traded company affiliated with a licensee;
- an underwriter is holding securities of a publicly traded licensee or publicly traded company affiliated with a licensee as part of an underwriting for no more than 90 days after the beginning of such underwriting if it exercises voting rights of less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee;
- a book entry transfer facility holds voting securities for third parties, if it exercises voting rights with respect to less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee; or
- a person's sole ownership interest is less than 5% of the outstanding voting securities of the publicly traded licensee or publicly traded company affiliated with a licensee.

Because we own the Colorado Casinos, our business opportunities, and those of persons with an "ownership interest" in us, or any of the Colorado Casinos, are limited to interests that comply with the Colorado Regulations and the Colorado Commission's rule.

In addition, pursuant to the Colorado Regulations, no manufacturer or distributor of slot machines or associated equipment may, without notification being provided to the Colorado Division within ten days, knowingly have an interest in any casino operator, allow any of its officers or any other person with a substantial interest in such business to have such an interest, employ any person if that person is employed by a casino operator, or allow any casino operator or person with a substantial interest therein to have an interest in a manufacturer's or distributor's business. A "substantial interest" means the lesser of (i) as large an interest in an entity as any other person or (ii) any financial or equity interest equal to or greater than 5%. The Colorado Commission has ruled that a person does not have a "substantial interest" if such person's sole ownership interest in such licensee is through the ownership of less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded affiliated company of a licensee.

We are a "publicly traded corporation" under the Colorado Regulations.

Under the Colorado Regulations, any person or entity having any direct or indirect interest in a gaming licensee or an applicant for a gaming license, including, but not limited to, us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos and their security holders, may be required to supply the Colorado Commission with substantial information, including, but not limited to, background information, source of funding information, a sworn statement that such person or entity is not holding his or her interest for any other party, and fingerprints. Such information, investigation and licensing (or finding of suitability) as an "associated person" automatically will be required of all persons (other than certain institutional investors discussed below) which directly or indirectly beneficially own 10% or more of a direct or indirect beneficial ownership or interest in either of the two Colorado Casinos, through their beneficial ownership of any class of voting securities of us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos. Those persons must report their interest within 10 days (including institutional investors) and file appropriate applications within 45 days after acquiring that interest (other than certain institutional investors discussed below). Persons (including institutional investors) who directly or indirectly

beneficially own 5% or more (but less than 10%) of a direct or indirect beneficial ownership or interest in either of the two Colorado Casinos, through their beneficial ownership of any class of voting securities of us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, must report their interest to the Colorado Commission within 10 days after acquiring that interest and may be required to provide additional information and to be found suitable. (It is the current practice of the gaming regulators to require findings of suitability for persons beneficially owning 5% or more of a direct or indirect beneficial ownership or interest, other than certain institutional investors discussed below.) If certain institutional investors provide specified information to the Colorado Commission within 45 days after acquiring their interest (which, under the current practice of the gaming regulators is an interest of 5% or more, directly or indirectly) and are holding for investment purposes only, those investors, in the Colorado Commission's discretion, may be permitted to own up to 14.99% of the Colorado Casinos through their beneficial ownership in any class of voting of securities of us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, before being required to be found suitable. All licensing and investigation fees will have to be paid by the person in question.

The Colorado Regulations define a "voting security" to be a security the holder of which is entitled to vote generally for the election of a member or members of the board of directors or board of trustees of a corporation or a comparable person or persons of another form of business organization.

The Colorado Commission also has the right to request information from any person directly or indirectly interested in, or employed by, a licensee, and to investigate the moral character, honesty, integrity, prior activities, criminal record, reputation, habits and associations of: (1) all persons licensed pursuant to the Colorado Limited Gaming Act; (2) all officers, directors and stockholders of a licensed privately held corporation; (3) all officers, directors and stockholders holding either a 5% or greater interest or a controlling interest in a licensed publicly traded corporation; (4) all general partners and all limited partners of a licensed partnership; (5) all persons that have a relationship similar to that of an officer, director or stockholder of a corporation (such as members and managers of a limited liability company); (6) all persons supplying financing or loaning money to any licensee connected with the establishment or operation of limited gaming; (7) all persons having a contract, lease or ongoing financial or business arrangement with any licensee, where such contract, lease or arrangement relates to limited gaming operations, equipment devices or premises; and (8) all persons contracting with or supplying any goods and services to the gaming regulators.

Certain public officials and employees are prohibited from having any direct or indirect interest in a license or limited gaming.

In addition, under the Colorado Regulations, every person who is a party to a "gaming contract" (as defined below) or lease with an applicant for a license, or with a licensee, upon the request of the Colorado Commission or the Colorado Director, must promptly provide the Colorado Commission or Colorado Director all information that may be requested concerning financial history, financial holdings, real and personal property ownership, interests in other companies, criminal history, personal history and associations, character, reputation in the community and all other information that might be relevant to a determination of whether a person would be suitable to be licensed by the Colorado Commission. Failure to provide all information requested constitutes sufficient grounds for the Colorado Director or the Colorado Commission to require a licensee or applicant to terminate its "gaming contract" or lease with any person who failed to provide the information requested. In addition, the Colorado Director or the Colorado Commission may require changes in "gaming contracts" before an application is approved or participation in the contract is allowed. A "gaming contract" is defined as an agreement in which a person does business with or on the premises of a licensed entity.

The Colorado Commission and the Colorado Division have interpreted the Colorado Regulations to permit the Colorado Commission to investigate and find suitable persons or entities providing financing to or acquiring securities from us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos. As noted above, any person or entity required to file information, be licensed or found suitable would be required to pay the costs thereof and of any investigation. Although the Colorado Regulations do not require the prior approval for the execution of credit facilities or issuance of debt securities, the Colorado regulators reserve the right to approve, require changes to or require the termination of any financing, including if a person or entity is required to be found suitable and is not found suitable. In any event, lenders, note holders, and others providing financing will not be able to exercise certain rights and remedies without the prior approval of the Colorado gaming authorities. Information regarding lenders and holders of securities will be periodically reported to the Colorado gaming authorities.

Except under certain limited circumstances relating to slot machine manufacturers and distributors, every person supplying goods, equipment, devices or services to any licensee in return for payment of a percentage, or calculated upon a percentage, of limited gaming activity or income must obtain an operator license or be listed on the retailer's license where such gaming will take place.

An application for licensure or suitability may be denied for any cause deemed reasonable by the Colorado Commission or the Colorado Director, as appropriate. Specifically, the Colorado Commission and the Colorado Director must deny a license to any applicant who, among other things: (1) fails to prove by clear and convincing evidence that the applicant is qualified; (2) fails to provide information and documentation requested; (3) fails to reveal any fact material to qualification, or supplies information which is untrue or misleading as to a material fact pertaining to qualification; (4) has been convicted of, or has a director, officer, general partner, stockholder, limited partner or other person who has a financial or equity interest in the applicant who has been convicted of, specified crimes, including the service of a sentence upon conviction of a felony in a correctional facility, city or county jail, or community correctional facility or under the state board of parole or any probation department within ten years prior to the date of the application, gambling-related offenses, theft by deception or crimes involving fraud or misrepresentation, is under current prosecution for such crimes (during the pendency of which license determination may be deferred), is a career offender or a member or associate of a career offender cartel, or is a professional gambler; or (5) has refused to cooperate with any state or federal body investigating organized crime, official corruption or gaming offenses. If the Colorado Commission determines that a person or entity is unsuitable to directly or indirectly own interests in us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., or either of the two Colorado Casinos, one or more of the Colorado Casinos may be sanctioned, which may include the loss of our approvals and licenses.

The Colorado Commission does not need to approve in advance a public offering of securities but rather requires the filing of notice and additional documents prior to a public offering of (i) voting securities, and (ii) non-voting securities if any of the proceeds will be used to pay for the construction of gaming facilities in Colorado, to directly or indirectly acquire an interest in a gaming facility in Colorado, to finance the operation of a gaming facility in Colorado or to retire or extend obligations for any of the foregoing. The Colorado Commission may, in its discretion, require additional information and prior approval of such public offering.

In addition, the Colorado Regulations prohibit a licensee or affiliated company thereof, such as us Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, from paying any unsuitable person any dividends or interest upon any voting securities or any payments or distributions of any kind (except as set forth below); or paying any unsuitable person any remuneration for services or recognizing the exercise of any voting rights by any unsuitable person. Further, under the Colorado Regulations, each of the Colorado Casinos and IOC Black Hawk Distribution Company, LLC may repurchase its voting securities from

anyone found unsuitable at the lesser of the cash equivalent to the original investment in the applicable Colorado Casino or IOC Black Hawk Distribution Company, LLC or the current market price as of the date of the finding of unsuitability unless such voting securities are transferred to a suitable person (as determined by the Colorado Commission) within sixty (60) days after the finding of unsuitability. A licensee or affiliated company must pursue all lawful efforts to require an unsuitable person to relinquish all voting securities, including purchasing such voting securities. The staff of Colorado Division has taken the position that a licensee or affiliated company may not pay any unsuitable person any interest, dividends or other payments with respect to non-voting securities, other than with respect to pursuing all lawful efforts to require an unsuitable person to relinquish non-voting securities, including by purchasing or redeeming such securities. Further, the regulations require anyone with a material involvement with a licensee, including a director or officer of a holding company, such as us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, to file for a finding of suitability if required by the Colorado Commission.

Because of their authority to deny an application for a license or suitability, the Colorado Commission and the Colorado Director effectively can disapprove a change in corporate position of a licensee and with respect to any entity which is required to be found suitable, or indirectly can cause us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or the applicable Colorado Casino to suspend or dismiss managers, officers, directors and other key employees or sever relationships with other persons who refuse to file appropriate applications or who the authorities find unsuitable to act in such capacities.

Generally, a sale, lease, purchase, conveyance or acquisition of any interest in a licensee is prohibited without the Colorado Commission's prior approval. However, because we are a publicly traded corporation, persons may acquire an interest in us (even, under current staff interpretations, a controlling interest) without the Colorado Commission's prior approval, but such persons may be required to file notices with the Colorado Commission and applications for suitability (as discussed above) and the Colorado Commission may, after such acquisition, find such person unsuitable and require them to dispose of their interest. Under some circumstances, we may not sell any interest in our Colorado gaming businesses without the prior approval of the Colorado Commission.

Each Colorado Casino must meet specified architectural requirements, fire safety standards and standards for access for disabled persons. Each Colorado Casino also must not exceed specified gaming square footage limits as a total of each floor and the full building. Each Colorado Casino may permit only individuals 21 or older to gamble in the casino. No Colorado Casino may provide credit to its gaming patrons. Each Colorado Casino must comply with Colorado's Gambling Payment Intercept Act, which governs the collection of unpaid child support costs on certain cash winnings from limited gaming.

As originally enacted by amendment to the Colorado Constitution, limited stakes gaming in Colorado was limited to slot machines, blackjack and poker, with a maximum single bet of \$5.00, and casinos could operate only between 8 a.m. and 2 a.m.. On November 4, 2008, however, Colorado voters approved a subsequent amendment to the Colorado Constitution that allowed the towns of Cripple Creek, Black Hawk, and Central City to add table games of craps and roulette; increase the maximum single bet to \$100.00, and increase the permitted hours of operation to 24 hours per day effective July 2, 2009.

A licensee is required to provide information and file periodic reports with the Colorado Division, including identifying those who have a 5% or greater ownership, financial or equity interest in the licensee, or who have the ability to control the licensee, or who have the ability to exercise significant influence over the licensee, or who loan money or other things of value to a licensee, or who have the right to share in revenues of limited gaming, or to whom any interest or share in profits of limited

gaming has been pledged as security for a debt or performance of an act. A licensee, and any parent company or subsidiary of a licensee, who has applied to a foreign jurisdiction for licensure or permission to conduct gaming, or who possesses a license to conduct foreign gaming, is required to notify the Colorado Division. Any person licensed by the Colorado Commission and any associated person of a licensee must report criminal convictions and criminal charges to the Colorado Division.

The Colorado Commission has broad authority to sanction, fine, suspend and revoke a license for violations of the Colorado Regulations. Violations of many provisions of the Colorado Regulations also can result in criminal penalties.

The Colorado Constitution currently permits gaming only in a limited number of cities and certain commercial districts in such cities.

The Colorado Constitution permits a gaming tax of up to 40% on adjusted gross gaming proceeds, and authorizes the Colorado Commission to change the rate annually. The current gaming tax rate is 0.2375% on adjusted gross gaming proceeds of up to and including \$2.0 million, 1.9% over \$2.0 million up to and including \$5.0 million, 8.55% over \$5.0 million up to and including \$8.0 million, 10.45% over \$8.0 million up to and including \$10.0 million, 15.2% over \$10.0 million up to and including \$13.0 million and 19% on adjusted gross gaming proceeds in excess of \$13.0 million. The City of Black Hawk has imposed an annual device fee of \$750 per gaming device and may revise it from time to time. The City of Black Hawk also has imposed other fees, including a business improvement district fee and transportation fee, calculated based on the number of devices and may revise the same or impose additional such fees.

Colorado participates in multi-state lotteries.

The sale of alcoholic beverages is subject to licensing, control and regulation by the Colorado liquor agencies. All persons who directly or indirectly hold a 10% or more interest in, or 10% or more of the issued and outstanding capital stock of, any of the Colorado Casinos, through their ownership of us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., or either of the two Colorado Casinos, must file applications and possibly be investigated by the Colorado liquor agencies. The Colorado liquor agencies also may investigate those persons who, directly or indirectly, loan money to or have any financial interest in liquor licensees. In addition, there are restrictions on stockholders, directors and officers of liquor licensees preventing such persons from being a stockholder, director, officer or otherwise interested in some persons lending money to liquor licensees and from making loans to other liquor licensees. All licenses are revocable and transferable only in accordance with all applicable laws. The Colorado liquor agencies have the full power to limit, condition, suspend or revoke any liquor license and any disciplinary action could (and revocation would) have a material adverse effect upon the operations of us, Black Hawk Holdings, LLC, IC Holdings Colorado, Inc., or the applicable Colorado Casino. Each Colorado Casino holds a retail gaming tavern liquor license for its casino, hotel and restaurant operations.

Persons directly or indirectly interested in either of the two Colorado Casinos may be limited in certain other types of liquor licenses in which they may have an interest, and specifically cannot have an interest in a retail liquor license (but may have an interest in a hotel and restaurant liquor license and several other types of liquor licenses). No person can hold more than three retail gaming tavern liquor licenses. The remedies of certain lenders may be limited by applicable liquor laws and regulations.

Florida

In June 1995, the Florida Department of Business and Professional Regulation, acting through the Division of Pari-Mutuel Wagering (the "Florida Division"), issued its final order approving the transfer to the Company's wholly owned subsidiary, PPI, Inc. ("PPI"), the pari-mutuel wagering permits which authorize the acceptance of pari-mutuel wagers on harness horse and quarter horse races conducted at

the Pompano Park Racetrack ("Pompano Park") located in Pompano Beach, Florida. Harness horse racing at Pompano Park has been continuously conducted by PPI since the time it acquired the foregoing described harness horse permit through the present. The license to conduct live evening harness racing performances at Pompano Park must be renewed annually and was most recently renewed in March 2012 for the State of Florida's fiscal year beginning July 1, 2012 to June 30, 2013. PPI also has a quarter horse permit that is not currently active.

The Florida statutes and the applicable rules and regulations of the Florida Division set forth in the Florida Administrative Code (the "Florida Law") establish a regulatory framework for pari-mutuel wagering activities in the State of Florida, including licensing requirements, a taxing structure on pari-mutuel permitholders and requirements for payments to the horsemen, including owners and breeders. The Florida Law grants to the Florida Division full regulatory power over all permitholders and licensees, including the power to revoke or suspend any permit or license upon the willful violation by a permitholder or a licensee of the Florida Law. The Florida Division must approve any transfer of 5% or more of the stock or other evidence of ownership or equity in all pari-mutuel racing permitholders such as PPI. In addition to the power to suspend or revoke a permit or license on account of a willful violation of the Florida Law, the Florida Division is also granted the power to impose various civil penalties on the permitholder or licensee on account of other violations. Penalties may not exceed \$1,000 for each count or separate offense.

Pursuant to Florida law, PPI is authorized to conduct full-card pari-mutuel wagering on: (1) simulcast harness races from outside Florida throughout the racing season; and (2) night-time (after 6 p.m.) thoroughbred races conducted outside of the State of Florida if such races are simulcast to a Florida thoroughbred track and then rebroadcast to PPI. PPI also has the right under Florida Law to conduct full-card simulcasting of harness racing on days during which no live racing is held at Pompano Park. However, on non-race days, Pompano Park must rebroadcast the simulcast signals to other pari-mutuel facilities that are eligible to conduct intertrack wagering. In addition, Pompano Park may transmit its live harness races into any dog racing or jai alai facility in Florida, including facilities in Miami-Dade and Broward Counties, for intertrack wagering. Pompano Park also receives live races from other Florida pari-mutuel facilities for intertrack wagering. Florida Law establishes the allocation of contributions to the pari-mutuel pools between Pompano Park and the other facilities sharing such signals.

Florida Law authorizes pari-mutuel facilities, including Pompano Park, to operate card rooms in those counties in which a majority vote of the County Commission has been obtained and a local ordinance has been adopted. The County Commission of Broward County, where Pompano Park is located, has approved the operation of cardrooms in Broward County. Although the provisions of Florida Law regarding cardroom operations have been amended frequently by the Florida Legislature, the amendments have generally resulted in the regulatory scheme becoming more liberal as opposed to being more restrictive. Under amendments which became effective on July 1, 2007, the beneficial changes included permitting daily operations for any 12 hour period without the requirement for live racing, raising the limit on the maximum bet amount from \$2.00 to \$5.00 with up to 3 raises allowed per round, providing less restrictive regulations for tournaments and allowing the operator to award prizes and create jackpots not tied to the amount bet.

In November 2004, the voters in the State of Florida amended the Florida State Constitution to allow the voters of Miami-Dade and Broward Counties to decide whether to approve slot machines in racetracks and jai alai frontons in their respective counties. Broward County voters approved that county's local referendum in 2005 and Miami Dade voters approved that county's local referendum in 2008. Legislation enacted by the Florida Legislature in 2005, and amended in 2007, (the "Florida Slot Law") implemented the constitutional amendment by authorizing Pompano Park and three other pari-mutuel facilities in Broward and the pari-mutuel facilities in Miami-Dade County to offer slot machine gaming to patrons at these facilities. Although there are pari-mutuel facilities in numerous other

counties in the State of Florida, slot machine gaming is presently authorized only in Broward and Miami-Dade County. In April 2007, a new casino facility was opened at Pompano Park adjacent to the harness race facility.

Under the Florida Slot law, the following regulatory provisions are applicable to slot machine gaming at Pompano Park:

- The facility may be operated 365 days per year, 18 hours per weekday and 24 hours on weekends;
- The maximum number of machines is 2,000 Vegas-style (Class III) slot machines per facility.
- The annual license fee is \$2,000,000.00.
- Effective July 1, 2010, the tax payable to the State of Florida is 35% of net slot machine revenue.
- The machines will not accept coins or currency, but are ticket in/ticket out.
- The minimum age to play the machines is 21 years.
- ATMs are permitted in the facility but not on the gaming floor.
- The Florida Division is the regulatory agency charged with the duty to enforce the provisions of the Florida Law.

PPI also pays combined county and city taxes of approximately 3.5% on the first \$250 million of net slot machine revenue and 5% on net slot machine revenue over \$250 million.

