FORM 10-Q

ISLE OF CAPRI CASINOS INC - isle

Filed: September 05, 2008 (period: July 27, 2008)

Quarterly report which provides a continuing view of a company's financial position

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 27, 2008

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.

Delaware (State or other jurisdiction of incorporation or organization)	**41-1659606** (I.R.S. Employer Identification Number)
600 Emerson Road, Suite 300, Saint Louis, Missouri (Address of principal executive offices)	**63141** (Zip Code)

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

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ (Do not check if a smaller reporting company) 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 ☒

As of September 4, 2008, the Company had a total of 30,883,641 shares of Common Stock outstanding (which excludes 4,342,443 shares held by us in treasury).

PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	July 27, 2008 (Unaudited)	April 27, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 110,462	$ 91,790
Marketable securities	19,857	18,533
Accounts receivable, net	10,762	12,195
Insurance receivable, net	3,791	7,689
Income tax receivable	28,952	28,663
Deferred income taxes	12,606	12,606
Prepaid expenses and other assets	39,868	27,905
Total current assets	226,298	199,381
Property and equipment, net	1,304,028	1,328,986
Other assets:		
Goodwill	307,649	307,649
Other intangible assets, net	88,966	89,252
Deferred financing costs, net	12,738	13,381
Restricted cash	2,774	4,802
Prepaid deposits and other	22,236	22,948
Deferred income taxes	6,040	7,767
Total assets	$ 1,970,729	$ 1,974,166
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 9,706	$ 9,698
Accounts payable	22,451	29,283
Accrued liabilities:		
Interest	17,758	8,580
Payroll and related	44,854	47,618
Property and other taxes	31,044	30,137
Other	63,742	58,121
Total current liabilities	189,555	183,437
Long-term debt, less current maturities	1,490,273	1,497,591
Other accrued liabilities	43,890	52,821
Other long-term liabilities	56,919	52,305
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; none issued	—	—
Common stock, $.01 par value; 45,000,000 shares authorized; shares issued: 35,229,670 at July 27, 2008 and 35,229,006 at April 27, 2008	353	353
Class B common stock, $.01 par value; 3,000,000 shares authorized; none issued	—	—
Additional paid-in capital	190,213	188,036
Retained earnings	54,627	58,253
Accumulated other comprehensive income (loss)	(2,663)	(5,601)
	242,530	241,041
Treasury stock, 4,342,443 shares at July 27, 2008 and 4,372,073 shares at April 27, 2008	(52,438)	(53,029)
Total stockholders' equity	190,092	188,012
Total liabilities and stockholders' equity	$ 1,970,729	$ 1,974,166

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended July 27, 2008	Three Months Ended July 29, 2007
Revenues:		
Casino	$ 281,001	$ 277,234
Rooms	13,706	13,841
Pari-mutuel commissions and fees	4,273	4,576
Food, beverage and other	33,040	34,068
Gross revenues	332,020	329,719
Less promotional allowances	49,715	51,186
Net revenues	282,305	278,533
Operating expenses:		
Casino	40,426	39,363
Gaming taxes	71,145	69,072
Rooms	3,389	3,181
Pari-mutuel	3,186	3,672
Food, beverage and other	11,318	11,629
Marine and facilities	16,905	16,490
Marketing and administrative	68,252	69,316
Corporate and development	10,306	11,074
Write-offs and other charges	6,000	—
Pre-opening		6,133
Depreciation and amortization	32,739	30,557
Total operating expenses	263,666	260,487
Operating income	18,639	18,046
Interest expense	(24,656)	(25,814)
Interest income	557	1,094
Loss on early extinguishment of debt		(2,192)
Loss before income taxes and minority interest	(5,460)	(8,866)
Income tax benefit	1,834	3,678
Minority interest		(1,927)
Net loss	$ (3,626)	$ (7,115)
Loss per common share-basic and diluted:		
Net loss	$ (0.12)	$ (0.23)
Weighted average basic and diluted shares	30,866,687	30,417,036

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data)
(Unaudited)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accum. Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, April 27, 2008	35,229,006	$ 353	$ 188,036	$ 58,253	$ (5,601)	$ (53,029)	$ 188,012
Net loss	—	—	—	(3,626)	—	—	(3,626)
Unrealized gain on interest rate swap contracts net of income tax provision of $1,728	—	—	—	—	2,912	—	2,912
Foreign currency translation adjustments	—	—	—	—	26	—	26
Comprehensive loss	—	—	—	—	—	—	(688)
Issuance of deferred bonus shares from treasury stock	—	—	(591)	—	—	591	—
Deferred bonus expense and other	664	—	48	—	—	—	48
Stock compensation expense	—	—	2,720	—	—	—	2,720
Balance, July 27, 2008	35,229,670	$ 353	$ 190,213	$ 54,627	$ (2,663)	$ (52,438)	$ 190,092