In April 2009, legislation was passed which set forth the parameters under which and granted the Governor authority to enter into an Indian Gaming Compact ("Compact") on behalf of the State of Florida with the Seminole Indian Tribe of Florida for the purpose of authorizing Class III gaming. Additionally, the legislation provided for a reduction of the tax rate on slot machines operated by pari-mutuel facilities from 50% to 35% with a guarantee of tax revenue to be no less than the amount that was collected in the fiscal year ended June 30, 2009. The tax guarantee was easily met. Two new slot facilities opened in Miami-Dade County after the proposed effective date of the legislation. These facilities would create enough new tax revenue to ensure that total revenues exceeded revenue collected in the base year. The legislation, also reduced the annual license fee from \$3 million to \$2.5 million for the State of Florida's 2010 Fiscal Year and \$2 million per fiscal year thereafter. It allowed slot machines to be linked using a progressive system and expanded poker operations to allow operation for 18 hours per day on week days and 24 hours per day on weekends. In addition, it authorized no limit poker games and tournaments. In order for this legislation to become effective in 2009 the following conditions must have been met:

- (i) it must have been approved by or allowed to become law by the Governor;
- (ii) a Compact must have been entered into with the Seminole Indian Tribe of Florida by August 31, 2009; and
- (iii) the legislature must have ratified the Compact and the Compact must have been published in the Federal Registry.

All of the provisions outlined above became effective July 1, 2010. The same act expanded the number of slot facilities in Miami-Dade county by authorizing a license for Hialeah race track. The act also set forth the method for possible further expansion of slots at other pari-mutuels throughout the state by mandating a county wide referendum on slots. The Florida Supreme Court recently upheld the authority of the legislature to expand slot licenses; the actual expansion at other pari-mutuels will be delayed due to the Florida Division's recent ruling that the wording of the act requires further legislative action or an amendment to the constitution before the expansion of slot licenses may be implemented by counties.

Iowa

In 1989, the State of Iowa legalized riverboat gaming on the Mississippi River and other navigable waterways located in Iowa. The legislation authorized the granting of licenses to non-profit corporations that, in turn, are permitted to enter into operating agreements with qualified persons who actually conduct riverboat gaming operations. Such operators must likewise be approved and licensed by the Iowa Racing and Gaming Commission (the "Iowa Gaming Commission").

The Isle-Bettendorf's operator's contract with the Scott County Regional Authority, a non-profit corporation organized for the purpose of facilitating riverboat gaming in Bettendorf, Iowa, is automatically renewed for succeeding one-year periods as long as gaming remains approved in Scott County. Under the operator's contract, the Isle-Bettendorf pays the Scott County Regional Authority a fee equal to 4.1% of the adjusted gross receipts. Further, the Isle-Bettendorf pays a fee to the City of Bettendorf equal to 1.65% of adjusted gross receipts.

In June 1994, Upper Mississippi Gaming Corporation, a non-profit corporation organized for the purpose of facilitating riverboat gaming in Marquette, Iowa, entered into an operator's agreement for the Isle-Marquette for a period of twenty-five years. Under the management agreement, the non-profit organization is to be paid a fee of \$0.50 per passenger. Further, pursuant to a dock site agreement (which also has a term of twenty-five years), the Isle-Marquette is required to pay a fee to the City of Marquette in the amount of \$1.00 per passenger, plus a fixed amount of \$15,000 per month and 2.5% of gaming revenues (less state wagering taxes) in excess of \$20.0 million but less than \$40.0 million; 5% of gaming revenues (less state wagering taxes) in excess of \$40.0 million but less than \$60.0 million; and 7.5% of gaming revenues (less state wagering taxes) in excess of \$60.0 million.

In October 2000, the Riverboat Development Authority, a non-profit corporation entered into an operator's agreement with the Isle-Davenport to conduct riverboat gaming in Davenport, Iowa. The operating agreement was amended in June 2009. The operating agreement requires the Isle-Davenport to make weekly payments to the qualified sponsoring organization equal to 4.1% of each week's adjusted gross receipts (as defined in the enabling legislation). Further, the Isle-Davenport has agreed that the Riverboat Development Authority will be paid at least the minimum amount of \$2,000,000, which minimum is subject to certain termination events (i.e. increase in the number of area casinos or suspension of Isle-Davenport's right under its leases with the City of Davenport or any city permits for more than 30 days) and an appropriate negotiated reduction should the casino's gaming floor lose its current smoking ban exemption. This agreement will remain in effect through March 31, 2019, provided that as long as Isle-Davenport has substantially complied with the agreement, gaming laws and regulations and the parties' gaming license is renewed and in effect, the agreement will automatically renew on an annual basis for successive one-year terms. In addition, the Isle-Davenport pays a docking fee, admission fee, gaming tax and a payment in lieu of taxes to the City of Davenport. Pursuant to a development agreement with the City, the Isle-Davenport has exclusive docking privileges in the City of Davenport until March 31, 2017 in consideration for this docking fee. The docking fee has both a fixed base and a per passenger increment. The fixed fee commenced April 1, 1994 at \$111,759 and increases annually by 4%. The incremental component is a \$0.10 charge for each passenger in excess of 1,117,579 passengers (which charge also increases by 4% per year). The City is also guaranteed an annual gaming tax of \$558,789.50 per year (based on a minimum passenger floor count of 1,117,579 passengers at \$0.50 per passenger). In lieu of the foregoing, the Isle-Davenport is currently paying the City of Davenport a fee of 1.65% of adjusted gross receipts. Finally, the Isle-Davenport is obligated to pay a payment in lieu of taxes to support the downtown development district. This annual lump sum payment is in the amount of \$123,516 plus \$0.20 per passenger in excess of 1,117,579 passengers. This payment in lieu of taxes is further subject to a minimum \$226,179 per year payment.

In November 2004, the Black Hawk County Gaming Association, a non-profit corporation organized for the purpose of facilitating riverboat gaming in Waterloo, Iowa entered into an operator's

agreement with the Isle-Waterloo to conduct riverboat gaming in Waterloo, Iowa. The operating agreement requires that Isle-Waterloo make weekly payments to the qualified sponsoring organization equal to 4.1% of each week's adjusted gross receipts and an additional fee of 1.65% of each week's adjusted gross receipts in lieu of any admission or docking fee which might otherwise be charged by the county or any city (as defined in Section 99F.1(1) of the Iowa Code). This agreement will remain in effect through March 31, 2015 and may be extended by the Isle-Waterloo for three-year periods so long as it has substantially complied with gaming laws and regulations and holds a license to conduct gaming. In addition, the Isle-Waterloo has agreed to pay a development fee to the City. Pursuant to an admission fee administration and development agreement with the City and Black Hawk County Gaming Association the Isle-Waterloo shall pay a development fee equal to 1% of each week's adjusted gross receipts.

Iowa law permits gaming licensees to offer unlimited stakes gaming on games approved by the Iowa Gaming Commission on a 24-hour basis. Land-based casino gaming was authorized on July 1, 2007 and the Iowa Gaming Commission now permits licensees the option to operate on permanently moored vessels, moored barges, or approved gambling structures. The legal age for gaming is 21.

All Iowa licenses were approved for renewal at the March 8, 2012 Iowa Gaming Commission meeting. These licenses are not transferable and will need to be renewed in March 2013 and prior to the commencement of each subsequent annual renewal period.

The ownership and operation of gaming facilities in Iowa are subject to extensive state laws, regulations of the Iowa Gaming Commission and various county and municipal ordinances (collectively, the "Iowa Gaming Laws"), concerning the responsibility, financial stability and character of gaming operators and persons financially interested or involved in gaming operations. Iowa Gaming Laws seek to: (1) prevent unsavory or unsuitable persons from having direct or indirect involvement with gaming at any time or in any capacity; (2) establish and maintain responsible accounting practices and procedures; (3) maintain effective control over the financial practices of licensees (including the establishment of minimum procedures for internal fiscal affairs; the safeguarding of assets and revenues, the provision of reliable record keeping and the filing of periodic reports with the Iowa Gaming Commission); (4) prevent cheating and fraudulent practices; and (5) provide a source of state and local revenues through taxation and licensing fees. Changes in Iowa Gaming Laws could have a material adverse effect on the Iowa gaming operations.

The Iowa gaming operations must submit detailed financial and operating reports to the Iowa Gaming Commission. Certain contracts of licensees in excess of \$100,000 must be submitted to and approved by the Iowa Gaming Commission. Certain officers, directors, managers and key employees of the Iowa gaming operations are required to be licensed by the Iowa Gaming Commission. Gaming licenses granted to individuals must be renewed every year, and licensing authorities have broad discretion with regard to such renewals. Licenses are not transferable. Employees associated with gaming must obtain occupational licenses that are subject to immediate suspension under specific circumstances. In addition, anyone having a material relationship or involvement with the Iowa gaming operations may be required to be found suitable or to be licensed, in which case those persons would be required to pay the costs and fees of the Iowa Gaming Commission and Division of Criminal Investigation in connection with the investigation. The Iowa Gaming Commission may deny an application for a license for any cause deemed reasonable. In addition to its authority to deny an application for license, the Iowa Gaming Commission has jurisdiction to disapprove a change in position by officers or key employees and the power to require the Iowa gaming operations to suspend or dismiss officers, directors or other key employees or sever relationships with other persons who refuse to file appropriate applications or whom the Iowa Gaming Commission finds unsuitable to act in such capacities.

The Iowa Gaming Commission may revoke a gaming license if the licensee:

- has been suspended from operating a gaming operation in another jurisdiction by a board or commission of that jurisdiction;
- has failed to demonstrate financial responsibility sufficient to meet adequately the requirements of the gaming enterprise;
- is not the true owner of the enterprise;
- has failed to disclose ownership of other persons in the enterprise;
- is a corporation 10% of the stock of which is subject to a contract or option to purchase at any time during the period for which the license was issued, unless the contract or option was disclosed to the Iowa Gaming Commission and the Iowa Gaming Commission approved the sale or transfer during the period of the license;
- knowingly makes a false statement of a material fact to the Iowa Gaming Commission;
- fails to meet a monetary obligation in connection with an excursion gaming boat;
- pleads guilty to, or is convicted of a felony;
- loans to any person, money or other thing of value for the purpose of permitting that person to wager on any game of chance;
- is delinquent in the payment of property taxes or other taxes or fees or a payment of any other contractual obligation or debt due or owed to a city or county; or
- assigns, grants or turns over to another person the operation of a licensed excursion boat (this provision does not prohibit assignment of a management contract approved by the Iowa Gaming Commission) or permits another person to have a share of the money received for admission to the excursion boat.

If it were determined that the Iowa Gaming Laws were violated by a licensee, the gaming licenses held by a licensee could be limited, made conditional, suspended or revoked. In addition, the licensee and the persons involved could be subject to substantial fines for each separate violation of the Iowa Gaming Laws in the discretion of the Iowa Gaming Commission. Limitations, conditioning or suspension of any gaming license could (and revocation of any gaming license would) have a material adverse effect on operations.

The Iowa Gaming Commission may also require any individual who has a material relationship with the Iowa gaming operations to be investigated and licensed or found suitable. The Iowa Gaming Commission may require any person who acquires 5% or more of a licensee's equity securities to submit to a background investigation and be found suitable. The applicant stockholder is required to pay all costs of this investigation.

Gaming taxes approximating 22% of the adjusted gross receipts will be payable by each licensee on its operations to the State of Iowa. In addition, assessments paid by certain licensees during fiscal year 2004 in an amount equal to 2.152% of each licensee's adjusted gross receipts for fiscal year 2004 are currently being reimbursed by an offset to state gaming taxes paid by each licensee in the amount of 20% of the assessments paid each year beginning July 1, 2010 for five consecutive years. The state of Iowa is also reimbursed by the licensees for all costs associated with monitoring and enforcement by the Iowa Gaming Commission and the Iowa Department of Criminal Investigation.

Louisiana

In July 1991, Louisiana enacted legislation permitting certain types of gaming activity on certain rivers and waterways in Louisiana. The legislation granted authority to supervise riverboat gaming activities to the Louisiana Riverboat Gaming Commission and the Riverboat Gaming Enforcement Division of the Louisiana State Police. The Louisiana Riverboat Gaming Commission was authorized to hear and determine all appeals relative to the granting, suspension, revocation, condition or renewal of all licenses, permits and applications. In addition, the Louisiana Riverboat Gaming Commission established regulations concerning authorized routes, duration of excursions, minimum levels of insurance, construction of riverboats and periodic inspections. The Riverboat Gaming Enforcement Division of the Louisiana State Police was authorized to investigate applicants and issue licenses, investigate violations of the statute and conduct continuing reviews of gaming activities.

In May 1996, regulatory oversight of riverboat gaming was transferred to the Louisiana Gaming Control Board, which is comprised of nine voting members appointed by the governor. The Louisiana Gaming Control Board now oversees all licensing matters for riverboat casinos, land-based casinos, racinos, video poker and certain aspects of Native American gaming other than those responsibilities reserved to the Louisiana State Police.

The Louisiana Gaming Control Board is empowered to issue up to 15 licenses to conduct gaming activities on a riverboat in accordance with applicable law. However, no more than six licenses may be granted to riverboats operating from any one designated waterway.

The Louisiana State Police continues to be involved broadly in gaming enforcement and reports to the Louisiana Gaming Control Board. Louisiana law permits the Louisiana State Police, among other things, to continue to (1) conduct suitability investigations, (2) audit, investigate and enforce compliance with standing regulations, (3) initiate enforcement and administrative actions and (4) perform "all other duties and functions necessary for the efficient, efficacious, and thorough regulation and control of gaming activities and operations" under the Louisiana Gaming Control Board's jurisdiction.

Louisiana gaming law specifies certain restrictions relating to the operation of riverboat gaming, including the following:

- agents of the Louisiana State Police are permitted on board at any time during gaming operations;
- gaming devices, equipment and supplies may only be purchased or leased from permitted suppliers and, with respect to gaming equipment, from permitted manufacturers;
- gaming may only take place in the designated gaming area while the riverboat is docked on a designated river or waterway;
- gaming equipment may not be possessed, maintained or exhibited by any person on a riverboat except in the specifically designated gaming area or in a secure area used for inspection, repair or storage of such equipment;
- wagers may be received only from a person present on a licensed riverboat;
- persons under 21 are not permitted in designated gaming areas;
- except for slot machine play, wagers may be made only with tokens, chips or electronic cards purchased from the licensee aboard a riverboat;
- licensees may only use docking facilities and routes for which they are licensed and may only board and discharge passengers at the riverboat's licensed berth;
- licensees must have adequate protection and indemnity insurance;

- licensees must have all necessary federal and state licenses, certificates and other regulatory approvals prior to operating a riverboat; and
- gaming may only be conducted in accordance with the terms of the license and Louisiana law.

To receive a gaming license in Louisiana, an applicant must be found to be a person of good character, honesty and integrity and a person whose prior activities, criminal record, if any, reputation, habits and associations do not (1) pose a threat to the public interest of the State of Louisiana or to the effective regulation and control of gaming or (2) create or enhance the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of gaming or the carrying on of business and financial arrangements of gaming activities. In addition, the Louisiana Gaming Control Board will not grant a license unless it finds that, among other things:

- the applicant can demonstrate the capability, either through training, education, business experience or a combination of the preceding, to operate a gaming operation;
- the proposed financing of the riverboat and the gaming operations is adequate for the nature of the proposed operation and is from a suitable and acceptable source;
- the applicant demonstrates a proven ability to operate a vessel of comparable size, capacity and complexity to a riverboat so as to ensure the safety of its passengers;
- the applicant submits with its application for a license a detailed plan of design of the riverboat;
- the applicant designates the docking facilities to be used by the riverboat;
- the applicant shows adequate financial ability to construct and maintain a riverboat; and
- the applicant has a good faith plan to recruit, train and upgrade minorities in all employment classifications.

An initial license to conduct riverboat gaming operations is valid for a term of five years and legislation passed in the 1999 legislative session provides for renewals every five years thereafter. Louisiana gaming law provides that a renewal application for the period succeeding the initial five-year term of an operator's license must be made to the Louisiana Gaming Control Board and must include a statement under oath of any and all changes in information, including financial information, provided in the previous application. The transfer of a license or an interest in a license is prohibited. A gaming license is deemed to be a privilege under Louisiana law and, as such, may be denied, revoked, suspended, conditioned or limited at any time by the Louisiana Gaming Control Board. St. Charles Gaming Company, Inc. and Grand Palais Riverboat, Inc. received their first five-year renewal of their licenses on July 20, 1999 and received their second five-year renewal of their licenses on March 29, 2005. The third five (5) year renewal was granted to Grand Palais Riverboat, Inc. on July 21, 2009 and St. Charles Gaming Company, Inc. on February 23, 2010.

On June 13, 2011, Isle entered into an Option Agreement with Paradise Casino to sell all the capital stock of Grand Palais Riverboat, Inc. to Paradise Casino, LLC, subsequently Bossier Casino Venture, LLC.

On August 18, 2011, Isle received approval from the Louisiana Gaming Control Board of the following transactions:

1. St. Charles Gaming Company, Inc.'s transfer of the Crown Casino, No. 1023327, to Grand Palais Riverboat, Inc. in exchange for the transfer of the Grand Palais, No. 1028318, to St. Charles Gaming Company, Inc.
2. IOC Holding, LLC's transfer of 100% of the shares in Grand Palais Riverboat, Inc. to Bossier Casino Venture, LLC
3. The merger of Bossier Casino Venture, LLC with and into Grand Palais Riverboat, Inc.

A Stock Purchase Agreement was executed between the Parties on February 9, 2012.

St. Charles Gaming Company, Inc. is the sole Isle licensee in Louisiana operating its gaming operations on the riverboat known as Grand Palais in Calcasieu Parish.

Certain persons affiliated with a riverboat gaming licensee, including directors and officers of the licensee, directors and officers of any holding company of the licensee involved in gaming operations, persons holding 5% or greater interests in the licensee and persons exercising influence over a licensee, are subject to the application and suitability requirements of Louisiana gaming law.

The sale, purchase, assignment, transfer, pledge or other hypothecation, lease, disposition or acquisition by any person of securities that represent 5% or more of the total outstanding shares issued by a licensee is subject to the approval of the Louisiana Gaming Control Board. A security issued by a licensee must generally disclose these restrictions. Prior approval from the Louisiana Gaming Control Board is required for the sale, purchase, assignment, transfer, pledge or other hypothecation, lease, disposition or acquisition of any ownership interest of 5% or more of any non-corporate licensee or for the transfer of any "economic interest" of 5% or more of any licensee or affiliated gaming person. An "economic interest" is defined as any interest whereby a person receives or is entitled to receive, by agreement or otherwise, a profit, gain, thing of value, loan, credit, security interest, ownership interest or other benefit.

Fees payable to the state for conducting gaming activities on a riverboat include (1) \$50,000 per riverboat for the first year of operation and \$100,000 per year per riverboat thereafter, plus (2) 18.5% of net gaming proceeds. Legislation was passed during the 2001 legislative session that allowed those riverboats that had been required to conduct cruises, including the riverboats at the Isle-Lake Charles, to remain permanently dockside beginning April 1, 2001. The legislation also increased the gaming tax for operators from 18.5% to 21.5%. A statute also authorizes local governing authorities to levy boarding fees. We currently have development agreements in Lake Charles with certain local governing authorities in the jurisdictions in which we operate pursuant to which we make payments in lieu of boarding fees.

A licensee must notify and/or seek approval from the Louisiana Gaming Control Board in connection with any withdrawals of capital, loans, advances or distributions in excess of 5% of retained earnings for a corporate licensee, or of capital accounts for a partnership or limited liability company licensee, upon completion of any such transaction. The Louisiana Gaming Control Board may issue an emergency order for not more than ten days prohibiting payment of profits, income or accruals by, or investments in, a licensee. Unless excepted or waived by the Louisiana Gaming Control Board, riverboat gaming licensees and their affiliated gaming persons must notify the Louisiana Gaming Control Board 60 days prior to the receipt by any such persons of any loans or extensions of credit or modifications thereof. The Louisiana Gaming Control Board is required to investigate the reported loan, extension of credit or modification thereof and to determine whether an exemption exists on the requirement of prior written approval and, if such exemption is not applicable, to either approve or disapprove the transaction. If the Louisiana Gaming Control Board disapproves of a transaction, the transaction cannot be entered into by the licensee or affiliated gaming person. We are an affiliated gaming person of our subsidiary that holds the license to conduct riverboat gaming at the St. Charles Gaming Company, Inc.