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended	
	July 27, 2008	July 29, 2007
Operating activities:		
Net loss	$ (3,626)	$ (7,115)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	32,739	30,557
Amortization and deferred financing costs	640	655
Loss on derivative instruments	—	226
Write-offs and other charges	5,000	—
Stock compensation expense	2,720	875
Deferred compensation expense	48	66
Loss on extinguishment of debt	—	2,192
(Gain) loss on disposal of assets	(66)	38
Minority interest	—	1,927
Changes in operating assets and liabilities, net of dispositions:		
Marketable securities	(1,324)	(671)
Accounts receivable	1,433	(1,628)
Insurance receivable	3,898	(1,795)
Income tax receivable	(289)	(6,577)
Prepaid expenses and other assets	(10,796)	(15,985)
Accounts payable and accrued liabilities	6,007	16,084
Net cash provided by operating activities	36,384	18,849
Investing activities:		
Purchase of property and equipment	(8,201)	(93,114)
Payments towards gaming license	(4,000)	(4,000)
Net cash paid for acquisitions	—	(43,026)
Decrease in restricted cash	1,704	1,998
Net cash used in investing activities	(10,497)	(138,142)
Financing activities:		
Proceeds from debt issuance	—	500,000
Principal payments on debt	(2,398)	(294,091)
Borrowings on line of credit	(4,917)	(130,165)
Payment of deferred financing costs	—	(8,378)
Proceeds from exercise of stock options including tax benefit	—	645
Net cash provided by (used in) financing activities	(7,315)	68,011
Effect of foreign currency exchange rates on cash	100	24
Net (decrease) increase in cash and cash equivalents	18,672	(51,258)
Cash and cash equivalents, beginning of period	91,790	188,114
Cash and cash equivalents, end of the period	$ 110,462	$ 136,856

See notes to the unaudited consolidated financial statements.

1. Nature of Operations

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 and internationally. Our wholly owned subsidiaries own and operate thirteen casino gaming facilities in the United States located in Black Hawk, Colorado; Lake Charles, Louisiana; Lula, Biloxi and Natchez, Mississippi; Kansas City, Caruthersville and Boonville, Missouri; Bettendorf, Davenport, Waterloo and Marquette, Iowa; and Pompano Beach, Florida. Effective January 27, 2008, we own 100% of our operations in Black Hawk, Colorado following the acquisition of our minority partner's 43% interest in those operations. Our international gaming interests include wholly owned casinos in Freeport, Grand Bahamas and Coventry, England and a two-thirds ownership interest in casinos in Dudley and Wolverhampton, England. We also wholly own and operate a pari-mutuel harness racing facility in Pompano Beach, Florida at the site of our Pompano Park casino facility.

2. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with accounting principles generally accepted in the United States of America for interim financial reporting. Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States have been condensed or omitted. The accompanying interim consolidated financial statements have been prepared without audit. In the opinion of management, all adjustments, including normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended April 27, 2008 as filed with the SEC and all of our other filings, including Current Reports on Form 8-K, filed with the SEC after such date and through the date of this report, which are available on the SEC's website at *www.sec.gov* or our website at *www.islecorp.com*.

Our fiscal year ends on the last Sunday in April. Periodically, this system necessitates a 53-week year. Fiscal 2009 and 2008 are both 52-week years, which commenced on April 28, 2008 and April 30, 2007, respectively.

The condensed consolidated financial statements include our accounts and those of our subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period financial statements to conform to the current period presentation. We view each property as an operating segment and all such operating segments have been aggregated into one reporting segment.