The failure of a licensee to comply with the requirements set forth above may result in the suspension or revocation of that licensee's gaming license. Additionally, if the Louisiana Gaming Control Board finds that the individual owner or holder of a security of a corporate license or intermediary company or any person with an economic interest in a licensee is not qualified under

Louisiana law, the Louisiana Gaming Control Board may require, under penalty of suspension or revocation of the license, that the person not:

- receive dividends or interest on securities of the corporation;
- exercise directly or indirectly a right conferred by securities of the corporation;
- receive remuneration or economic benefit from the licensee;
- exercise significant influence over activities of the licensee; or
- continue its ownership or economic interest in the licensee.

A licensee must periodically report the following information to the Louisiana Gaming Control Board, which is not confidential and is available for public inspection: (1) the licensee's net gaming proceeds from all authorized games, (2) the amount of net gaming proceeds tax paid and (3) all quarterly and annual financial statements presenting historical data, including annual financial statements that have been audited by an independent certified public auditor.

During the 1996 special session of the Louisiana legislature, legislation was enacted placing on the ballot for a statewide election a constitutional amendment limiting the expansion of gaming, which was subsequently passed by the voters. As a result, local option elections are required before new or additional forms of gaming can be brought into a parish.

Proposals to amend or supplement Louisiana's riverboat gaming statute are frequently introduced in the Louisiana State Legislature. There is no assurance that changes in Louisiana gaming law will not occur or that such changes will not have a material adverse effect on our business in Louisiana.

Mississippi

In June 1990, Mississippi enacted legislation legalizing dockside casino gaming for counties along the Mississippi River, which is the western border for most of the state, and the Gulf Coast, which is the southern border for most of the state. The legislation gave each of those counties the opportunity to hold a referendum on whether to allow dockside casino gaming within its boundaries.

In its 2005 regular session, the legislature amended Mississippi law to allow gaming to be conducted on vessels or cruise vessels placed upon permanent structures located on, in or above the Mississippi River, on, in or above navigable waters in eligible counties along the Mississippi River or on, in or above the waters lying south of the counties along the Mississippi Gulf Coast. Later, after Hurricane Katrina, the Mississippi legislature again amended the law to allow land-based gaming along the Gulf Coast in very limited circumstances. Mississippi law permits unlimited stakes gaming on a 24-hour basis and does not restrict the percentage of space that may be utilized for gaming. There are no limitations on the number of gaming licenses that may be issued in Mississippi.

The ownership and operation of gaming facilities in Mississippi are subject to extensive state and local regulation intended to:

- prevent unsavory or unsuitable persons from having any direct or indirect involvement with gaming at any time or in any capacity;
- establish and maintain responsible accounting practices and procedures for gaming operations;
- maintain effective control over the financial practices of licensees, including establishing minimum procedures for internal fiscal affairs and safeguarding of assets and revenues, providing reliable record keeping and making periodic reports;
- provide a source of state and local revenues through taxation and licensing fees;
- prevent cheating and fraudulent practices; and

- ensure that gaming licensees, to the extent practicable, employ Mississippi residents.

State gaming regulations are subject to amendment and interpretation by the Mississippi Gaming Commission. Changes in Mississippi laws or regulations may limit or otherwise materially affect the types of gaming that may be conducted in Mississippi and such changes, if enacted, could have an adverse effect on us and our Mississippi gaming operations.

We are registered as a publicly traded corporation under the Mississippi Gaming Control Act. Our gaming operations in Mississippi are subject to regulatory control by the Mississippi Gaming Commission, the Mississippi Department of Revenue and various other local, city and county regulatory agencies (collectively referred to as the "Mississippi Gaming Authorities"). Our subsidiaries have obtained gaming licenses from the Mississippi Gaming Authorities. We must obtain a waiver from the Mississippi Gaming Commission before beginning certain proposed gaming operations outside of Mississippi, and we must notify the Mississippi Gaming Commission in writing within 30 days after commencing certain gaming operations outside the state. The licenses held by our Mississippi gaming operations have terms of three years and are not transferable. The Isle-Biloxi, the Isle-Natchez and the Isle-Lula hold licenses effective from May 23, 2012, through May 22, 2015. In addition, our wholly-owned subsidiary, IOC Manufacturing, Inc. holds a manufacturer and distributor's license, so that we may perform certain upgrades to our Mississippi player tracking system. This license has a term of three years, is effective from June 16, 2011 through June 15, 2014, and is not transferable. There is no assurance that new licenses can be obtained at the end of each three-year period of a license. Moreover, the Mississippi Gaming Commission may, at any time, and for any cause it deems reasonable, revoke, suspend, condition, limit or restrict a license or approval to own shares of stock in our subsidiaries that operate in Mississippi.

Substantial fines for each violation of Mississippi's gaming laws or regulations may be levied against us, our subsidiaries and the persons involved. Disciplinary action against us or one of our subsidiary gaming licensees in any jurisdiction may lead to disciplinary action against us or any of our subsidiary licensees in Mississippi, including, but not limited to, the revocation or suspension of any such subsidiary gaming license.

We, along with each of our Mississippi gaming subsidiaries, must periodically submit detailed financial, operating and other reports to the Mississippi Gaming Commission and/or the Mississippi Department of Revenue. Numerous transactions, including but not limited to substantially all loans, leases, sales of securities and similar financing transactions entered into by any of our Mississippi gaming subsidiaries must be reported to or approved by the Mississippi Gaming Commission. In addition, the Mississippi Gaming Commission may, at its discretion, require additional information about our operations.

Certain of our officers and employees and the officers, directors and certain key employees of our Mississippi gaming subsidiaries must be found suitable or be licensed by the Mississippi Gaming Commission. We believe that all required findings of suitability and key employee licenses related to all of our Mississippi properties have been applied for or obtained, although the Mississippi Gaming Commission at its discretion may require additional persons to file applications for findings of suitability or key employee licenses. In addition, any person having a material relationship or involvement with us may be required to be found suitable or licensed, in which case those persons must pay the costs and fees associated with such investigation. The Mississippi Gaming Commission may deny an application for a finding of suitability for any cause that it deems reasonable. Changes in certain licensed positions must be reported to the Mississippi Gaming Commission. In addition to its authority to deny an application for a finding of suitability, the Mississippi Gaming Commission has jurisdiction to disapprove a change in a licensed position. The Mississippi Gaming Commission has the power to require us and any of our Mississippi gaming subsidiaries to suspend or dismiss officers,

directors and other key employees or to sever relationships with other persons who refuse to file appropriate applications or who the authorities find unsuitable to act in such capacities.

Employees associated with gaming must obtain work permits that are subject to immediate suspension under certain circumstances. The Mississippi Gaming Commission will refuse to issue a work permit to a person who has been convicted of a felony, committed certain misdemeanors or knowingly violated the Mississippi Gaming Control Act, and it may refuse to issue a work permit to a gaming employee for any other reasonable cause.

At any time, the Mississippi Gaming Commission has the power to investigate and require the finding of suitability of any record or beneficial stockholder of ours. The Mississippi Gaming Control Act requires any person who individually or in association with others acquires, directly or indirectly, beneficial ownership of more than 5% of our common stock to report the acquisition to the Mississippi Gaming Commission, and such person may be required to be found suitable. In addition, the Mississippi Gaming Control Act requires any person who, individually or in association with others, becomes, directly or indirectly, a beneficial owner of more than 10% of our common stock, as reported to the U.S. Securities and Exchange Commission, to apply for a finding of suitability by the Mississippi Gaming Commission and pay the costs and fees that the Mississippi Gaming Commission incurs in conducting the investigation.

The Mississippi Gaming Commission has generally exercised its discretion to require a finding of suitability of any beneficial owner of 5% or more of a registered publicly traded corporation's stock. However, the Mississippi Gaming Commission has adopted a regulation that may permit certain "institutional" investors to obtain waivers that allow them to beneficially own, directly or indirectly, up to 15% (19% in certain specific instances) of the voting securities of a registered publicly traded corporation without a finding of suitability. If a stockholder who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information, including a list of beneficial owners.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Mississippi Gaming Commission may be found unsuitable. We believe that compliance by us with the licensing procedures and regulatory requirements of the Mississippi Gaming Commission will not affect the marketability of our securities. Any person found unsuitable who holds, directly or indirectly, any beneficial ownership of our securities beyond such time as the Mississippi Gaming Commission prescribes may be guilty of a misdemeanor. We are subject to disciplinary action if, after receiving notice that a person is unsuitable to be a stockholder or to have any other relationship with us or our subsidiaries operating casinos in Mississippi, we:

- pay the unsuitable person any dividend or other distribution upon its voting securities;
- recognize the exercise, directly or indirectly, of any voting rights conferred by its securities;
- pay the unsuitable person any remuneration in any form for services rendered or otherwise, except in certain limited and specific circumstances; or
- fail to pursue all lawful efforts to require the unsuitable person to divest itself of the securities, including, if necessary, our immediate purchase of the securities for cash at a fair market value.

We may be required to disclose to the Mississippi Gaming Commission upon request the identities of the holders of any of our debt securities. In addition, under the Mississippi Gaming Control Act, the Mississippi Gaming Commission may, in its discretion, (1) require holders of our securities, including our notes, to file applications, (2) investigate such holders and (3) require such holders to be found suitable to own such securities. Although the Mississippi Gaming Commission generally does not require the individual holders of obligations such as the notes to be investigated and found suitable, the Mississippi Gaming Commission retains the discretion to do so for any reason, including but not

limited to a default, or where the holder of the debt instrument exercises a material influence over the gaming operations of the entity in question. Any holder of debt securities required to apply for a finding of suitability must pay all investigative fees and costs of the Mississippi Gaming Commission in connection with such an investigation.

The Mississippi regulations provide that a change in control of us may not occur without the prior approval of the Mississippi Gaming Commission. Mississippi law prohibits us from making a public offering of our securities without the approval of the Mississippi Gaming Commission if any part of the proceeds of the offering is to be used to finance the construction, acquisition or operation of gaming facilities in Mississippi, or to retire or extend obligations incurred for one or more such purposes. The Mississippi Gaming Commission has the authority to grant a continuous approval of securities offerings and has granted such approval to us, subject to renewal every three years.

Regulations of the Mississippi Gaming Commission prohibit certain repurchases of securities of publicly traded corporations registered with the Mississippi Gaming Commission, including holding companies such as ours, without prior approval of the Mississippi Gaming Commission. Transactions covered by these regulations are generally aimed at discouraging repurchases of securities at a premium over market price from certain holders of greater than 3% of the outstanding securities of the registered publicly traded corporation. The regulations of the Mississippi Gaming Commission also require prior approval for a "plan of recapitalization" as defined in such regulations.

We must maintain in the State of Mississippi current stock ledgers, which may be examined by the Mississippi Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Mississippi Gaming Authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. We must render maximum assistance in determining the identity of the beneficial owner.

Mississippi law requires that certificates representing shares of our common stock bear a legend to the general effect that the securities are subject to the Mississippi Gaming Control Act and regulations of the Mississippi Gaming Commission. The Mississippi Gaming Commission has the authority to grant a waiver from the legend requirement, which we have obtained. The Mississippi Gaming Commission, through the power to regulate licenses, has the power to impose additional restrictions on the holders of our securities at any time.

The Mississippi Gaming Commission enacted a regulation in 1994 requiring that, as a condition to licensure, an applicant must provide a plan to develop infrastructure facilities amounting to 25% of the cost of the casino and a parking facility capable of accommodating 500 cars. In 1999, the Mississippi Gaming Commission approved amendments to this regulation that increased the infrastructure development requirement from 25% to 100% for new casinos (or upon acquisition of a closed casino), but grandfathered existing licenses and development plans approved prior to the effective date of the new regulation. "Infrastructure facilities" include any of the following:

- a 250-room or larger hotel of at least a two-star rating as defined by the current edition of the Mobil Travel Guide;
- theme parks;
- golf courses;
- marinas;
- entertainment facilities;
- tennis complexes; or
- any other facilities approved by the Mississippi Gaming Commission.

Parking facilities, roads, sewage and water systems or civic facilities are not considered "infrastructure facilities." The Mississippi Gaming Commission may reduce the number of rooms required in a hotel if it is satisfied that sufficient rooms are available to accommodate the anticipated number of visitors. In 2003 and in 2006, the Mississippi Gaming Commission again amended its regulation regarding development plan approval but left the 100% infrastructure requirement intact. In 2007, the Mississippi Gaming Commission further amended this regulation. Among other things, the 2007 amendment retained the 100% infrastructure requirement and added a requirement that the qualified infrastructure be owned or leased by certain specified persons.

License fees and taxes are payable to the State of Mississippi and to the counties and cities in which a Mississippi gaming subsidiary's respective operations will be conducted. The license fee payable to the state of Mississippi is based upon gross revenue of the licensee (generally defined as gaming receipts less payout to customers as winnings) and equals 4% of gross revenue of \$50,000 or less per month, 6% of gross revenue in excess of \$50,000 but less than \$134,000 per calendar month, and 8% of gross revenue in excess of \$134,000 per calendar month. The foregoing license fees are allowed as a credit against the licensee's Mississippi income tax liability for the year paid. Additionally, a licensee must pay a \$5,000 annual license fee and an annual fee based upon the number of games it operates. The gross revenue tax imposed by the Mississippi communities and counties in which our casino operations are located equals 0.4% of gross revenue of \$50,000 or less per calendar month, 0.6% of gross revenue over \$50,000 and less than \$134,000 per calendar month and 0.8% of gross revenue greater than \$134,000 per calendar month. These fees have been imposed in, among other cities and counties, Biloxi and Coahoma County. Certain local and private laws of the state of Mississippi may impose fees or taxes on the Mississippi gaming subsidiaries in addition to the fees described above.

In April 2010, the Mississippi Gaming Commission adopted a regulation amendment that imposes a flat annual fee on each casino operator licensee, covering all investigative fees for that year associated with an operator licensee, any entity registered as a holding company or publicly traded corporation of that licensee, and any person required to be found suitable in connection with that licensee or any holding company or publicly traded corporation of that licensee. The particular fee is based on the average number of gaming devices operated by the licensee during a twelve (12) month period, as reported to the Mississippi Gaming Commission. The investigative fee is \$325,000 for licensees with 1500 or more gaming devices, \$250,000 for licensees with 1000 to 1499 gaming devices, and \$150,000 for licensees with less than 1000 gaming devices. The fee is payable in four (4) equal quarterly installments. The amendment provides that should such total investigative fees collected by the Mississippi Gaming Commission exceed the amount allowed by Mississippi statute, then the excess fees will be credited to the licensees for the following year. The amended regulation also provides a schedule of various fees applicable to licensees and persons not covered by the annual investigative fee.

The Mississippi Gaming Commission requires, as a condition of licensure or license renewal, that casino vessels on the Mississippi Gulf Coast that are not self-propelled must be moored to withstand a Category 4 hurricane with 155 mile-per-hour winds and 15-foot tidal surge. However, after Hurricane Katrina, Isle-Biloxi reopened its casino on shore rather than on a vessel. A 1996 Mississippi Gaming Commission regulation prescribes the hurricane emergency procedure to be used by the Mississippi Gulf Coast casinos.

The sale of food or alcoholic beverages at our Mississippi gaming locations is subject to licensing, control and regulation by the applicable state and local authorities. The agencies involved have full power to limit, condition, suspend or revoke any such license, and any such disciplinary action could (and revocation would) have a material adverse effect upon the operations of the affected casino or casinos. Certain of our officers and managers and our Mississippi gaming subsidiaries must be investigated by the Alcoholic Beverage Control Division of the Mississippi Department of Revenue in connection with liquor permits that have been issued. The Alcoholic Beverage Control Division of the Mississippi Department of Revenue must approve all changes in licensed positions.

On three separate occasions since 1998, certain anti-gaming groups have proposed referenda that, if adopted, would have banned gaming in Mississippi and required that gaming entities cease operations within two years after the ban. All three referenda were declared invalid by Mississippi courts because each lacked a required government revenue impact statement.

Missouri

Conducting gambling activities and operating an excursion gambling boat in Missouri are subject to extensive regulation under Missouri's Riverboat Gambling Act and the rules and regulations promulgated thereunder. The Missouri Gaming Commission (the "Commission") was created by the Missouri Riverboat Gambling Act and is charged with regulatory authority over riverboat gaming operations in Missouri, including the issuance of riverboat gaming licenses to owners, operators, suppliers and certain affiliates of riverboat gaming facilities. In June 2000, IOC-Kansas City, Inc., a subsidiary of ours, was issued a riverboat gaming license in connection with our Kansas City operation. In December 2001, IOC-Boonville, Inc., a subsidiary of ours, was issued a riverboat gaming license for our Boonville operation. In June of 2007, IOC-Caruthersville, LLC f/k/a Aztar Missouri Riverboat Gaming Company, L.L.C. was acquired by us and operates as a subsidiary of ours under a Missouri riverboat gaming license. In 2010, IOC-Cape Girardeau LLC, a subsidiary of ours, participated in a competitive process established by the Commission through which a new gaming facility development in Missouri would be selected for prioritization. In December 2010, IOC-Cape Girardeau LLC won this process when its proposed gaming facility development in Cape Girardeau, Missouri was selected by the Commission for prioritization. While there are numerous conditions relating to the opening of the gaming facility in Missouri, including regulatory approvals, it is anticipated that the facility in Cape Girardeau will be operational in the fourth quarter of 2012.

As a participant in this process, IOC-Cape Girardeau LLC applied for a Class B Riverboat Gaming License in Missouri. The decision by the Commission to prioritize this casino development does not provide IOC-Cape Girardeau LLC with any license to open the casino once developed or any assurance that such a license will be granted. The Class B License required for IOC-Cape Girardeau LLC to operate its proposed gaming facility cannot be granted by the Commission until the gaming facility development is substantially complete and ready to accept patrons. The grant of this license is subject to numerous conditions described below.

In order to obtain a license to operate a riverboat gaming facility, the proposed operating business entity must complete a Riverboat Gaming Application form requesting a Class B License. In order to obtain a license to own and/or control a riverboat gaming facility as its ultimate holding company, a company must complete a Riverboat Gaming Application form requesting a Class A License. The Riverboat Gaming Application form is comprised of comprehensive questions regarding the nature and suitability of the applicant. Applicants who submit the Riverboat Gaming Application form requesting either a Class A or Class B License undergo an extensive background investigation by the Commission. In addition, each key person associated with the applicant (including directors, officers, managers and owners of a significant direct or indirect interest in the Class A or Class B License applicant) must complete a Key Person and Level 1 Application (Personal Disclosure Form 1) and undergo a substantial background investigation. Certain key business entities closely related to the applicant or "key person business entities" must undergo a similar application process and background check. An applicant for a Class A or Class B License will not receive a license if the applicant and its key persons, including key person business entities, have not established good repute and moral character, and no licensee shall either employ or contract with any person who has pled guilty to, or been convicted of, a felony, to perform any duties directly connected with the licensee's privileges under a license granted by the Commission.

Each Class B License granted entitles a licensee to conduct gambling activities on an excursion gambling boat or to operate an excursion gambling boat and the equipment thereon from a specific

location. Each Class A License granted entitles the licensee to develop and operate a Class B licensee or, if authorized, multiple Class B licensees. The duration of both the Class A and Class B License initially runs for two one-year terms; thereafter, for two-year terms. In conjunction with the renewal of each license, the Commission requires the filing of a Riverboat Gaming Renewal Application form and renewal fees. In conjunction with each renewal, the Commission may conduct an additional investigation of the licensee with specific emphasis on new information provided in the Riverboat Gaming Renewal Application form. The Commission also possesses the right to periodically conduct a comprehensive investigation on any Class A, Class B, supplier or key person licensee since the date the last comprehensive investigation was conducted. The Commission also licenses the serving of alcoholic beverages on riverboats and related facilities.