3. Long-Term Debt

Long-term debt consists of the following:

	July 27, 2008	April 27, 2008
Senior Secured Credit Facilities:		
July 2007 Credit Facility:		
Revolving line of credit, expires July 26, 2012, interest payable at least quarterly at either LIBOR and/or prime plus a margin	$ 125,500	$ 130,500
Variable rate term loans, mature November 25, 2013, principal and interest payments due quarterly at either LIBOR and/or prime plus a margin	867,125	869,313
Senior Subordinated Notes:		
7% Senior Subordinated Notes, interest payable semi-annually March 1 and September 1	500,000	500,000
Blue Chip Credit Facility	1,349	1,262
Other	6,005	6,214
	1,499,979	1,507,289
Less current maturities	9,706	9,698
Long-term debt	$ 1,490,273	$ 1,497,591

July 2007 Credit Facility - On July 26, 2007, we entered into a $1,350,000 senior secured credit facility ("July 2007 Credit Facility"), replacing our previous senior credit facility. The July 2007 Credit Facility is secured on a first priority basis by substantially all of our assets and by all of our significant domestic subsidiaries. The July 2007 Credit Facility consists of a $475,000, five-year revolving line of credit and an $875,000 term loan facility.

Our net line of credit availability at July 27, 2008 is approximately $156,000, after consideration of $14,111 in outstanding letters of credit. We have an annual commitment fee related to the unused credit facility of up to 0.5% which is included in interest expense in the accompanying consolidated statements of operations. The weighted average effective interest rate of the July 2007 Credit Facility for the three months ended July 27, 2008 was 5.61%.

The July 2007 Credit Facility includes a number of affirmative and negative covenants. Additionally, we must comply with certain financial covenants including maintenance of a leverage ratio and minimum interest coverage ratio. The July 2007 Credit Facility also restricts our ability to make certain investments or distributions. We are in compliance with the covenants as of July 27, 2008.

7% Senior Subordinated Notes - During 2004, we issued $500,000 of 7% Senior Subordinated Notes due 2014 ("7% Senior Subordinated Notes"). The 7% Senior Subordinated Notes are guaranteed, on a joint and several basis, by all of our significant domestic subsidiaries and certain other subsidiaries as described in Footnote 13. All of the guarantor subsidiaries are wholly owned by us. The 7% Senior Subordinated Notes are general unsecured obligations and rank junior to all 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 or pay dividends on 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.

Blue Chip Credit Facility - Blue Chip Casinos Ltd. ("Blue Chip") entered into an agreement effective November 28, 2003, as amended on May 24, 2004, with the Bank of Scotland to borrow up to £3,500 (the "Blue Chip Credit Facility") to fund its casino development program. The Blue Chip Credit Facility is secured on a first priority basis by substantially all of Blue Chip's assets. As of July 27, 2008, we had repaid all outstanding balances under the term loan facility and had £678 ($1,349) outstanding balance under the £800 revolving loan facility. The interest rate at Blue Chip's option is (1) the Bank of Scotland's base rate plus a current margin of 2.0% or

(2) LIBOR plus a margin of 1.75%. As of July 27, 2008, the effective interest rate was 8.00%. The Blue Chip Credit Facility is non-recourse to the Company.

Blue Chip was in default of certain debt covenants during the three months ended July 27, 2008, which have been cured by Blue Chip or compliance waived by the bank. As of July 27, 2008, Blue Chip had no letters of credit outstanding under the Blue Chip Credit Facility, and net availability under the Blue Chip Credit Facility was £122 ($242).

Losses on Early Extinguishment of Debt - In conjunction with the replacement of our previous credit facility with the July 2007 Credit Facility, $2,192 of unamortized debt issuance costs were recorded as a loss on early extinguishment of debt for period ended July 29, 2007.

Interest Rate Swap Agreements - We have entered into various interest rate swap agreements pertaining to the July 2007 Credit Facility for an aggregate notional value of $500,000 with maturity dates ranging from fiscal year 2010 to 2014 in order to manage market risk on variable rate term loans outstanding, as well as comply with, in part, requirements under the July 2007 Credit Facility.

These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of July 27, 2008, as being fully effective. As a result, there is no impact on our consolidated statement of operations from changes in fair value. As of July 27, 2008, we recorded a liability of $9,098 in Other long-term liabilities representing the fair market value of the swap agreements and an accumulated unrealized loss of $5,666 net of a $3,432 deferred income tax benefit, in Accumulated other comprehensive loss on the consolidated balance sheet. As of July 27, 2008, the weighted average fixed LIBOR interest rate of our interest rate swap agreements was 4.58%.

4. Other Long-Term Obligations

Coventry Convention Center - We entered into an agreement during fiscal year 2004 to lease space for a new casino, which opened in July 2007, in Coventry, England in the sub-level of the Arena Coventry Convention Center. The convention center was developed, and is owned and operated by a non-affiliated entity and began operations in August 2005. Because certain structural elements were installed by us during the construction of the space being leased and certain prepaid lease payments were made, we are required to be treated, for accounting purposes only, as the "owner" of the Arena Coventry Convention Center, in accordance with Emerging Issues Task Force Issue No. 97-10 ("EITF 97-10"), "The Effect of Lessee Involvement in Asset Construction". Accordingly, we have recorded a long-term obligation for £24,301 ($48,310) and £24,231 ($48,057) as of July 27, 2008 and April 27, 2008, respectively, even though we; (1) do not own this asset, (2) we are not the obligor on the corresponding long-term obligation and (3) do not participate in or control the operations of the convention center. Upon completion of the convention center we were precluded from accounting for the transaction as a sale and leaseback under SFAS No. 98 "Accounting for Leases" due to our continuing involvement as a tenant, as a result of our lease prepayments during the construction period of the convention center. Therefore, we are accounting for the transaction using the direct financing method in accordance with SFAS No. 66 "Accounting for the Sales of Real Estate".

The other long-term obligation will be reflected in our consolidated balance sheets until completion of the lease term, when the related fixed assets will be removed from our financial statements. At such time, the net of the remaining obligation over the carrying value of the fixed asset will be recognized as a gain on sale of the facility.

Bettendorf Events Center - We have entered into agreements with the City of Bettendorf, Iowa under which the City has agreed to construct an events center adjacent to our new hotel. We will lease, manage, and provide financial and operating support for the events center. The Company has determined the events center is a transaction under (EITF 97-10). As such, the Company is deemed, for accounting purposes only, to be the owner of the events center during the construction period and at July 27, 2008, has recorded construction in process of $10,166 and an other long-term obligation of $8,609. Total construction costs of the event center, when completed, are estimated to be approximately $20,000.

5. Write –Offs and Other Charges

During the three months ended July 27, 2008, we reached an agreement terminating our agreement for the potential development of a casino project in Portland, Oregon. As a part of this agreement, we agreed to terminate our rights under a land option and to pay a termination fee. As a result of this termination, we recorded a $6,000 charge consisting of a non-cash write-off of $5,000 representing our rights under the land option and $1,000 termination fee. Under the terms of the agreement, we retain certain rights but no continuing obligations with regard to this development project.

6. Earnings per Share of Common Stock

The following table sets forth the computation of basic and diluted loss per share:

	July 27, 2008	July 29, 2007
Numerator:		
Net loss	$ (3,626)	$ (7,115)
Denominator:		
Denominator for basic loss per share - weighted - average shares	30,866,687	30,417,036
Effect of dilutive securities Employee stock options and nonvested restricted stock	—	—
Denominator for diluted loss per share - adjusted weighted - average shares and assumed conversions	30,866,687	30,417,036
Basic and diluted loss per share	$ (0.12)	$ (0.23)

Our basic loss per share is computed by dividing net loss by the weighted average number of shares outstanding for the period. As we reported a loss for the three months ended July 27, 2008 and July 29, 2007, we reported no dilutive effect upon the number of shares outstanding for the calculation of diluted earnings per share for these time periods. Due to the net loss, stock options representing 4,008,386 and 2,817,385 shares which are potentially anti-dilutive were excluded from the calculation of common shares for diluted loss per share for the three month periods ended July 27, 2008 and July 29, 2007, respectively.

7. Fair Value Measurements

We adopted the required provisions of SFAS No. 157, "Fair Value Measurements," on April 28, 2008. SFAS No. 157 outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and related disclosures.

FASB Staff Position 157-2, "Effective Date of FASB Statement No. 157," defers the effective date of Statement 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). At this time, we have chosen not to apply Statement 157 for nonrecurring measurements made for nonfinancial assets and nonfinancial liabilities. There were no nonfinancial assets or nonfinancial liabilities recognized or disclosed at fair value during fiscal year 2009.

Under SFAS 159, "The Fair Value Option of Financial Assets and Financial Liabilities," entities are permitted to choose to measure many financial instruments and certain other items at fair value. We did not elect the fair value measurement option under SFAS No. 159 for any of our financial assets or financial liabilities.

In accordance with the fair value hierarchy described in SFAS No. 157, the following table shows the fair value of our financial assets and financial liabilities that are required to be measured at fair value as of July 27, 2008:

	July 27, 2008	Level 1	Level 2	Level 3
Assets:				
Marketable securities	19,857	19,857	—	—
Liabilities:				
Derivative instruments – interest rate swaps	9,098	—	—	9,098

The following section describes the valuation methodologies used to measure fair value, key inputs, and significant assumptions:

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

Derivative instruments – The estimated fair value of our derivative instruments are 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.