In determining whether to grant a license, the Commission considers the following factors, among others: (i) the integrity of the applicant; (ii) the types and variety of games the applicant may offer; (iii) the quality of the physical facility, together with improvements and equipment, and how soon the project will be completed; (iv) the financial ability of the applicant to develop and operate the facility successfully; (v) the status of governmental actions required by the facility; (vi) the management ability of the applicant; (vii) compliance with applicable statutes, rules, charters and ordinances; (viii) the economic, ecological and social impact of the facility as well as the cost of public improvements; (ix) the extent of public support or opposition; (x) the plan adopted by the home dock city or county; and (xi) effects on competition.

A licensee is subject to the imposition of penalties, suspension or revocation of its license for any act that is injurious to the public health, safety, morals, good order and general welfare of the people of the State of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the State of Missouri, including without limitation: (i) failing to comply with or make provision for compliance with the legislation, the rules promulgated thereunder or any federal, state or local law or regulation; (ii) failing to comply with any rules, order or ruling of the Commission or its agents pertaining to gaming; (iii) receiving goods or services from a person or business entity who does not hold a supplier's license but who is required to hold such license by the legislation or the rules; (iv) being suspended or ruled ineligible or having a license revoked or suspended in any state or gaming jurisdiction; (v) associating with, either socially or in business affairs, or employing persons of notorious or unsavory reputation or who have extensive police records, or who have failed to cooperate with any officially constituted investigatory or administrative body and would adversely affect public confidence and trust in gaming; (vi) employing in any Missouri gaming operation any person known to have been found guilty of cheating or using any improper device in connection with any gambling game; (vii) use of fraud, deception, misrepresentation or bribery in securing any license or permit issued pursuant to the legislation; (viii) obtaining any fee, charge or other compensation by fraud, deception or misrepresentation; and (ix) incompetence, misconduct, gross negligence, fraud, misrepresentation or dishonesty in the performance of the functions or duties regulated by the Missouri Riverboat Gambling Act.

Any transfer or issuance of ownership interests in a publicly held gaming licensee or its holding company that results in an entity or group of entities acting in concert owning, directly or indirectly, an aggregate ownership interest of 5% or more in the gaming licensee must be reported to the Commission within seven days. Further, any pledge or hypothecation of, or grant of a security interest in, 5% or more of the ownership interest in a publicly held gaming licensee or its holding company must be reported to the Commission within seven days. The Commission will impose certain licensing requirements upon a holder of an aggregate ownership interest of 5% or more in a publicly-traded Missouri Class A or Class B licensee, unless such holder applies for and obtains an institutional investor exemption in accordance with the Missouri gaming regulations. The Executive Director of the Commission may grant a waiver to an institutional investor that holds up to 10% of the outstanding

equity of the Missouri licensee. The Commission itself may grant a waiver to an institutional investor that holds up to 20% of the outstanding equity of the Missouri licensee.

Every employee participating in a riverboat gaming operation must hold an occupational license. In addition, the Commission issues supplier's licenses, which authorize the supplier licensee to sell or lease gaming equipment and supplies to any licensee involved in the operation of gaming activities. Class A and Class B licensees may not be licensed as suppliers.

Riverboat gaming activities may only be conducted on, or within 1,000 feet of the main channel of, the Missouri River or Mississippi River. Minimum and maximum wagers on games are set by the licensee, and wagering may be conducted only with a cashless wagering system, whereby money is converted to tokens, electronic cards or chips that can only be used for wagering. No person under the age of 21 is permitted to wager, and wagers may only be taken from a person present on a licensed excursion-gambling boat.

The Missouri Riverboat Gambling Act imposes a 21% wagering tax on adjusted gross receipts (generally defined as gross receipts less winnings paid to wagerers) from gambling games. The tax imposed is to be paid by the licensee to the Commission on the day after the day when the wagers were made. Of the proceeds of the wagering tax, 10% of such proceeds goes to the local government where the home dock is located, and the remainder goes to the State of Missouri.

The Missouri Riverboat Gambling Act also requires that licensees pay a \$2.00 admission tax to the Commission for each person admitted to a gaming cruise. One dollar of the admission fee goes to the State of Missouri, and one dollar goes to the home dock city in which the licensee operates. The licensee is required to maintain public books and records clearly showing amounts received from admission fees, the total amount of gross receipts and the total amount of adjusted gross receipts. In addition, all local income, earnings, use, property and sales taxes are applicable to licensees. From time to time there have been several proposed bills pending before the Missouri General Assembly which, individually or in combination, if adopted, would (1) allow gaming credits to be used in food and beverage purchases; (2) adjust the amount of wagering tax imposed on adjusted gross receipts of licensees and/or (3) adjust the amount of admission tax paid by the licensee for each person admitted for a gaming cruise:

Pennsylvania

In 2004, the Commonwealth of Pennsylvania established the Pennsylvania Gaming Control Board ("PGCB") to oversee the creation of the new casino industry. Initially, only slot machines were permitted, but in 2010, the law was revised to authorize table games as well (collectively, the "PA Gaming Law"). The law created three categories of licenses—Category 1 slot machine licenses for up to seven licensed racetrack facilities, five Category 2 licenses (two in Philadelphia, one in Pittsburgh and two "at large"), and three Category 3 licenses to well-established resort hotels having no fewer than 275 guest rooms under common ownership and having substantial year-around recreational guest amenities, one of which Category 3 licenses cannot be issued before July, 2017. Holders of Category 1 and Category 2 licenses are entitled to up to 5,000 slot machines and 250 table games. Holders of Category 3 licenses are entitled to up to 600 slot machines and 50 table games.

The holder of a Category 3 license may only permit entry into the gaming area of the facility by the following:

- (1) A registered overnight guest of the resort.
- (2) A patron of one or more of the amenities of the resort. A patron of an amenity is any individual who is a registered attendee of a convention, meeting or banquet event or participant in a sport or recreational event or any other social, cultural or business event held at a resort hotel or who participates in one or more of the amenities provided to registered

guests of the hotel in return for non-de minimus consideration, currently defined by the PGCB as \$10.00. A patron of an amenity at the resort may be permitted unlimited access to the gaming floor for one 24 hour period within 72 hours of use of the amenity.

- (3) An authorized employee of the licensee or gaming service provider, of the PGCB or any regulatory, emergency response or law enforcement agency while engaged in the performance of the employee's duties.
- (4) An individual holding a valid membership approved by the PGCB or a guest of such individual. The PGCB may approve seasonal or year-round memberships that allow an individual to use one or more of the amenities provided by the resort, based upon the duration of the membership, the amenity covered by the membership and whether the fee charged represents the fair market value for the use of the amenity.

The first two Category 3 licenses are not to be located within 15 linear miles of another licensed facility. The third Category 3 license to be issued on or after July 20, 2017 is not to be located within 30 linear miles of another licensed facility. The license fee for a Category 3 slot machine license is \$5 million and for a Category 3 table game operation certificate is \$7.5 million.

The first Category 3 license was awarded to the Valley Forge Convention Center in April 2009 which opened the Valley Forge Casino Resort on March 31, 2012. IOC-PA, LLC ("IOC-PA"), a wholly owned subsidiary of Isle, teamed up with Nemacolin Woodlands Resort ("Nemacolin") and Woodlands Fayette, LLC ("Woodlands Fayette") to develop and manage a proposed Category 3 casino at Nemacolin in Fayette County, Pennsylvania. The casino will be called "Lady Luck—Nemacolin". Three other applicants competed with Woodlands Fayette for the remaining available Category 3 license and in April 2011, Woodlands Fayette was awarded the Category 3 license. One of the other applicants appealed the award of the license to Woodlands Fayette to the Pennsylvania Supreme Court and oral argument was held on March 7, 2012. The Supreme Court is required to affirm the adjudication unless it finds that the PGCB committed an error of law or that the order, determination or decision of the PGCB was arbitrary and there was a capricious disregard of evidence. We are awaiting a ruling from the Supreme Court.

IOC-PA must be licensed as the manager of Lady Luck—Nemacolin. IOC-PA is required to prove by clear and convincing evidence its financial stability and integrity, and that of its affiliates and holding companies, and their good character, honesty and integrity. In addition, the table game operation certificate needs to be applied for and obtained before the opening of Lady Luck—Nemacolin. The licenses to be issued to Woodlands Fayette and IOC-PA will be issued for one year and will need to be renewed annually thereafter.

The management agreement between IOC-PA and Woodlands Fayette is not effective until the terms and conditions thereof have been approved by the PGCB. In addition, any amendments to the management agreement must be submitted to the PGCB 30 days prior to the effective date of the proposed amendment and shall not become effective until the PGCB has reviewed and approved the terms and conditions thereof. As the management company, IOC-PA may be jointly and severally liable for any act or omission by Woodlands Fayette as the slot machine licensee in violation of the Act or the regulations, regardless of actual knowledge by IOC-PA of the act or omission.

Certain persons affiliated with IOC-PA, including our directors, key employees, and any person who acquires a 5% or greater beneficial interest of our voting securities, will be required to apply to the PGCB for licensure, obtain licensure and remain licensed. Licensure requires, among other things, that the applicant establish by clear and convincing evidence the applicant's good character, honesty and integrity. In addition, any trust that holds 5% percent or more of our voting securities is required to be licensed by the PGCB and each individual who is a grantor, trustee or beneficiary of the trust is also required to be licensed by the PGCB. Under certain circumstances and under the regulations of

the PGCB; an "institutional investor," as defined under the regulations, which acquires ownership of 5% or more, but less than 10% of our voting securities, may not be required to be licensed by the PGCB provided that a notice of ownership form is filed with the PGCB. In addition, any beneficial owner of our voting securities, regardless of the number of shares beneficially owned, may be required at the discretion of the PGCB to file an application for licensure. The PGCB also licenses or registers various categories of individuals employed by the casino in gaming and non-gaming capacities.

Non-renewal, suspension or revocation of a license, permit, certification or registration may occur for sufficient cause consistent with the PA Gaming Law and public interest. A person whose application has been denied or whose license, permit, certification or registration has been revoked may not apply for a license, permit, certification or registration for five years from the date of denial or revocation, except under certain circumstances. In the event any of our security holders is required to be licensed and is not found qualified, the security holder may be required by the PGCB to divest its interest at a price not exceeding the cost of the interest.

It is the continuing duty of all holders of licenses, permits, certifications or registrations to fully cooperate with the PGCB in the conduct of any inquiry or investigation and to provide supplementary information requested by the PGCB.

IOC-PA is required to notify the PGCB of any proposed appointment, appointment, proposed nomination, nomination, election, hiring, tender of resignation, resignation, removal, firing, incapacitation or death of any person required to be licensed as a principal or key employee under the PA Gaming Law or the regulations promulgated thereunder. In addition, IOC-PA is also required to notify the PGCB as soon as it becomes aware that it intends to enter into a transaction which may result in any new financial backers.

The PGCB has broad authority to sanction, fine, suspend and revoke a license for violations of the PA Gaming Law.

IOC-PA is required to submit to the PGCB with respect to Lady Luck Nemacolin: (1) fully signed copies of all written agreements with manufacturers, suppliers and vendors; (2) a description of any oral agreements with any manufacturers, suppliers and vendors; (3) copies of all agreements relating to land and real estate; and (4) copies of all written agreements or a description of any oral agreements with a person which involves or may involve payments of \$500,000 or more per year to a Pennsylvania slot machine licensee; together with any changes or amendments thereto and any other agreements as requested by the PGCB.

We must notify the PGCB immediately upon becoming aware of any proposed or contemplated change in the ownership of Isle or IOC-PA by a person or a group of persons acting in concert which involves any of the following:

- (1) more than 5% percent of our securities or other ownership interest;
- (2) more than 5% of the securities or other ownership interests of a corporation or other form of business entity that owns, directly or indirectly, at least 20% of our voting or other securities or ownership interests;
- (3) the sale, other than the normal course of business, of Isle or IOC-PA's assets; and
- (4) other transactions or occurrences deemed by the PGCB to be relevant to license qualification.

PGCB approval is required prior to the completion of any proposed change of ownership that meets the above criteria.

Upon a change of control of Woodlands Fayette, the acquirer of the ownership interest would be required to qualify for licensure and pay a new license fee of \$5 million. The PGCB retains the

discretion to eliminate the need for qualification and/or reduce the license fee required upon a change of control.

Pennsylvania imposes up to a 55% tax on slot machine revenues, consisting of 34% of slot machine revenues to the State Gaming Fund, 2% to Fayette County, 2% to Wharton Township, up to 12% to support live racing and 5% to the Pennsylvania Gaming Economic Development and Tourism Fund. In addition, during the initial two years of table game operations, Pennsylvania imposes a table game tax of 14% of table game revenues to the Commonwealth, plus a 2% local share to each of Fayette County and Wharton Township. Following the initial two years of operation, the table game tax to the Commonwealth is reduced to 12% of table game revenues, plus 2% to each of Fayette County and Wharton Township.

Slot machine and table game operators in Pennsylvania are also required to reimburse the PGCB for its administrative and operating expenses. The assessment rate of these fees has not been finalized by the PGCB. In addition, in order to fund operations of the PGCB, an initial loan of approximately \$36.1 million was granted to the PGCB from gaming tax funds received by the Commonwealth of Pennsylvania, followed by additional loans in the aggregate amount of approximately \$63.8 million, all of which was to fund the PGCB's operational costs.

On July 11, 2011, the PGCB adopted a schedule governing the repayment of the approximately \$63.8 million in loans by licensed gaming entities. The schedule provides that the loans will be repaid in quarterly installments over ten years, with one-tenth of the total initial loan balance as it existed on July 1, 2011 repaid each year by the operating gaming facilities, commencing on January 1, 2012. Each operating facility's portion of the payment for each year is calculated on a pro rata basis in relation to an average of the facility's annual and cumulative gross terminal revenue. The repayment of the initial \$36.1 million in appropriation continues to be deferred until all licensees have commenced operations. Currently there are eleven licensed facilities operational in Pennsylvania.

QuickLinks

Exhibit 99.1

DESCRIPTION OF GOVERNMENT REGULATIONS

ISLE OF CAPRI CASINOS INC (ISLE)

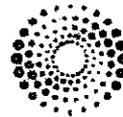
10-K

Annual report pursuant to section 13 and 15(d)

Filed on 06/16/2011

Filed Period 04/24/2011

THOMSON REUTERS ACCELUS™



THOMSON REUTERS

Use these links to rapidly review the document

[Table of Contents](#)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 24, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 0-20538

ISLE OF CAPRI CASINOS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

41-1659606
(I.R.S. Employer Identification Number)

600 Emerson Road, Suite 300, St. Louis, Missouri
(Address of principal executive offices)

63141
(Zip Code)

Registrant's telephone number, including area code: (314) 813-9200

Securities Registered Pursuant to Section 12(b) of the Act:
Common Stock, \$.01 Par Value Per Share
(Title of Class)

Securities Registered Pursuant to Section 12(g) of the Act:

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 (§ 229.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting stock held by non-affiliates⁽¹⁾ of the Company is \$131,766,870, based on the last reported sale price of \$7.93 per share on October 25, 2010 on the NASDAQ Stock Market; multiplied by 16,616,251 shares of Common Stock outstanding and held by non-affiliates of the Company on such date.

(1) Affiliates for the purpose of this item refer to the directors, named executive officers and/or persons owning 10% or more of the Company's common stock, both of record and beneficially; however, this determination does not constitute an admission of affiliate status for any of the individual stockholders.

As of June 13, 2011, the Company had a total of 38,222,865 shares of Common Stock outstanding (which excludes 3,841,283 shares held by us in treasury).

Part III incorporates information by reference to the Registrant's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year.

Table of Contents

ISLE OF CAPRI CASINOS, INC.

FORM 10-K

INDEX

	<u>PAGE</u>
<i><u>PART I</u></i>	<u>2</u>
<u>ITEM 1. BUSINESS</u>	<u>2</u>
<u>ITEM 1A. RISK FACTORS</u>	<u>11</u>
<u>ITEM 1B. UNRESOLVED STAFF COMMENTS</u>	<u>20</u>
<u>ITEM 2. PROPERTIES</u>	<u>21</u>
<u>ITEM 3. LEGAL PROCEEDINGS</u>	<u>24</u>
<u>ITEM 4. [REMOVED AND RESERVED]</u>	<u>25</u>
<i><u>PART II</u></i>	<u>26</u>
<u>ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	<u>26</u>
<u>ITEM 6. SELECTED FINANCIAL DATA</u>	<u>28</u>
<u>ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>30</u>
<u>ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>45</u>
<u>ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	<u>47</u>
<u>ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	<u>90</u>
<u>ITEM 9A. CONTROLS AND PROCEDURES</u>	<u>90</u>
<u>ITEM 9B. OTHER INFORMATION</u>	<u>90</u>
<i><u>PART III</u></i>	<u>91</u>
<u>ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	<u>91</u>
<u>ITEM 11. EXECUTIVE COMPENSATION</u>	<u>91</u>
<u>ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	<u>91</u>
<u>ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, DIRECTOR INDEPENDENCE</u>	<u>91</u>
<u>ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	<u>91</u>
<i><u>PART IV</u></i>	<u>92</u>
<u>ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES</u>	<u>92</u>
<u>SIGNATURES</u>	<u>92</u>

Table of Contents

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains statements that we believe are, or may be considered to be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this Annual Report regarding the prospects of our industry or our prospects, plans, financial position or business strategy, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as "may," "will," "expect," "intend," "estimate," "foresee," "project," "anticipate," "believe," "plans," "forecasts," "continue" or "could" or the negatives of these terms or variations of them or similar terms. Furthermore, such forward-looking statements may be included in various filings that we make with the SEC or press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include, but are not limited to, those discussed in the section entitled "Risk Factors" beginning on page 9 of this report. Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Annual Report.

Table of Contents

PART I

ITEM I. BUSINESS

Overview

We are a leading developer, owner and operator of branded gaming facilities and related lodging and entertainment facilities in regional markets in the United States. We own and operate 15 gaming and entertainment facilities in Louisiana, Mississippi, Missouri, Iowa, Colorado and Florida. Collectively, these properties feature approximately 15,000 slot machines and over 370 table games (including approximately 110 poker tables) over 3,000 hotel rooms and more than 40 restaurants. We also operate a harness racing track at our casino in Florida. Our portfolio of properties provides us with a diverse geographic footprint that minimizes geographically concentrated risks caused by weather, regional economic difficulties, gaming tax rates and regulations imposed by local gaming authorities.

Strategic Plan Components

The Isle of Capri senior management team brings over 200 collective years of gaming industry experience spanning 20 states, six foreign jurisdictions and over 75 individual gaming properties. Since joining the company in 2007, this team developed and are executing a strategic operating plan that focuses on the financial discipline and core operating principles of the company in order to increase our customer's satisfaction with our product offerings while at the same time increasing stockholder value. Our business approach is anchored by the following strategic components:

Financial discipline.

We utilize a disciplined approach to evaluate financial decisions with the continuing goal to improve our capital structure and financial flexibility. We have reduced our outstanding debt from approximately \$1.5 billion as of April 27, 2008 to approximately \$1.2 billion as of April 24, 2011, a reduction of approximately \$310 million. We achieved this reduction primarily through the use of cash obtained from the settlement of our Hurricane Katrina claim and cash flows from operations. We retired \$142.7 million of our 7% senior subordinated notes for \$82.8 million through a tender offer in February 2009 and prepaid \$35.0 million of our term loans under our credit facility in March 2009.

On January 25, 2011, we continued to improve our capital structure by raising \$51.2 million in net proceeds through the issuance of 5.3 million shares of our common stock. In March 2011, we issued \$300 million in 7.75% senior notes and utilized the proceeds to repay borrowings under our credit facility. Also in March 2011, we entered into an amendment to our Credit Facility, which, among other things, extended the maturity of the revolving credit facility and term loan and increased flexibility in operations and capital spending. We continually seek opportunities to improve our capital structure.

Focusing on core operating principles that have proven successful.

Our operating focus is to deliver a superior guest experience by providing customers with the most popular gaming product in a clean, safe, friendly and fun environment. These areas have been shown through customer research to embody the attributes of a gaming entertainment experience most important to our customers in choosing which casino to visit. We emphasize, among other things, customer courtesy and we have implemented a proprietary program to measure our progress against standards for certain courteous behaviors. In addition, many of our capital and operating plans are intended to improve on guest satisfaction, including quality, accessibility and cleanliness of areas frequented by our customers, such as hotel rooms and other public areas in our hotels and casino floors. We also have implemented employee incentive programs designed to encourage employees to deliver superior customer service and courtesy.

Table of Contents

Driving value through product offerings and branding.

Our current branding strategy includes two separate brand names: Isle and Lady Luck (which we re-launched in fiscal 2009). Through comprehensive market studies and customer feedback, we have found that our brands convey excitement, entertainment, consistent high-quality service and value to our customers.

We use the Isle brand primarily at properties that have a regional draw. These are generally casinos in larger markets where we have expansion potential demonstrated by either the size of the market or excess land that we control. The Isle-branded properties typically offer expanded amenities, such as hotel rooms, expanded food and beverage offerings and conference and convention capabilities.

We use the Lady Luck brand for properties that predominantly draw local customers, which are typically in smaller markets with less expansion potential. The goal of the Lady Luck brand is to offer a first-class gaming experience and high quality entertainment options, featuring casual dining and popular local entertainment in a comfortable setting.

We have completed the refurbishment and rebranding of three of our existing Isle properties under the Lady Luck brand: Marquette, Iowa in September 2009, Colorado Central Station in Black Hawk, Colorado in June 2009 and Caruthersville, Missouri in December 2008. Assuming economic conditions improve and capital availability is enhanced, we intend to rebrand additional properties under the Lady Luck name during the next few years. Our current expectations are that Natchez, Lula and Vicksburg, Mississippi; Lake Charles, Louisiana; Boonville, and Kansas City, Missouri will eventually be rebranded as Lady Luck casinos.

We offer all customers membership in our customer loyalty program, which rewards customers with points and complimentary benefits that can be redeemed at any of our properties by using a players' club card. As a result, we have developed an extensive proprietary database that allows us to create effective targeted marketing and promotional programs, merchandise giveaways, gaming tournaments and other special events. As of April 24, 2011, our database contained approximately 1.3 million members, of whom approximately 0.5 million receive regular communications from us. We believe we effectively use our database to encourage repeat visits and increase our customers' length of stay at our properties.

Aggressively pursuing prudent growth opportunities.

On December 1, 2010, the Missouri Gaming Commission selected our proposed casino project in Cape Girardeau (the "Cape Girardeau Project") for prioritization for the thirteenth and final gaming license in the State of Missouri. We intend to brand this casino as an Isle property, which we expect to include approximately 1,000 slot machines, 28 table games, three restaurants, a lounge and terrace overlooking the Mississippi River and a 750-seat event center at an estimated cost of \$125 million. We anticipate construction to begin in summer 2011 and casino operations to begin in the fourth calendar quarter of 2012.

We also continue to seek to expand our operations through acquisitions, such as our acquisition of the Rainbow Casino located in Vicksburg, Mississippi in June 2010 for approximately \$76 million. Vicksburg is located approximately one mile south of Interstate 20, the main road connecting Jackson, Mississippi to Vicksburg. The casino features 762 slot machines, 6 table games, a 224-seat Riverview Buffet, a 26-seat Crossroads Deli and 977 parking spots.

Additionally, we formed Isle Gaming Management, a management and consulting division of the Company, in 2009 to leverage our experienced and respected management team and intellectual property by managing and operating casinos owned by third parties in exchange for management and other fees. The goal of Isle Gaming Management is to allow us to manage additional casino properties without requiring extensive capital investment. On April 14, 2011, the Nemaocolin Woodlands Resort

Table of Contents

("Nemacolin") in Farmington, Pennsylvania was selected by the Pennsylvania Gaming Control Board for the final Category 3 resort gaming license. We had previously entered into an agreement with Nemacolin to complete the build-out of the casino space and provide management services for the casino. The casino is expected to include 600 slot machines, 28 table games, a casual dining restaurant and lounge. We will pay an annual fee to the resort owner and in return will receive a management fee equal to the EBITDA of the casino after payment of the fee to Nemacolin. We currently estimate the project cost at approximately \$50 million and expect to be complete within nine months of the commencement of construction. The award of the license to Nemacolin is subject to a 30-day appeal period, which ends on June 20, 2011, and the obtainment of a management license.

Finally, in September 2010, we were awarded a gaming license by Nevada's Gaming Control Board, expanding the universe of opportunities that we can ultimately pursue.

Casino Properties

The following is an overview of our existing casino properties as of April 24, 2011:

Property	Date Acquired or Opened	Slot Machines	Table Games	Hotel Rooms	Parking Spaces
Louisiana					
Lake Charles	July 1995	1,806	78	493	2,335
Mississippi					
Lula	March 2000	1,177	12	484	1,611
Biloxi	August 1992	1,219	36	709	1,339
Natchez	March 2000	617	10	141	645
Vicksburg	June 2010	762	6	—	977
Missouri					
Kansas City	June 2000	1,161	22	—	1,731
Boonville	December 2001	991	19	140	1,101
Caruthersville	June 2007	595	16	—	1,000
Iowa					
Bettendorf	March 2000	1,022	28	514	2,057
Rhythm City—Davenport	October 2000	949	15	—	911
Marquette	March 2000	600	11	—	475
Waterloo	June 2007	1,040	32	195	1,500
Colorado					
Isle Casino Hotel-Black Hawk	December 1998	1,036	35	238	1,100
Lady Luck Casino-Black Hawk	April 2003	524	17	164	1,200
Florida					
Pompano Park	July 1995/April 2007	1,448	38	—	3,800
		<u>14,947</u>	<u>375</u>	<u>3,078</u>	<u>21,782</u>

Louisiana

Lake Charles

Our Lake Charles property, which commenced operations in July 1995, is located on a 19-acre site along Interstate 10, the main thoroughfare connecting Houston, Texas to Lake Charles, Louisiana. The property consists of two dockside casinos offering 1,806 slot machines, 50 table games, 28 poker tables, two hotels offering 493 rooms, a 105,000 square foot land-based pavilion and entertainment center, and

Table of Contents

2,335 parking spaces, including approximately 1,400 spaces in an attached parking garage. The pavilion and entertainment center offer customers a wide variety of non-gaming amenities, including a 109-seat Otis & Henry's restaurant, a 290-seat Calypso's buffet, a 70-seat Lucky Wins Asian-inspired restaurant, which also includes a grab and go deli, and Caribbean Cove featuring free live entertainment and can accommodate 180 guests. The pavilion also has a 14,750 square foot entertainment center comprised of a 1,100-seat special events center designed for concerts, live boxing, televised pay-per-view events, banquets and other events, meeting facilities and administrative offices. On June 13, 2011, we granted an option agreement to a third party which could result in the sale of certain assets used at our Lake Charles, Louisiana property. The option agreement expires on November 30, 2011 and is subject to a number of conditions. The transaction is also subject to regulatory and other approvals, and passage of a local referendum to relocate the vessel to a different market. If the option is exercised and the transaction closes, we would continue to operate our Lake Charles hotel and land-based operations and consolidate our gaming operations onto one gaming vessel.

The Lake Charles market currently consists of two dockside gaming facilities, a Native American casino and a pari-mutuel facility/racino. The current number of slot machines in the market exceeds 7,900 machines and table games exceed 125 tables. In calendar year 2010, the two gaming facilities and one racino, in the aggregate, generated gaming revenues of approximately \$638 million. Revenues for the Native American property are not published. Gaming revenues for our Lake Charles property for calendar year 2010 were approximately \$138 million. Lake Charles is the closest gaming market to the Houston metropolitan area, which has a population of approximately 5.5 million and is located approximately 140 miles west of Lake Charles. We believe that our Lake Charles property attracts customers primarily from southeast Texas, including Houston, Beaumont, Galveston, Orange and Port Arthur and from local area residents. Approximately 500,000 and 1.6 million people reside within 50 and 100 miles, respectively, of the Lake Charles property.

Mississippi

Lula

Our Lula property, which we acquired in March 2000, is strategically located off of Highway 49, the only road crossing the Mississippi River between Mississippi and Arkansas for more than 50 miles in either direction. The property consists of two dockside casinos containing 1,177 slot machines and 12 table games, two on-site hotels with a total of 484 rooms, a land-based pavilion and entertainment center, 1,611 parking spaces, and a 28-space RV Park. The pavilion and entertainment center offer a wide variety of non-gaming amenities, including a 131-seat Farradays' restaurant, a 328-seat Calypso's buffet and a 46-seat Tradewinds Marketplace, and a gift shop.

Our Lula property is the only gaming facility in Coahoma County, Mississippi and generated gaming revenues of approximately \$66 million in calendar year 2010. Lula draws a significant amount of business from the Little Rock, Arkansas metropolitan area, which has a population of approximately 675,000 and is located approximately 120 miles west of the property. Coahoma County is also located approximately 60 miles southwest of Memphis, Tennessee, which is primarily served by nine casinos in Tunica County, Mississippi. Approximately 1.1 million people reside within 60 miles of the property. Lula also competes with Native American casinos in Oklahoma and a racino in West Memphis, Arkansas.

Biloxi

Our Biloxi property, which commenced operations in August 1992, is located on a 17-acre site at the eastern end of a cluster of facilities formerly known as "Casino Row" in Biloxi, Mississippi, and is the first property reached by visitors coming from Alabama, Florida and Georgia via Highway 90.

Table of Contents

In October 2005, the Mississippi legislature amended its gaming laws to allow casinos to operate land-based facilities within 800 feet of the mean high water line. Our Biloxi property is now a land-based casino offering approximately 1,200 slot machines, 27 table games, a nine-table poker room, a 709-room hotel including 200 whirlpool suites, a 120-seat banquet room called "Paradise Room," 138-seat Farradays' restaurant, a 200-seat Calypso's buffet, a 128-seat Café at the Point restaurant, a 94-seat Tradewinds marketplace, a multi-story feature bar, a full service Starbucks and over 1,300 parking spaces.

The Mississippi Gulf Coast market (which includes Biloxi, Gulfport and Bay St. Louis) consists of 11 dockside gaming facilities, which in the aggregate, generated gaming revenues of approximately \$1.1 billion during calendar year 2010. Our Biloxi property generated gaming revenues of approximately \$69 million during calendar year 2010. Approximately one million people reside within 60 miles of the property.

Natchez

Our Natchez property, which we acquired in March 2000, is located off of Highways 84 and 61 in western Mississippi. The property consists of a dockside casino offering 617 slot machines and 10 table games, a 141-room off-site hotel located approximately one mile from the casino, a 150-seat Calypso's buffet and 645 parking spaces.

Our Natchez property is currently the only gaming facility in the Natchez market and generated total gaming revenues of approximately \$33 million in calendar year 2010. We believe that the Natchez property attracts customers primarily from among the approximately 350,000 people residing within 60 miles of the Natchez property.

Vicksburg

Our Vicksburg property, which we acquired in June 2010, is located off Interstate 20 and Highway 61 in western Mississippi, approximately 50 miles west of Jackson, Mississippi. The property consists of a dockside casino offering 762 slot machines and six table games, a 224-seat Riverview Buffet, a 26-seat Crossroads Deli and 977 parking spaces.

The Vicksburg market consists of five dockside casinos and approximately 700,000 people reside within 60 miles of the property.

Missouri

Kansas City

Our Kansas City property, which we acquired in June 2000, is the closest gaming facility to downtown Kansas City and consists of a dockside casino offering 1,161 slot machines and 22 table games, a 285-seat Calypso's buffet, a 80-seat Lone Wolf restaurant, a 58-seat Tradewinds Marketplace and 1,731 parking spaces.

The Kansas City market consists of four dockside gaming facilities and a Native American casino. Operating statistics for the Native American casino are not published. The four dockside gaming facilities generated gaming revenues of approximately \$714 million in calendar year 2010. Our Kansas City property generated gaming revenues of approximately \$82 million during calendar year 2010. We believe that our Kansas City casino attracts customers primarily from the Kansas City metropolitan area, which has approximately 1.9 million residents.

A competitor is currently constructing a \$411 million casino at the Kansas Speedway located in Wyandotte County, Kansas. This casino is located approximately 20 miles from our Kansas City property and is expected to open in the first half of 2012.

Table of Contents

Boonville

Our Boonville property, which opened in December 2001, is located three miles off Interstate 70, approximately halfway between Kansas City and St. Louis. The property consists of a single level dockside casino offering 989 slot machines, 19 table games, a 140-room hotel, a 32,400 square foot pavilion and entertainment center and 1,101 parking spaces. The pavilion and entertainment center offers customers a wide variety of non-gaming amenities, including an 83-seat Farradays' restaurant, a 218-seat Calypso's buffet, a 24-seat Tradewinds Marketplace, an 800 seat event center, and an historic display area. Our Boonville property is the only gaming facility in central Missouri and generated gaming revenues of approximately \$81 million in calendar year 2010. We believe that our Boonville casino attracts customers primarily from the approximately 580,000 people who reside within 60 miles of the property which includes the Columbia and Jefferson City areas.

Caruthersville

Our Caruthersville property was acquired in June 2007 and is a riverboat casino located along the Mississippi River in Southeast Missouri. In June 2008, the casino was re-branded as a Lady Luck casino with the construction and refurbishment completed in December 2008. The dockside casino offers 595 slot machines, 11 table games and 5 poker tables. As part of the re-branding, we renovated our 40,000 square foot pavilion, which includes a 130-seat Lone Wolf restaurant, bar and lounge and a 270-seat Otis & Henry's restaurant. Renovations to the riverboat, including the casino floor, were completed in the summer of 2009. The property also operates a 10,000 square foot exposition center with seating for up to 1,100 patrons and has 1,000 parking spaces. Our Caruthersville facility is the only casino located in Southeast Missouri and generated gaming revenues of approximately \$34 million in calendar year 2010. Approximately 650,000 people reside within 60 miles of the property.

Iowa

Bettendorf

Our Bettendorf property, which we acquired in March 2000, is located off of Interstate 74, an interstate highway serving the Quad Cities metropolitan area, which consists of Bettendorf and Davenport, Iowa and Moline and Rock Island, Illinois. The property consists of a dockside casino offering 1,022 slot machines, 24 table games, 4 poker tables, 514 hotel rooms, 40,000 square feet of flexible convention/banquet space, a 120-seat Farradays' restaurant, a 272-seat Calypso's buffet, a 42-seat Tradewinds Marketplace and 2,057 parking spaces. We have entered into agreements with the City of Bettendorf, Iowa under which we manage and provide financial and operating support for the QC Waterfront Convention Center that is adjacent to our hotel. The QC Waterfront Convention Center opened in January 2009.

Davenport

Our Davenport property, which we acquired in October 2000, is located at the intersection of River Drive and Highway 61, a state highway serving the Quad Cities metropolitan area. The property consists of a dockside gaming facility offering 949 slot machines, 16 table games, a 209-seat Hit Parade buffet, a Grab-n-Go food outlet and 911 parking spaces.

The Quad Cities metropolitan area currently has three gaming operations—our two gaming facilities in Bettendorf and in Davenport, and one operator, which opened a larger land-based facility, including a hotel, in December 2008. The three operations in the Quad Cities generated total gaming revenues of approximately \$210 million in calendar year 2010. Our Bettendorf and Davenport properties generated casino revenues for calendar year 2010 of approximately \$78 million and \$53 million, respectively. Our operations in the Quad Cities also compete with other gaming operations

Table of Contents

in Illinois and Iowa. Approximately 923,000 people reside within 60 miles of our Bettendorf and Davenport properties.

Marquette

Our Marquette property, which we acquired in March 2000, is located in Marquette, Iowa, approximately 60 miles north of Dubuque, Iowa. The property consists of a dockside casino offering 600 slot machines and 11 table games, a marina and 475 parking spaces. During fiscal 2010, we completed the rebranding of the property as a Lady Luck casino. The facility now includes a newly themed 142-seat buffet restaurant, an Otis and Henry's Express food outlet and a Lone Wolf restaurant and bar.

Our Marquette property is the only gaming facility in the Marquette, Iowa market and generated gaming revenues of approximately \$29 million in calendar year 2010. We believe most of our Marquette customers are from northeast Iowa and Wisconsin, which includes approximately 490,000 people within 60 miles of our property, and we compete for those customers with other gaming facilities in Dubuque, Iowa and Native American casinos in southwestern Wisconsin.

Waterloo

Our Waterloo property, which opened on June 30, 2007, is located adjacent to Highway 218 and US 20 in Waterloo, Iowa. The property consists of a single-level casino offering 1,040 slot machines, 27 table games and 5 poker tables. The property also offers a wide variety of non-gaming amenities, including a 123-seat Otis & Henry's restaurant, a 208-seat Isle buffet, a 44-seat Tradewinds marketplace, Club Capri Lounge, Fling feature bar, 5,000 square feet of meeting space, 1,500 parking spaces and a 195-room hotel, which includes 27 suites, as well as an indoor pool and hot tub area.

Our Waterloo property is the only gaming facility in the Waterloo, Iowa market and approximately 640,000 people live within 60 miles of the property. We compete with other casinos in eastern Iowa. We generated gaming revenues of approximately \$80 million in calendar year 2010.

Colorado

Isle Casino Hotel-Black Hawk

Isle Casino Hotel-Black Hawk commenced operations in December 1998, is located on an approximately 10-acre site and is one of the first gaming facilities reached by customers arriving from Denver via Highway 119, the main thoroughfare connecting Denver to Black Hawk. The property includes a land-based casino with 1,036 slot machines, 24 standard table games, an 11 table poker room, a 238-room hotel and 1,100 parking spaces in an attached parking garage. Isle Casino Hotel-Black Hawk also offers customers three restaurants, including a 128-seat Farradays' restaurant, a 270-seat Calypso's buffet and a 40-seat Tradewinds Marketplace.

Lady Luck Casino-Black Hawk

Lady Luck Casino-Black Hawk, which we acquired in April 2003 and rebranded in June 2009, is located across the intersection of Main Street and Mill Street from the Isle Casino Hotel-Black Hawk. The property consists of a land-based casino with 524 slot machines, 11 standard table games, 6 poker tables, a 164-room hotel that opened in December 2005 and 1,200 parking spaces in our parking structure connecting Isle Casino Hotel-Black Hawk and Lady Luck Casino-Black Hawk. The property also offers guests dining in its newly renovated and rebranded 79-seat Otis & Henry's restaurant as well as a grab-and-go fast serve food cart that is located in the main level of the facility. The property has also recently converted approximately 2,250 square feet of space to flex space that can be used for meetings and special events. Our Black Hawk sites are connected via sky bridges.

Table of Contents

When casinos having multiple gaming licenses in the same building are combined, the Black Hawk/Central City market consists of 24 gaming facilities (seven of which have more than 600 slot machines), which in aggregate, generated gaming revenues of approximately \$625 million in calendar year 2010. Our Black Hawk properties generated casino revenues for calendar year 2010 of approximately \$123 million. Black Hawk is the closest gaming market to the Denver, Colorado metropolitan area, which has a population of approximately 2.9 million and is located approximately 40 miles east of Black Hawk and serves as the primary feeder market for Black Hawk.

Florida

Pompano

In 1995, we acquired Pompano Park, a harness racing track located in Pompano Beach, Florida. Pompano Park is located off of Interstate 95 and the Florida Turnpike on a 223-acre owned site, near Fort Lauderdale, midway between Miami and West Palm Beach. Pompano Park is the only racetrack licensed to conduct harness racing in Florida.

Our Pompano facility includes 1,448 slot machines, a 38-table poker room, four restaurants, a feature bar and 3,800 parking spaces.

Approximately 2.6 million people reside within a 25-mile radius of our Pompano facility, which competes with four other racinos and three Native American gaming facilities in the market. While casino revenues are not available for all market competitors, we estimate that we operate approximately 14% of the slot machines in the market and generated approximately \$130 million in casino revenues for calendar year 2010.