The following table presents the changes in Level 3 (assets) liabilities measured at fair value on a recurring basis for the three months ended July 27, 2008:

	Derivative Instruments
Balance at April 27, 2008	$ 13,738
Unrealized gains	(4,640)
Balance at July 27, 2008	$ 9,098

Unrealized gains associated with derivative instruments represent the change in fair value included in other comprehensive loss for derivative instruments qualifying for hedge accounting.

8. Income Taxes

Our effective income tax rates for the three months ended July 27, 2008 and July 29, 2007 were 33.59% and 41.48%, respectively. Our effective rate is based upon statutory rates applied to our income adjusted for permanent differences. Our actual effective rate will fluctuate based upon the amount of our pretax book income, permanent differences and other items used in the calculation of our income tax benefit.

For the three months ended July 27, 2008, our income tax provision included a $797 benefit recognized from a reduction in our FIN 48 liabilities as a result of the settlement of federal income tax audits through 2004.

9. Supplemental Disclosures

Cash Flow – For the three months ended July 27, 2008 and July 29, 2007, we made net cash payments of interest for $14,834 and $11,827, respectively. Additionally, we received an income tax refund of $388 during the three months ended July 27, 2008 and we paid income taxes, net of refunds, of $2,963 during the three months ended July 29, 2007.

In fiscal year 2006, we obtained a gaming license for our Waterloo, Iowa property and recorded an intangible asset of $18,547. Annual payments for the license are recorded on a yearly basis and for the three months ended July 27, 2008 and July 29, 2007, we made payments of $4,000 towards the gaming license.

For the three months ended July 27, 2008 and July 29, 2007, construction costs funded through/(payments of) accounts payable were $235 and ($7,941), respectively.

Foreign Currency Translation – As of July 27, 2008, the cumulative gain from foreign currency translation included in other comprehensive loss is $3,003. Gains and losses from foreign currency transactions are included in marketing and administrative expense. A gain of $24 and $367 was recorded for the three months ended July 27, 2008 and July 29, 2007, respectively.

10. Stock-Based Compensation

We have a stock based compensation plan as defined in the amended and restated 2000 Long Term Incentive Plan. 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. We have 174,003 shares available for future issuance under our equity compensation plans as of July 27, 2008.

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes-Merton option-pricing model with the range of assumptions disclosed in the following table:

	Three Months Ended	
	July 27, 2008	July 29, 2007
Weighted average expected volatility	42.29%	50.57%
Expected dividend yield	0.00%	0.00%
Weighted average risk-free interest rate	3.50%	5.05%
Weighted average fair value of options granted	$ 2.73	$ 15.38

Weighted average volatility is calculated using the historical volatility of our stock prices 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. During the quarter ended July 27, 2008, our estimate of forfeitures for executives decreased from 27.2% to 20.8% since the prior quarter ended April 27, 2008, and for optionees beneath the executive level, it decreased from 45.7% to 43.8%. The impact of these changes in estimated forfeitures increased expense by $639 and was recorded as a cumulative adjustment in the consolidated statements of operations for the three months ended July 27, 2008.

Total stock option expense in the accompanying consolidated statements of operations was $2,720 and $875 for the three months ended July 27, 2008 and July 29, 2007, respectively. As of July 27, 2008, there was $9,314 in unrecognized stock compensation costs, related to unvested options, which we expect to recognize over the remaining vesting period of 5 years with a weighted average period of 3.8 years. The options granted during the three months ended July 27, 2008, vest 20% per year for 5 years on the anniversary of the grant date. We recognize compensation expense for these grants on a straight-line basis over the requisite service period for each separately vesting portion of the award.

A summary of option activity for the three months ended July 27, 2008 is presented below:

	Options	Weighted Average Exercise Price
Outstanding options at April 28, 2008	3,832,346	$ 18.15
Options granted	210,500	5.60
Options exercised	—	—
Options forfeited and expired	(34,460)	21.95
Outstanding options at July 27, 2008	4,008,386	$ 17.46
Outstanding exercisable options at July 27, 2008	1,451,976	$ 18.06

11. Hurricanes and Related Charges

In the fall of 2005, our properties in Biloxi, Mississippi, Lake Charles, Louisiana and Pompano Beach, Florida were struck by hurricanes Katrina, Rita and Wilma, respectively. We have insurance coverage related to the three hurricanes for property damage and destruction, and business interruption insurance for incremental costs incurred and for lost profits. As of July 27, 2008 we have a hurricane insurance receivable of $2,767. We have received partial proceeds from our insurance carriers related to losses we have sustained. Our belief is we will ultimately collect more than the amounts related to the property impairment as the insurance coverage is for replacement value and the insurance receivable recorded for the property impairment represents the net book value of the assets at the date of loss. In addition, we have not yet received proof of losses on open claims under the business interruption loss of profits coverage related to the claim in Biloxi. We continue to negotiate with our insurers to settle our claims. The timeline for final settlement of the claims is expected to occur within one year.