Recent Changes to Florida Gaming Laws—In April 2010, changes were made to Florida law which, among other things, lowered our state gaming tax rate from 50% to 35% effective July 1, 2010. This legislation also allows the poker operations to remain open for the same hours as the slot floor and removes the poker betting limits. The changes to Florida law were combined with the approval of a gaming compact between the State of Florida and the Seminole Tribe of Florida. This gaming compact allows the tribe the exclusive right outside of Miami-Dade and Broward counties to operate slot machines and other similar electronic gaming devices and the right to operate live blackjack and baccarat table games for a period of five years at certain tribal gaming locations.

International Operations

Lucaya—We operated a casino in Grand Bahama from December 2003 through November 2009, when we exited the operation.

Blue Chip—We operated casinos in Dudley and Wolverhampton, England. These casinos opened during fiscal 2004 and were operated by us until they were sold in November 2009.

Coventry—We operated a casino in the Coventry Convention Center from July 2007 through April 2009, when we terminated our lease and sold the casino and related assets.

Marketing

Our marketing programs are designed to promote our overall business strategy of providing customers with a safe, clean, friendly and fun gaming experience at each of our properties. We have developed an extensive proprietary database of customers that allows us to create effective targeted marketing and promotional programs that are designed to reward customer loyalty, attract new customers to our properties and maintain high recognition of our brands.

Table of Contents

Specifically, our marketing programs and initiatives are tailored to support this corporate strategic plan and are generally focused on the following areas:

- **Customer Research:** Our marketing strategies have been developed and implemented to meet the needs and desires of our casino customers in each of our locations. In order to assess these needs and desires, we engage in significant customer research in each of our markets by conducting periodic surveys. Upon receipt of these surveys, we assess the attitudes of our customers and the customers of our competitors' properties towards the most important attributes of their experience in a regional and/or local gaming facility. We use the extensive information gathered from these research initiatives to make marketing, operating and development decisions that, we believe, will optimize the position of our properties relative to our competition.
- **Branding Initiatives:** Our strategic plan is designed to consolidate our property portfolio from four brands into two brands as the economy improves and we undertake significant new capital improvement programs. To date, we have begun this initiative through the re-branding of our properties in Caruthersville, Missouri, Maquette, Iowa, and the conversion of Colorado Central Station in Black Hawk, Colorado to Lady Luck-Black Hawk. As a component of these re-branding programs, we have also implemented newly-branded customer outlets, including custom restaurants and lounges that we are expanding through our portfolio to other properties. We believe, over time, this approach will allow us to more effectively align and promote our properties based upon customer needs and desires and market our properties on a consolidated basis. Furthermore, we expect our approach will streamline the costs associated with marketing our portfolio.
- **Database Marketing:** We have streamlined our database marketing initiatives across the Company in order to focus our marketing efforts on profitable customers who have demonstrated a willingness to regularly visit our properties. Specifically, we have focused on eliminating from our database customers who have historically been included in significant marketing efforts but have proven costly either as a result of excessive marketing expenditures on the part of the Company, or because these customers have become relatively dormant in terms of customer activity.
- **Segmentation:** We have compiled an extensive database of customer information over time. Among our most important marketing initiatives, we have introduced database segmentation to our properties and at the corporate level in order to adjust investment rates to a level at which we expect to meet a reasonable level of customer profit contribution.
- **Retail Development:** We believe that we must more effectively attract new, non-database customers to our properties in order to increase profitability and free cash flow. These customers are generally less expensive to attract and retain and, therefore, currently represent a significant opportunity for our operations.

Employees

As of April 24, 2011, we employed approximately 8,600 full and part-time people. We have a collective bargaining agreement with UNITE HERE covering approximately 400 employees at our Pompano property which expires in May 2012. We believe that our relationship with our employees is satisfactory.

Governmental Regulations

The gaming and racing industries are highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. Each of our facilities is subject to extensive regulation under the laws, rules and regulations of the jurisdiction where it is located. These laws, rules and regulations

Table of Contents

generally relate to the responsibility, financial stability and character of the owners, managers and persons with financial interests in the gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. A more detailed description of the regulations to which we are subject is contained in Exhibit 99.1 to this Annual Report on Form 10-K.

Our businesses are subject to various federal, state and local laws and regulations in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, food service, smoking, environmental matters, employees and employment practices, currency transactions, taxation, zoning and building codes, and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our operating results.

Available Information

For more information about us, visit our web site at www.isleofcapricasinos.com. Our electronic filings with the U.S. Securities and Exchange Commission (including all annual reports on Form 10-K, quarter reports on Form 10-Q, and current reports on Form 8-K, and any amendments to these reports), including the exhibits, are available free of charge through our web site as soon as reasonably practicable after we electronically file them with or furnish them to the U.S. Securities and Exchange Commission.

ITEM 1A. RISK FACTORS

We face significant competition from other gaming operations, including Native American gaming facilities, that could have a material adverse effect on our future operations.

The gaming industry is intensely competitive, and we face a high degree of competition in the markets in which we operate. We have numerous competitors, including land-based casinos, dockside casinos, riverboat casinos, casinos located on racing, pari-mutuel operations or Native American-owned lands and video lottery and poker machines not located in casinos. Some of our competitors may have better name recognition, marketing and financial resources than we do; competitors with more financial resources may therefore be able to improve the quality of, or expand, their gaming facilities in a way that we may be unable to match.

Legalized gaming is currently permitted in various forms throughout the United States. Certain states have recently legalized, and other states are currently considering legalizing gaming. Our existing gaming facilities compete directly with other gaming properties in the states in which we operate. Our existing casinos attract a significant number of their customers from Houston, Texas; Mobile, Alabama; Kansas City, Kansas; Southern Florida; Little Rock, Arkansas; and Denver, Colorado. Legalization of gaming in jurisdictions closer to these geographic markets other than the jurisdictions in which our facilities are located would have a material adverse effect on our operating results. Other jurisdictions, including states in close proximity to jurisdictions where we currently have operations, have considered and may consider legalizing casino gaming and other forms of competition. In addition, there is no limit on the number of gaming licenses that may be granted in several of the markets in which we operate. As a result, new gaming licenses could be awarded in these markets, which could allow new gaming operators to enter our markets that could have an adverse effect on our operating results. On February 17, 2011, a project was awarded a gaming license in Lake Charles, Louisiana which, if completed, will compete with our existing Lake Charles property.

Our continued success depends upon drawing customers from each of these geographic markets. We expect competition to increase as new gaming operators enter our markets, existing competitors expand their operations, gaming activities expand in existing jurisdictions and gaming is legalized in new jurisdictions. We cannot predict with any certainty the effects of existing and future competition on our operating results.

Table of Contents

We also compete with other forms of legalized gaming and entertainment such as online computer gambling, bingo, pull tab games, card parlors, sports books, "cruise-to-nowhere" operations, pari-mutuel or telephonic betting on horse racing and dog racing, state-sponsored lotteries, jai-alai, and, in the future, may compete with gaming at other venues. In addition, we compete more generally with other forms of entertainment for the discretionary spending of our customers.

We are subject to extensive regulation from gaming and other regulatory authorities that could adversely affect us.

Licensing requirements. As owners and operators of gaming and pari-mutuel wagering facilities, we are subject to extensive state and local regulation. State and local authorities require us and our subsidiaries to demonstrate suitability to obtain and retain various licenses and require that we have registrations, permits and approvals to conduct gaming operations. The regulatory authorities in the jurisdictions in which we operate have very broad discretion with regard to their regulation of gaming operators, and may for a broad variety of reasons and in accordance with applicable laws, rules and regulations, limit, condition, suspend, fail to renew or revoke a license to conduct gaming operations or prevent us from owning the securities of any of our gaming subsidiaries, or prevent other persons from owning an interest in us or doing business with us. We may also be deemed responsible for the acts and conduct of our employees. Substantial fines or forfeiture of assets for violations of gaming laws or regulations may be levied against us, our subsidiaries and the persons involved, and some regulatory authorities have the ability to require us to suspend our operations. The suspension or revocation of any of our licenses or our operations or the levy on us or our subsidiaries of a substantial fine would have a material adverse effect on our business.

To date, we have demonstrated suitability to obtain and have obtained all governmental licenses, registrations, permits and approvals necessary for us to operate our existing gaming facilities. We cannot assure you that we will be able to retain these licenses, registrations, permits and approvals or that we will be able to obtain any new ones in order to expand our business, or that our attempts to do so will be timely. Like all gaming operators in the jurisdictions in which we operate, we must periodically apply to renew our gaming licenses and have the suitability of certain of our directors, officers and employees approved. We cannot assure you that we will be able to obtain such renewals or approvals.

In addition, regulatory authorities in certain jurisdictions must approve, in advance, any restrictions on transfers of, agreements not to encumber or pledges of equity securities issued by a corporation that is registered as an intermediary company with such state; or that holds a gaming license. If these restrictions are not approved in advance, they will be invalid.

Compliance with other laws. We are also subject to a variety of other federal, state and local laws, rules, regulations and ordinances that apply to non-gaming businesses, including zoning, environmental, construction and land-use laws and regulations governing the serving of alcoholic beverages. Under various federal, state and local laws and regulations, an owner or operator of real property may be held liable for the costs of removal or remediation of certain hazardous or toxic substances or wastes located on its property, regardless of whether or not the present owner or operator knows of, or is responsible for, the presence of such substances or wastes. We have not identified any issues associated with our properties that could reasonably be expected to have an adverse effect on us or the results of our operations. However, several of our properties are located in industrial areas or were used for industrial purposes for many years. As a consequence, it is possible that historical or neighboring activities have affected one or more of our properties and that, as a result, environmental issues could arise in the future, the precise nature of which we cannot now predict. The coverage and attendant compliance costs associated with these laws, regulations and ordinances may result in future additional costs.

Table of Contents

Regulations adopted by the Financial Crimes Enforcement Network of the U.S. Treasury Department require us to report currency transactions in excess of \$10,000 occurring within a gaming day, including identification of the patron by name and social security number. U.S. Treasury Department regulations also require us to report certain suspicious activity, including any transaction that exceeds \$5,000 if we know, suspect or have reason to believe that the transaction involves funds from illegal activity or is designed to evade federal regulations or reporting requirements. Substantial penalties can be imposed against us if we fail to comply with these regulations.

Several of our riverboats must comply with U.S. Coast Guard requirements as to boat design, on-board facilities, equipment, personnel and safety and must hold U.S. Coast Guard Certificates of Documentation and Inspection. The U.S. Coast Guard requirements also set limits on the operation of the riverboats and mandate licensing of certain personnel involved with the operation of the riverboats. Loss of a riverboat's Certificate of Documentation and Inspection could preclude its use as a riverboat casino. The U.S. Coast Guard has shifted inspection duties related to permanently moored casino vessels to the individual states. Louisiana and Missouri have elected to utilize the services of the American Bureau of Shipping to undertake the inspections. Iowa has elected to handle the inspections through the Iowa Department of Natural Resources. The states will continue the same inspection criteria as the U.S. Coast Guard in regard to annual and five year inspections. Depending on the outcome of these inspections a vessel could become subject to dry-docking for inspection of its hull, which could result in a temporary loss of service.

We are required to have third parties periodically inspect and certify all of our casino barges for stability and single compartment flooding integrity. Our casino barges and other facilities must also meet local fire safety standards. We would incur additional costs if any of our gaming facilities were not in compliance with one or more of these regulations.

Potential changes in legislation and regulation of our operations. From time to time, legislators and special interest groups have proposed legislation that would expand, restrict or prevent gaming operations in the jurisdictions in which we operate. In addition, from time to time, certain anti-gaming groups have challenged constitutional amendments or legislation that would limit our ability to continue to operate in those jurisdictions in which these constitutional amendments or legislation have been adopted.

Taxation and fees. State and local authorities raise a significant amount of revenue through taxes and fees on gaming activities. We believe that the prospect of significant revenue is one of the primary reasons that jurisdictions permit legalized gaming. As a result, gaming companies are typically subject to significant taxes and fees in addition to normal federal, state, local and provincial income taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. From time to time, federal, state, local and provincial legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. Any material increase, or the adoption of additional taxes or fees, could have a material adverse effect on our future financial results.

Our business may be adversely affected by legislation prohibiting tobacco smoking.

Legislation in various forms to ban indoor tobacco smoking has recently been enacted or introduced in many states and local jurisdictions, including several of the jurisdictions in which we operate. If additional restrictions on smoking are enacted in jurisdictions in which we operate, we could experience a significant decrease in gaming revenue and particularly, if such restrictions are not applicable to all competitive facilities in that gaming market, our business could be materially adversely affected.

Table of Contents

Our substantial indebtedness could adversely affect our financial health and restrict our operations.

We have a significant amount of indebtedness. As of April 24, 2011, we had approximately \$1.2 billion of total debt outstanding.

Our significant indebtedness could have important consequences to our financial health, such as:

- limiting our ability to use operating cash flow or obtain additional financing to fund working capital, capital expenditures, expansion and other important areas of our business because we must dedicate a significant portion of our cash flow to make principal and interest payments on our indebtedness;
- causing an event of default if we fail to satisfy the financial and restrictive covenants contained in the indenture and agreements governing our senior secured credit facility, our 7.75% senior notes due 2019, our 7% senior subordinated notes due 2014 and our other indebtedness, which could result in all of our debt becoming immediately due and payable, could permit our secured lenders to foreclose on the assets securing our secured debt and have other adverse consequences, any of which, if not cured or waived, could have a material adverse effect on us;
- if the indebtedness under our 7.75% senior notes, our 7% senior subordinated notes, our senior secured credit facility, or our other indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full;
- placing us at a competitive disadvantage to our competitors who are not as highly leveraged;
- increasing our vulnerability to and limiting our ability to react to changing market conditions, changes in our industry and economic downturns or downturns in our business; and
- our agreements governing our indebtedness, among other things, require us to maintain certain specified financial ratios and to meet certain financial tests. Our debt agreements also limit our ability to:
 - i. borrow money;
 - ii. make capital expenditures;
 - iii. use assets as security in other transactions;
 - iv. make restricted payments or restricted investments;
 - v. incur contingent obligations; and
 - vi. sell assets and enter into leases and transactions with affiliates.

A substantial portion of our outstanding debt bears interest at variable rates, although we have entered into interest rate protection agreements expiring through fiscal 2014 with counterparty banks with respect to \$320 million of our term loans under our senior secured credit facility. If short-term interest rates rise, our interest cost will increase on the unhedged portion of our variable rate indebtedness, which will adversely affect our results of operations and available cash.

Any of the factors listed above could have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that our business will continue to generate sufficient cash flow, or that future available draws under our senior secured credit facility will be sufficient, to enable us to meet our liquidity needs, including those needed to service our indebtedness.

Table of Contents

Despite our significant indebtedness, we may still be able to incur significantly more debt. This could intensify the risks described above.

The terms of the indenture and agreements governing our senior secured credit facility, our 7.75% senior notes, our 7% senior subordinated notes and our other indebtedness limit, but do not prohibit, us or our subsidiaries from incurring significant additional indebtedness in the future.

As of April 24, 2011, we had the capacity to incur additional indebtedness, including the ability to incur additional indebtedness under all of our lines of credit, of approximately \$175 million. Approximately \$23 million of these lines of credit were used to support letters of credit and surety bonds. Our capacity to issue additional indebtedness is subject to the limitations imposed by the covenants in our senior secured credit facility, the indenture governing our 7.75% senior notes and the indenture governing our 7% senior subordinated notes. The indenture governing our 7% senior subordinated notes, the indenture governing our 7.75% senior notes and our senior secured credit facility contain financial and other restrictive covenants, but will not fully prohibit us from incurring additional debt. If new debt is added to our current level of indebtedness, the related risks that we now face could intensify.

If we cannot refinance our 7% senior subordinated notes on or prior to November 1, 2013, then our senior secured credit facility matures on that date and we may not be able to renew or extend our senior secured credit facility or enter into a new credit facility in today's difficult markets. If we are able to refinance our 7% senior subordinated notes or, in the alternative, renew or extend our senior secured credit facility, it may be on terms substantially less favorable than the current notes or senior secured credit facility.

Our senior secured credit facility matures on November 1, 2013 if we have not refinanced or otherwise retired the 7% senior subordinated notes on or prior to such date. Our cash flow from operations is unlikely to be sufficient to retire all of such notes at or prior to November 1, 2013. We may therefore be forced to refinance the 7% senior subordinated notes on materially worse terms than we have currently. Failure to obtain new debt on favorable or reasonable terms to replace existing debt could affect our liquidity and the value of our other securities, including our equity. Our ability to refinance or otherwise retire our 7% senior subordinated notes prior to November 1, 2013, or in the alternative to renew or extend our existing senior secured credit facility or to enter into a new credit facility to replace the existing senior secured credit facility could be impaired if market conditions worsen. In the current environment, lenders may seek more restrictive lending provisions and higher interest rates that may reduce our borrowing capacity and increase our costs. We can make no assurances that we will be able to refinance or otherwise retire our 7% senior subordinated notes prior to November 1, 2013, and if we are unable to do so, that we will be able to enter into a new credit facility or renew or extend our existing senior secured credit facility, or whether any such credit facility will be available under acceptable terms. Failure to obtain sufficient financing or financing on acceptable terms would constrain our ability to operate our business and to continue our development and expansion projects. Any of these circumstances could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully expand to new locations or recover our investment in new properties which would adversely affect our operations and available resources.

We regularly evaluate opportunities for growth through development of gaming operations in existing or new markets, through acquiring or managing other gaming entertainment facilities or through redeveloping our existing facilities. The expansion of our operations, whether through acquisitions, development, management contracts or internal growth, could divert management's attention and could also cause us to incur substantial costs, including legal, professional and consulting

Table of Contents

fees. To the extent that we elect to pursue any new gaming acquisition, management or development opportunity, our ability to benefit from our investment will depend on many factors, including:

- our ability to successfully identify attractive acquisition and development opportunities;
- our ability to successfully operate any developed, managed or acquired properties;
- our ability to attract and retain competent management and employees for the new locations;
- our ability to secure required federal, state and local licenses, permits and approvals, which in some jurisdictions are limited in number and subject to intense competition; and
- the availability of adequate financing on acceptable terms.

Many of these factors are beyond our control. There have been significant disruptions in the global capital markets that have adversely impacted the ability of borrowers to access capital. Accordingly, it is likely that we are dependent on free cash flow from operations and remaining borrowing capacity under our senior secured credit facility to implement our near-term expansion plans and fund our planned capital expenditures. As a result of these and other considerations, we cannot be sure that we will be able to recover our investments in any new gaming development or management opportunities or acquired facilities, or successfully expand to additional locations.

We may experience construction delays during our expansion or development projects that could adversely affect our operations.

From time to time we may commence construction projects at our properties. We also evaluate other expansion opportunities as they become available and we may in the future engage in additional construction projects. On December 1, 2010, the Missouri Gaming Commission selected our proposed Cape Girardeau Project for prioritization for the 13th and final gaming license in the State of Missouri. The Cape Girardeau Project is expected to include approximately 1,000 slot machines, 28 table games, 3 restaurants, a lounge and terrace overlooking the Mississippi River and a 750-seat event center at an estimated cost of \$125 million. On April 14, 2011, our project at the Nemaocolin Woodlands Resort was selected by the Pennsylvania Gaming Control Board, for the final Category 3 resort gaming license. We had previously entered into an agreement with Nemaocolin to complete the build-out of the casino space and provide management services to the casino. The Nemaocolin project is expected to include 600 slot machines, 28 table games, a casual dining restaurant and lounge. We currently estimate the project cost at approximately \$50 million and expect to be complete within nine months of the commencement of construction. The anticipated costs and construction periods for the Cape Girardeau Project, the Nemaocolin Project and other projects are based upon budgets, conceptual design documents and construction schedule estimates prepared by us in consultation with our architects. Construction projects entail significant risks, which can substantially increase costs or delay completion of a project. Such risks include shortages of materials or skilled labor, unforeseen engineering, environmental or geological problems, work stoppages, weather interference and unanticipated cost increases. Most of these factors are beyond our control. In addition, difficulties or delays in obtaining any of the requisite licenses, permits or authorizations from regulatory authorities can increase the cost or delay the completion of an expansion or development. Significant budget overruns or delays with respect to expansion and development projects could adversely affect our results of operations.

If we construct the Cape Girardeau Project and we are not granted gaming licenses, our financial condition could be materially adversely affected.

On December 1, 2010, the Missouri Gaming Commission selected our proposed Cape Girardeau Project for prioritization for the 13th and final gaming license in the State of Missouri. As a participant in this process, our subsidiary IOC-Cape Girardeau LLC applied for a Class B Riverboat Gaming License in Missouri. The decision by the Missouri Gaming Commission to prioritize its casino

Table of Contents

development does not provide IOC-Cape Girardeau LLC with any license to open the casino once developed or any assurance that such a license will be granted. The Class B license required for IOC-Cape Girardeau LLC to operate its proposed gaming facility cannot be granted by the Missouri Gaming Commission until the gaming facility development is substantially complete and ready to accept patrons. The grant of this license would be subject to numerous conditions as described in "Description of Government Regulations—Missouri" in Exhibit 99.1 to this Annual Report on Form 10-K for the fiscal year ended April 24, 2011. If, as a result of these regulatory conditions or otherwise, we are unable to receive the gaming license after we construct the Cape Girardeau Project, our financial condition could be materially adversely affected.

If we are not licensed in Pennsylvania in connection with the proposed resort casino at Nemacolin Woodlands Resort or if our management agreement is not approved in its current form or if either of these matters are materially delayed, we may not manage the casino or the terms upon which we manage may be less favorable to us.

On April 14, 2011, the Pennsylvania Gaming Control Board (the "PGCB") awarded a Category 3 slot machine license to Woodlands Fayette, LLC for a resort casino at the Nemacolin Woodlands Resort in Fayette County, Pennsylvania. Although we have a management agreement with Woodlands Fayette to manage the proposed casino, we have not yet been licensed by the PGCB in connection with the casino project, nor has the management agreement been approved by the PGCB. There is no guaranty that we will be approved or that the management agreement will be approved in its current form. Further, the award of the license to Woodlands Fayette is subject to a 30-day appeal period which ends on June 20, 2011. Any such appeals would be made directly to the Pennsylvania Supreme Court and could take a significant period of time before a ruling is made by the court. If such an appeal is filed, it is possible that the PGCB will refrain from most, if not all, rulings regarding the casino project during the pendency of such appeal, including our licensure and approval of the management agreement.

If our key personnel leave us, our business could be adversely affected.

Our continued success will depend, among other things, on the efforts and skills of a few key executive officers and the experience of our property managers. Our ability to retain key personnel is affected by the competitiveness of our compensation packages and the other terms and conditions of employment, our continued ability to compete effectively against other gaming companies and our growth prospects. The loss of the services of any of these key individuals could have a material adverse effect on our business, financial condition and results of operations. We do not maintain "key man" life insurance for any of our employees.

We are effectively controlled by members of the Goldstein Family and their decisions may differ from those that may be made by other stockholders.

Robert S. Goldstein, our Vice Chairman of the Board, and Jeffrey D. Goldstein and Richard A. Goldstein, two of our directors, and various family trusts associated with members of the Goldstein family and entities associated with certain members of the Goldstein family, (collectively the "Goldstein Parties") directly and indirectly collectively own and control approximately 42.6% of our common stock as of April 24, 2011.

The Goldstein Parties have substantial control over the election of our board of directors and the outcome of the vote on substantially all other matters, including amendment of our amended and restated certificate of incorporation, amendment of our by-laws and significant corporate transactions, such as the approval of a merger or other transactions involving a sale of the Company. Such substantial control may have the effect of discouraging transactions involving an actual or potential change of control, which in turn could have a material adverse effect on the market price of our

Table of Contents

common stock or prevent our stockholders from realizing a premium over the market price for their shares of common stock. The interests of the Goldstein Parties may differ from those of our other stockholders.

Our amended and restated certificate of incorporation contains provisions that could delay and discourage takeover attempts that stockholders may consider favorable.

Certain provisions of our amended and restated certificate of incorporation may make it more difficult or prevent a third party from acquiring control of us, including:

- we may not, until the Supermajority Expiration Time (as defined below), without the affirmative vote of the holders of at least 66²/3% of the Company's voting power, voting as a single class, authorize, adopt or approve certain extraordinary corporate transactions; and
- the classification of our board of directors and staggered three-year terms of service for each class of directors.

"Supermajority Expiration Time" means the first to occur of (i) the Goldstein Group ceasing to hold common stock of the Company representing at least 22.5% of our outstanding common stock, not including any shares of Class B common stock or shares of common stock issued upon conversion of any preferred stock and (ii) April 8, 2021. The "Goldstein Group" means Robert S. Goldstein, our Vice Chairman, and Jeffrey D. Goldstein and Richard A. Goldstein, two of our directors, spouses, children and grandchildren of certain members of the Goldstein family and entities associated with certain members of the Goldstein family.

These provisions may make mergers, acquisitions, tender offers, the removal of management and certain other transactions more difficult or more costly and could discourage or limit stockholder participation in such types of transactions, whether or not such transactions are favored by the stockholders. The provisions also could limit the price that investors might be willing to pay in the future for shares of our common stock. Further, the existence of these anti-takeover measures may cause potential bidders to look elsewhere, rather than initiating acquisition discussions with us. Any of these factors could reduce the price of our common stock.

We have a history of fluctuations in our operating income (losses) from continuing operations, and we may incur additional operating losses from continuing operations in the future. Our operating results could fluctuate significantly on a periodic basis.

We earned income from continuing operations of \$1.1 million in fiscal 2011 and sustained a (loss) from continuing operations of \$(1.5) million in fiscal 2010. Companies with fluctuations in income (loss) from continuing operations often find it more challenging to raise capital to finance improvements in their businesses and to undertake other activities that return value to their stockholders. In addition, companies with operating results that fluctuate significantly on a quarterly or annual basis experience increased volatility in their stock prices in addition to difficulties in raising capital. We cannot assure you that we will not have fluctuations in our income (losses) from continuing operations in the future, and should that occur, that we would not suffer adverse consequences to our business as a result, which could decrease the value of our common stock.

Inclement weather and other conditions could seriously disrupt our business and have a material, adverse effect on our financial condition and results of operations.

The operations of our facilities are subject to disruptions or reduced patronage as a result of severe weather conditions, natural disasters and other casualties. Because many of our gaming operations are located on or adjacent to bodies of water, these facilities are subject to risks in addition to those associated with other casinos, including loss of service due to casualty, forces of nature,

Table of Contents

mechanical failure, extended or extraordinary maintenance, flood, hurricane or other severe weather conditions and other disasters. In addition, severe weather such as high winds and blizzards occasionally limits access to our land-based facilities in Colorado. We cannot be sure that the proceeds from any future insurance claim will be sufficient to compensate us if one or more of our casinos experience a closure.

Reductions in discretionary consumer spending could have a material adverse effect on our business.

Our business has been and may continue to be adversely affected by the economic recession currently being experienced in the United States, as we are highly dependent on discretionary spending by our patrons. Changes in discretionary consumer spending or consumer preferences brought about by factors such as increased unemployment, significant increases in energy prices, perceived or actual deterioration in general economic conditions, the current housing market crisis, bank failures and the potential for additional bank failures, perceived or actual decline in disposable consumer income and wealth, the current global economic recession and changes in consumer confidence in the economy, may continue to reduce customer demand for the leisure activities we offer and may adversely affect our revenues and operating cash flow. We are not able to predict the length or severity of the current economic circumstances.

The market price of our common stock may fluctuate significantly.

The market price of our common stock has historically been volatile and may continue to fluctuate substantially due to a number of factors, including actual or anticipated changes in our results of operations, the announcement of significant transactions or other agreements by our competitors, conditions or trends in the our industry or other entertainment industries with which we compete, general economic conditions including those affecting our customers' discretionary spending, changes in the cost of air travel or the cost of gasoline, changes in the gaming markets in which we operate and changes in the trading value of our common stock. The stock market in general, as well as stocks in the gaming sector have been subject to significant volatility and extreme price fluctuations that have sometimes been unrelated or disproportionate to individual companies' operating performances. Broad market or industry factors may harm the market price of our common stock, regardless of our operating performance.

Work stoppages, organizing drives and other labor problems could negatively impact our future profits.

Some of our employees are currently represented by a labor union or have begun organizing a drive for labor union representation. Labor unions are making a concerted effort to recruit more employees in the gaming industry. In addition, organized labor may benefit from new legislation or legal interpretations by the current presidential administration. We cannot provide any assurance that we will not experience additional or more successful union activity in the future.

Additionally, lengthy strikes or other work stoppages at any of our casino properties or construction projects could have an adverse effect on our business and result of operations.

We are or may become involved in legal proceedings that, if adversely adjudicated or settled, could impact our financial condition.

From time to time, we are defendants in various lawsuits and gaming regulatory proceedings relating to matters incidental to our business. As with all litigation, no assurance can be provided as to the outcome of these matters and, in general, litigation can be expensive and time consuming. We may not be successful in the defense or prosecution of our current or future legal proceedings, which could result in settlements or damages that could significantly impact our business, financial condition and results of operations.

Table of Contents

Our insurance coverage may not be adequate to cover all possible losses that our properties could suffer. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.

We may suffer damage to our property caused by a casualty loss (such as fire, natural disasters, acts of war or terrorism), that could severely disrupt our business or subject us to claims by third parties who are injured or harmed. Although we maintain insurance customary in our industry, (including property, casualty, terrorism and business interruption insurance) that insurance may not be adequate or available to cover all the risks to which our business and assets may be subject. The lack of sufficient insurance for these types of acts could expose us to heavy losses if any damages occur, directly or indirectly, that could have a significant adverse impact on our operations.

We renew our insurance policies on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or agree to certain exclusions from our coverage. Among other factors, it is possible that regional political tensions, homeland security concerns, other catastrophic events or any change in government legislation governing insurance coverage for acts of terrorism could materially adversely affect available insurance coverage and result in increased premiums on available coverage (which may cause us to elect to reduce our policy limits), additional exclusions from coverage or higher deductibles. Among other potential future adverse changes, in the future we may elect to not, or may not be able to, obtain any coverage for losses due to acts of terrorism.

The concentration and evolution of the slot machine manufacturing industry could impose additional costs on us.

A large majority of our revenues are attributable to slot machines at our casinos. It is important, for competitive reasons, we offer the most popular and up-to-date slot machine games, with the latest technology to our customers.

In recent years, slot machine manufacturers have frequently refused to sell slot machines featuring the most popular games, instead requiring participating lease arrangements. Generally, a participating lease is substantially more expensive over the long-term than the cost to purchase a new slot machine.

For competitive reasons, we may be forced to purchase new slot machines, slot machine systems, or enter into participating lease arrangements that are more expensive than our current costs associated with the continued operation of our existing slot machines. If the newer slot machines do not result in sufficient incremental revenues to offset the increased investment and participating lease costs, it could adversely affect our profitability.

* * * * *

In addition to the foregoing, you should consider each of the factors set forth in this Annual Report in evaluating our business and our prospects. The factors described in our Part 1, Item 1A are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. This Annual Report is qualified in its entirety by these risk factors. If any of the foregoing risks actually occur, our business, financial condition and results of operation could be materially harmed. In that case, the trading price of our securities, including our common stock, could decline significantly.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Table of Contents

ITEM 2. PROPERTIES

Lake Charles

We own approximately 2.7 acres and lease approximately 16.2 acres of land in Calcasieu Parish, Louisiana for use in connection with our Lake Charles operations. This lease automatically renewed in March 2010 for five years and we have the option to renew it for 14 additional terms of five years each, subject to increases based on the Consumer Price Index ("CPI") with a minimum of 10% and construction of hotel facilities on the property. We own two hotels in Lake Charles with a total of 493 rooms. Annual rent payments under the Lake Charles lease are approximately \$2.1 million.

Lula

We lease approximately 1,000 acres of land in Coahoma County, Mississippi and utilize approximately 50 acres in connection with the operations in Lula, Mississippi. Unless terminated by us at an earlier date, the lease expires in 2033. Rent under the lease is currently 5.5% of gross gaming revenue as reported to the Mississippi Gaming Commission, plus \$100,000 annually. We also own approximately 100 acres in Coahoma County, which may be utilized for future development.

Biloxi

We lease the real estate upon which some of our land-based facilities, including the casino, are located from the City of Biloxi and the Mississippi Secretary of State at current annual rent of \$595,508 per year, plus 3% of our Biloxi property's gross gaming revenues, net of state and local gaming taxes and fees, in excess of \$25.0 million. The lease terminates on July 1, 2014, but it is renewable at our option for four additional terms of five years each and one more option renewal term, concluding on January 31, 2034, subject to rent increases based on the CPI, limited to 6% for each renewal period.

In April 1994, in connection with the construction of a hotel, we entered into a lease for additional land adjoining our Biloxi property. This lease with the City of Biloxi and the Mississippi Secretary of State is for an initial term of 25 years, with options to renew for six additional terms of ten years each and a final option period concluding December 31, 2085. Current annual rent is \$665,500 plus 4% of gross non-gaming revenues, as defined in the lease, and renewals are subject to rent increases based on the CPI. The annual rent is adjusted after each five-year period based on increases in the CPI, limited to a 10% increase in any five-year period.

In August 2002, we entered into a lease for two additional parcels of land adjoining our property and the hotel. On the parcel adjoining the Biloxi property, we constructed a multi-level parking garage that has approximately 1,000 parking spaces. There is additional ground level parking on a parcel of land in front of the garage, also subject to this lease, with approximately 600 parking spaces. We have constructed a 400-room addition to the existing hotel on the parcel leased next to the existing hotel. In addition, we may construct a hotel above the parking garage. This lease with the City of Biloxi and the Mississippi Secretary of State is for an initial term of forty years, with one option to renew for an additional twenty-five years and additional options thereafter, with the consent of the Mississippi Secretary of State, consistent with the term of the lease described in the preceding paragraph. When combined with the base and percentage rents described for the leases in the preceding two paragraphs, annual rent under those two leases and this lease was \$3.8 million for lease year ending July 31, 2010, and estimated to be \$3.8 million for the lease year ending July 31, 2011. Such amounts are subject to decreases due to market adjustments and increases based on the CPI. Also, we are responsible for annual rent equal to 4% of gross retail revenue and gross cash revenue (as defined in the lease), but without double counting. If the rent minimum described in the preceding sentences is not otherwise satisfied from other rents, then this percentage rent is not in addition to the minimum rent, but rather is to be applied to that minimum.

Table of Contents

We also lease our Biloxi berth from the Biloxi Port Commission at an annual rent of the greater of \$510,000 or 1% of the gross gaming revenue net of state and local gaming taxes. The lease terminates on July 1, 2014 and we have the option to renew it for six additional terms of five years each subject to increases based on the CPI, limited to 6% for each renewal period.

In connection with and pursuant to a settlement between the City of Biloxi and the State of Mississippi concerning the control and management of the area where we are located, we also have agreed to pay the City of Biloxi's lease obligations to the State of Mississippi for an agreed upon period of time. This amount is \$580,000 per year, payable on June 30, subject to increases based on the CPI and decreases if there are other tenants of the subject property. This obligation ends after June 2018 but may be renewed for thirty years.

Natchez

Through numerous lease agreements, we lease approximately 24 acres of land in Natchez, Mississippi that are used in connection with the operations of our Natchez property. Unless terminated by us at an earlier date, the leases have varying expiration dates through 2017. Annual rent under the leases total approximately \$1.2 million. We also lease approximately 7.5 acres of land that is utilized for parking at the facility. We own approximately 6 additional acres of property in Natchez, Mississippi, as well as the property upon which our hotel is located.

Vicksburg

We own approximately 60 acres in Vicksburg, Mississippi which are used in connection with the operations of our Vicksburg property.

Kansas City

We lease approximately 28 acres of land from the Kansas City Port Authority in connection with the operation of our Kansas City property. The term of the original lease was ten years and was renewed in October 2006 for an additional five years. The lease includes seven additional five-year renewal options. The minimum lease payments correspond to any rise or fall in the CPI, initially after the ten-year term of the lease or October 18, 2006 and thereafter, at each five year renewal date. Rent under the lease currently is the greater of \$2.6 million (minimum rent) per year, or 3.25% of gross revenues, less complimentary.

Boonville

We lease our 27 acre casino site in Boonville pursuant to a lease agreement with the City of Boonville. Under the terms of agreement, we lease the site for a period of ninety-nine years. In lieu of rent, we are assessed additional amounts by the City of Boonville based on a 3.5% tax on gaming revenue, up to \$1.0 million, which we recognize as additional gaming taxes.

Caruthersville

We own approximately 37 acres, including our riverboat casino and 1,000 parking spaces in Caruthersville, Missouri.

Bettendorf

We own approximately 24.6 acres of land in Bettendorf, Iowa used in connection with the operations of our Bettendorf property. We also operate under a long-term lease with the City of Bettendorf, the QC Waterfront Convention Center that is adjacent to our new hotel tower. Future minimum payments associated with the convention center are approximately \$1.1 million per year. We

Table of Contents

also lease approximately eight acres of land on a month-to-month basis from an entity owned by members of the Goldstein family, including Robert S. Goldstein, our Vice Chairman of the Board and Jeffrey D. Goldstein and Richard A. Goldstein, directors of our company, which we utilize for parking. The initial term of the lease expires 60 days after written notice is given to either party and rent under the lease is currently \$60,000 annually. We terminated a lease for warehouse space in January 2010 with the same entity.

Davenport

Pursuant to various lease agreements with the City of Davenport, we lease approximately 12 acres of land in Davenport, Iowa used in connection with the operations of our Davenport property. The aggregate annual rent on these leases is approximately \$0.2 million and they have varying expiration dates through 2022.

Marquette

We lease the dock site in Marquette, Iowa that is used in connection with our Marquette operations. The lease expires in 2019, and annual rent under the lease is approximately \$180,000, plus \$1.00 per passenger, plus 2.5% of gaming revenues (less state wagering taxes) in excess of \$20.0 million but less than \$40.0 million; 5% of gaming revenues (less state wagering taxes) in excess of \$40.0 million but less than \$60.0 million; and 7.5% of gaming revenues (less state wagering taxes) in excess of \$60.0 million. We have an easement related to an overhead pedestrian bridge and driveway that is an annual payment of approximately \$6,300. We also own approximately 25 acres of land for the pavilion, satellite offices, warehouse, lots by the marina and other property.

Waterloo

We own approximately 54 acres of land in Waterloo, Iowa used in connection with the operation of our Waterloo property. We also entered into a three-year lease agreement for 17,517 square feet of warehouse space. Rent under this lease is currently \$5,021 per month.

Isle-Black Hawk

We own approximately 10 acres of land in Black Hawk, Colorado for use in connection with our Black Hawk operations. The property leases an additional parcel of land adjoining the Isle-Black Hawk where the Lady Luck Hotel and parking are located. This lease is for an initial term of nine years with options to renew for 18 additional terms of five years each with the final option period concluding June 1, 2094. Annual rent is currently \$1.85 million indexed to correspond to any rise or fall in the CPI at one-year intervals, not to exceed a 3% increase or decrease from the previous year's rate.

Lady Luck-Black Hawk

We own or lease approximately seven acres of land in Black Hawk, Colorado for use in connection with the Lady Luck-Black Hawk. The property leases an additional parcel of land near the Lady Luck-Black Hawk for parking as described above. This lease is for an initial term of 10 years with options to renew for nine additional terms of 10 years each with the final option period concluding August 2094. Currently the annual rent is \$576,000 and renewals are subject to 20% rent increases over the rate of the previous term.

Pompano

We own approximately 223 acres at Pompano.

Table of Contents

Other

We own all of the riverboats and barges utilized at our facilities. We also own or lease all of our gaming and non-gaming equipment.

We lease our principal corporate office in Creve Coeur, Missouri, and office space in Biloxi, Mississippi.

We own additional property and have various property leases and options to either lease or purchase property that are not directly related to our existing operations and that may be utilized in the future in connection with expansion projects at our existing facilities or development of new projects.

ITEM 3. LEGAL PROCEEDINGS

Our wholly owned subsidiary, Lady Luck Gaming Corporation, and several joint venture partners have been defendants in the Greek Civil Courts and the Greek Administrative Courts in similar lawsuits brought by the country of Greece. The actions allege that the defendants failed to make specified payments in connection with the gaming license bid process for Patras, Greece. Although it is difficult to determine the damages being sought from the lawsuits, the action may seek damages up to that aggregate amount plus interest from the date of the action.

In the Civil Court lawsuit, the Civil Court of First Instance ruled in our favor and dismissed the lawsuit in 2001. Greece appealed to the Civil Appeal Court and, in 2003, the Court rejected the appeal. Greece then appealed to the Civil Supreme Court and, in 2007, the Supreme Court ruled that the matter was not properly before the Civil Courts and should be before the Administrative Court.

In the Administrative Court lawsuit, the Administrative Court of First Instance rejected the lawsuit stating that it was not competent to hear the matter. Greece then appealed to the Administrative Appeal Court, which court rejected the appeal in 2003. Greece then appealed to the Supreme Administrative Court, which remanded the matter back to the Administrative Appeal Court for a hearing on the merits. The re-hearing took place in 2006, and in 2008 the Administrative Appeal Court rejected Greece's appeal on procedural grounds. On December 22, 2008 and January 23, 2009, Greece appealed the ruling to the Supreme Administrative Court. A hearing has tentatively been scheduled for October 2011.

The outcome of this matter is still in doubt and cannot be predicted with any degree of certainty. We intend to continue a vigorous and appropriate defense to the claims asserted in this matter. Through April 24, 2011, we have accrued an estimated liability including interest of \$11.7 million. Our accrual is based upon management's estimate of the original claim by the plaintiffs for lost payments. We continue to accrue interest on the asserted claim. We are unable to estimate a total possible loss as information as to possible additional claims, if any, have not been asserted or quantified by the plaintiffs at this time.

We and our wholly-owned subsidiary, Riverboat Corporation of Mississippi ("RCM"), are defendants in a lawsuit filed in the Circuit Court of Adams County, Mississippi by Silver Land, Inc., alleging breach of contract in connection with our 2006 sale of casino operations in Vicksburg, Mississippi, to a third party. In January 2011, the court ruled in favor of Silver Land and scheduled a hearing for damages. The hearing is currently scheduled for September 2011 and Silver Land has asserted damages of approximately \$2.4 million plus interest from the original judgment date in January 2011. The outcome of this matter is still in doubt and cannot be predicated with any degree of certainty. We intend to continue a vigorous and appropriate defense to the claims asserted by Silver Land in this matter. After damages are assessed, we plan to appeal the judgment of the circuit court and we believe it is more likely than not we will obtain a favorable ruling on appeal.

Table of Contents

We are subject to certain federal, state and local environmental protection, health and safety laws, regulations and ordinances that apply to businesses generally, and are subject to cleanup requirements at certain of our facilities as a result thereof. We have not made, and do not anticipate making material expenditures, nor do we anticipate incurring delays with respect to environmental remediation or protection. However, in part because our present and future development sites have, in some cases, been used as manufacturing facilities or other facilities that generate materials that are required to be remediated under environmental laws and regulations, there can be no guarantee that additional pre-existing conditions will not be discovered and we will not experience material liabilities or delays.

We are subject to various contingencies and litigation matters and have a number of unresolved claims. Although the ultimate liability of these contingencies, this litigation and these claims cannot be determined at this time, we believe they will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 4. [REMOVED AND RESERVED]

Table of Contents

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

(a)

- i. *Market Information.* Our common stock is traded on the NASDAQ Global Select Market under the symbol "ISLE". The following table presents the high and low closing sales prices for our common stock as reported by the NASDAQ Global Select Market for the fiscal periods indicated.

	High	Low
First Quarter, (through June 13, 2011)	\$ 9.73	\$ 7.89
Fiscal Year Ending April 24, 2011		
Fourth Quarter	\$ 9.89	\$ 7.85
Third Quarter	11.16	7.80
Second Quarter	8.95	6.66
First Quarter	12.41	8.37
Fiscal Year Ending April 25, 2010		
Fourth Quarter	\$ 11.81	\$ 7.28
Third Quarter	9.41	7.21
Second Quarter	12.25	9.75
First Quarter	13.78	8.65

- ii. *Holders of Common Stock.* As of June 13, 2011, there were approximately 1,344 holders of record of our common stock.
- iii. *Dividends.* We have never declared or paid any dividends with respect to our common stock and the current policy of our board of directors is to retain earnings to provide for the growth of our company. In addition, our senior secured credit facility and the indentures governing our 7% senior subordinated notes and our 7.75% senior notes limit our ability to pay dividends. See "Item 8—Financial Statements and Supplementary Data—Isle of Capri Casinos, Inc.—Notes to Consolidated Financial Statements—Note 8." Consequently, no cash dividends are expected to be paid on our common stock in the foreseeable future. Further, there can be no assurance that our current and proposed operations would generate the funds needed to declare a cash dividend or that we would have legally available funds to pay dividends. In addition, we may fund part of our operations in the future from indebtedness, the terms of which may further prohibit or restrict the payment of cash dividends. If a holder of common stock is disqualified by the regulatory authorities from owning such shares, such holder will not be permitted to receive any dividends with respect to such stock. See "Item 1—Business—Governmental Regulations."

(b) *Issuance of Unregistered Securities*

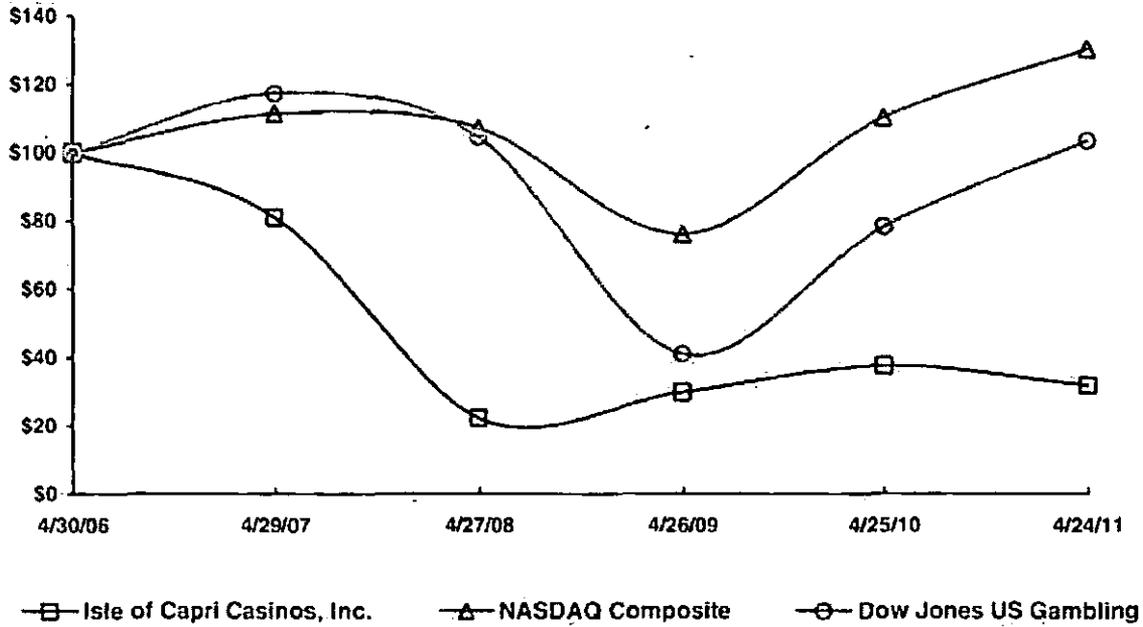
None.

(c) *Purchases of our Common Stock*

We have purchased our common stock under stock repurchase programs. These programs allow for the repurchase of up to 6,000,000 shares. To date we have purchased 4,895,792 shares of common stock under these programs. These programs have no approved dollar amount, nor expiration dates. No purchases were made during the fiscal year ended April 24, 2011.

Table of Contents

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Isle of Capri Casinos, Inc., the NASDAQ Composite Index
and the Dow Jones US Gambling Index



* \$100 invested on 4/30/06 in stock or index, including reinvestment of dividends. Indexes calculated on month-end basis.

Copyright © 2011 Dow Jones & Co. All rights reserved.

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA.

The following table presents our selected consolidated financial data for the five most recent fiscal years, which is derived from our audited consolidated financial statements and the notes to those statements. Because the data in this table does not provide all of the data contained in our consolidated financial statements, including the related notes, you should read "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements, including the related notes contained elsewhere in this document and other data we have filed with the U.S. Securities and Exchange Commission.

	Fiscal Year Ended(1)				
	April 24, 2011	April 25, 2010	April 26, 2009	April 27, 2008	April 29, 2007
(dollars in millions, except per share data)					
Statement of Operations					
Revenues:					
Casino	\$1,036.5	\$1,013.4	\$1,055.7	\$1,092.3	\$991.4
Rooms	40.3	43.0	46.4	49.5	49.6
Food, beverage, pari-mutuel and other	134.7	135.0	138.6	150.1	145.6
Hurricane and other insurance recoveries	—	—	62.9	0.4	2.8
Gross revenues	\$1,211.5	\$1,191.4	\$1,303.6	\$1,292.3	\$1,189.4
Less promotional allowances	(206.5)	(191.6)	(195.6)	(200.9)	(214.1)
Net revenues	\$1,005.0	\$999.8	\$1,108.0	\$1,091.4	\$975.3
Operating expenses:					
Casino	158.6	153.8	151.6	151.1	154.2
Gaming taxes	250.1	262.2	269.9	285.4	213.7
Rooms	9.8	10.9	12.3	12.5	10.6
Food, beverage, pari-mutuel and other	45.0	44.8	51.5	57.0	44.6
Marine and facilities	60.5	61.5	64.4	65.5	58.5
Marketing and administrative	253.4	253.1	256.2	270.1	256.4
Corporate and development	42.7	46.8	41.3	47.3	56.1
Expense recoveries and other charges, net	—	(6.8)	36.1	6.5	7.8
Hurricane and other insurance recoveries	—	—	(32.3)	(1.8)	—
Preopening	—	—	—	3.7	11.4
Depreciation and amortization	89.0	109.5	122.5	128.9	96.7
Total operating expenses	909.1	935.8	973.5	1,026.2	910.0
Operating income	95.9	64.0	134.5	65.2	65.3
Interest expense	(91.9)	(75.4)	(92.0)	(106.8)	(88.1)
Interest income	1.9	21.8	21.1	33.2	7.0
Other	(1.2)	(0.3)	—	—	—
Gain (loss) on early extinguishment of debt	—	—	57.7	(15.3)	—
Income (loss) from continuing operations before income taxes and including noncontrolling interest	4.7	(9.9)	102.3	(53.7)	(15.8)
Income tax benefit (provision)	(3.6)	8.4	(41.1)	20.9	0.8
Income (loss) from continuing operations including noncontrolling interest	1.1	(1.5)	61.2	(32.8)	(15.0)
Income (loss) from discontinued operations, net of income taxes	3.4	(1.8)	(17.6)	(59.2)	13.9
Net income (loss) including noncontrolling interest	4.5	(3.3)	43.6	(92.0)	(1.1)
Less net income (loss) attributable to the noncontrolling interest	—	—	—	(4.9)	(3.5)
Net income (loss) attributable to common stockholders	\$ 4.5	\$ (3.3)	\$ 43.6	\$ (96.9)	\$ (4.6)
Income (loss) per common share attributable to common stockholders					
Basic					
Income (loss) from continuing operations	\$ 0.03	\$ (0.05)	\$ 1.95	\$ (1.24)	\$ (0.61)
Income (loss) from discontinued operations	0.10	(0.05)	(0.56)	(1.92)	0.46
Net Income (loss)	\$ 0.13	\$ (0.10)	\$ 1.39	\$ (3.16)	\$ (0.15)
Diluted					
Income (loss) from continuing operations	\$ 0.03	\$ (0.05)	\$ 1.95	\$ (1.24)	\$ (0.61)
Income (loss) from discontinued operations	0.10	(0.05)	(0.56)	(1.92)	0.46
Net Income (loss)	\$ 0.13	\$ (0.10)	\$ 1.39	\$ (3.16)	\$ (0.15)

Table of Contents

	Fiscal Year Ended(1)				
	April 24, 2011	April 25, 2010	April 26, 2009	April 27, 2008	April 29, 2007
(dollars in millions, except per share data)					
Other Data:					
Net cash provided by (used in):					
Operating activities	\$ 123.7	\$ 106.4	\$ 190.6	\$ 133.4	\$ 70.9
Investing activities	(144.6)	(31.0)	(27.9)	(302.4)	(197.3)
Financing activities	28.1	(104.0)	(157.2)	372.5	193.5
Capital expenditures	(58.6)	(27.7)	(58.6)	(190.5)	(451.4)
Balance Sheet Data:					
Cash and cash equivalents	\$ 75.2	\$ 68.1	\$ 96.7	\$ 91.8	\$ 188.1
Total assets	1,733.9	1,674.8	1,782.7	1,974.2	2,075.7
Long-term debt, including current portion	1,192.6	1,200.9	1,301.1	1,507.3	1,418.0
Stockholders' equity	309.0	240.2	278.4	218.0	281.8
Operating Data:					
Number of slot machines	14,947	14,579	15,373	15,393	14,121
Number of table games	375	368	369	387	324
Number of hotel rooms	3,078	3,079	3,104	3,107	2,674
Number of parking spaces	21,782	20,696	22,290	21,229	19,484

(1) Our fiscal year ended April 30, 2006 includes 53 weeks while all other fiscal years include 52 weeks. The results reflect Lucaya, Blue Chip, Coventry, Bossier City and our previous Vicksburg properties as discontinued operations. We opened new casino operations in Pompano, Florida and Waterloo, Iowa in April 2007 and June 2007, respectively. We acquired our casino operations in Caruthersville, Missouri in June 2007. We acquired our current casino operations in Vicksburg, Mississippi in June 2010.

Table of Contents

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion together with the financial statements, including the related notes and the other financial information, contained in this Annual Report on Form 10-K.

Executive Overview

We are a leading developer, owner and operator of branded gaming facilities and related lodging and entertainment facilities in regional markets in the United States. We have sought and established geographic diversity to limit the risks caused by weather, regional economic difficulties, gaming tax rates and regulations of local gaming authorities. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. We also operate a harness racing track at our casino in Florida.

Significant Accomplishments Impacting Current and Future Operations—During the fiscal year ended April 24, 2011, we completed several significant accomplishments as follows:

Acquisition

Acquisition of Rainbow Casino—We acquired Rainbow Casino—Vicksburg Partnership, L.P. ("Rainbow") located in Vicksburg, Mississippi on June 8, 2010 acquiring 100% of the partnership interests for \$76.2 million and have included the results of Rainbow in our consolidated financial statements subsequent to June 8, 2010. The acquisition was funded by borrowings from our senior secured credit facility.

Capital Transactions

Equity Offering—During January 2011, we completed the sale of 5.3 million shares of common stock generating net proceeds of \$51.2 million. Proceeds from our equity offering have been used to repay long-term debt.

Senior Notes—On March 7, 2011, we issued \$300 million of 7.75% senior notes due 2019. Proceeds from this debt issuance were used to repay borrowings under our senior secured credit facility.

Senior Secured Credit Facility—On March 25, 2011, we amended our senior secured credit facility. Following this amendment, our credit facility totals \$800 million, consisting of a \$300 million revolving line of credit and a \$500 million term loan. The credit facility matures on November 1, 2013, or if the 7% senior subordinated notes are refinanced on or prior to that date, the revolving line of credit matures on March 25, 2016 and the term loan matures on March 25, 2017.

These equity and debt transactions have resulted in a reduction in our total debt, extension of our maturities and provide borrowing capacity to fund current and future capital expenditures for both our existing properties and for our development projects.

Development Activities

Cape Girardeau—On December 1, 2010, our proposed casino in Cape Girardeau, Missouri was selected by the Missouri Gaming Commission for prioritization for the 13th and final gaming license in the State of Missouri. We had previously entered into a development agreement with the City of Cape Girardeau. The project is expected to include 1,000 slot machines, 28 table games, three restaurants, a lounge and terrace overlooking the Mississippi River and a 750-seat event

Table of Contents

center. We currently estimate the cost of the project at approximately \$125 million with \$13.0 million spent through April 24, 2011. We anticipate opening by the end of calendar 2012.

Nemacolin—On April 14, 2011, our proposed project at the Nemacolin Woodlands Resort was selected by the Pennsylvania Gaming Control Board for the final category 3 gaming license in Pennsylvania. We had previously entered into an agreement with Nemacolin to complete the build-out of the casino space and provide management services of the casino. The casino is expected to include 600 slot machines, 28 table games, a casual dining restaurant and lounge. We will pay an annual fee to the resort owner and in return will receive a management fee equal to the EBITDA of the casino after payment of the fee to Nemacolin. We currently estimate the cost of the project at approximately \$50 million and expect to be complete within nine months of the commencement of construction. The award of the license to Nemacolin is subject to a 30-day appeal period, which ends on June 20, 2011, and the obtainment of a management license.

Operating Results—Our operating results for the periods presented have been affected, both positively and negatively, by current economic conditions and several other factors discussed in detail below. Our historical operating results may not be indicative of our future results of operations because of these factors and the changing competitive landscape in each of our markets, as well as by factors discussed elsewhere herein. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with and giving consideration to the following:

Items Impacting Income (Loss) from Continuing Operations—Significant items impacting our income (loss) from continuing operations during the fiscal years ended April 24, 2011, April 25, 2010 and April 26, 2009 are as follows:

Florida Gaming Law Changes—Effective July 1, 2010, the state portion of gaming taxes applicable to our Pompano property was reduced from 50% to 35% of gaming revenues. Additionally, this legislation removed poker betting limits and allowed us to expand our poker hours from 12 hours per day to 18 hours per day Monday through Thursday and 24 hours per day on Friday through Sunday. Our casino revenues and gaming taxes reflect the favorable impact of these changes in state gaming laws.

Increased Competition—The opening of a new hotel in October 2009 by a competitor in Black Hawk, Colorado has had a negative impact on our Black Hawk, Colorado property.

Expense Recoveries and Other Charges, net—During fiscal 2010, we recorded an other expense reduction of \$6.8 million representing the discounted value of a receivable for reimbursement of development costs expensed in prior periods relating to a terminated plan to develop a casino in Pittsburgh, Pennsylvania. This receivable was recorded following our assessment of collectability.

As a result of our annual impairment tests of goodwill and long-lived intangible assets under ASC 350, we recorded impairment charges of \$18.3 million at our Black Hawk property in fiscal 2009. The results from operations for fiscal 2009 also include a \$11.9 million write-off of construction in progress at our Biloxi property following our decision not to continue a previously anticipated construction project, and a \$6.0 million charge following our termination of an agreement for a potential development of a casino in Portland, Oregon.

Hurricane and Other Insurance Recoveries, net—Our insurance recoveries for fiscal 2009 include \$92.2 million relating to the final settlement of our Hurricane Katrina claim at our Biloxi property and other insurance recoveries.

Gain (Loss) on Early Extinguishment of Debt—During fiscal 2009, we retired \$142.7 million of our senior subordinated notes, through a tender offer, for a cash payment of \$82.8 million utilizing the proceeds from our Hurricane Katrina settlement and repaid