In connection with flooding in the Midwest during April 2008, our Natchez, Mississippi and Davenport, Iowa, properties closed for a combined total of 34 days during the three months ended July 27, 2008. As a result, the Company has incurred additional expenditures of $1,024 above the insurance deductible which is included in the insurance receivable in the consolidated balance sheet.

12. Contingencies

Legal and Regulatory Proceedings - Lady Luck Gaming Corporation (now our wholly owned subsidiary) and several joint venture partners have been defendants in the Greek Civil Court and the Greek Administrative Court in similar lawsuits brought by the country of Greece through its Minister of Tourism (now Development) and Finance. 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. Through July 27, 2008, we have accrued an estimated liability including interest of $9,115. The Athens Civil Court of First Instance granted judgment in our favor and dismissed the civil lawsuit. Appeals to both the Athens Civil Appeals Court and the Greek Civil Supreme Court have been dismissed. The Greek Civil Supreme Court denied the appeal on the basis that the Administrative Court is the competent court to hear the matter. During October 2005, after the administrative lawsuit had been dismissed by both the Athens Administrative Court of First Instance and the Athens Administrative Court of Appeals on the basis that the Administrative Court did not have a jurisdiction, the Administrative Supreme Court remanded the matter back to the Athens Administrative Appeals Court for a hearing on the merits, which court in May 2008 rendered judgment in our favor on procedural grounds and not on the merits. We expect the Greek government to appeal this decision to the Administrative Supreme Court. Therefore, 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.

We are subject to various contingencies and litigation and other 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.

13. 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% Senior Subordinated Notes.

The following wholly owned subsidiaries of the Company are guarantors, on a joint and several basis, under the 7% Senior Subordinated Notes: Riverboat Corporation of Mississippi; Riverboat Services, Inc.; CSNO, L.L.C.; St. Charles Gaming Company, Inc.; IOC Holdings, L.L.C.; Grand Palais Riverboat, Inc.; LRGP Holdings, L.L.C.; P.P.I, Inc.; Isle of Capri Casino Colorado, Inc.; IOC-Coahoma, Inc.; IOC-Natchez, Inc.; IOC-Lula, Inc.; IOC-Boonville, Inc.; IOC-Kansas City, Inc.; Isle of Capri Bettendorf, L.C.; Isle of Capri Bettendorf Marina Corp.; Isle of Capri Marquette, Inc.; IOC-Davenport, Inc.; IOC-St. Louis County, Inc.; IOC-Black Hawk County, Inc.; IOC-PA, L.L.C.; IOC-City of St. Louis, L.L.C.; IOC-Manufacturing, Inc.; Riverboat Corporation of Mississippi — Vicksburg Isle of Capri Black Hawk, L.L.C.; Isle of Capri Black Hawk Capital Corp.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; and IOC-Black Hawk Distribution Company, L.L.C.; Casino America of Colorado, Inc.; Black Hawk Holdings, L.L.C. and IOC-Caruthersville, L.L.C. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

The following subsidiaries are not guarantors under the 7% Senior Subordinated Notes: Blue Chip Casinos, PLC; Isle of Capri of Jefferson County, Inc.; IOC-Mississippi, Inc.; Casino Parking, Inc.; Isle of Capri-Bahamas, Ltd.; IOC-Bahamas Holding, Inc.; ASMI Management, Inc.; IOC Development Company, L.L.C.; Casino America, Inc.; International Marco Polo Services, Inc.; Isle of Capri of Michigan L.L.C.; IOC Services, L.L.C.; Capri Air, Inc.; Lady Luck Gaming Corp.; Lady Luck Gulfport, Inc.; Lady Luck Vicksburg, Inc.; Lady Luck Biloxi, Inc.; Lady Luck Central City, Inc.; Pompano Park Holdings, L.L.C; JPLA Pelican, L.L.C.; IOC-Cameron, L.L.C.; The Isle of Capri Casinos Limited, IOC Pittsburgh, Inc. and Capri Insurance Corporation.

Consolidating condensed balance sheets as of July 27, 2008 and April 27, 2008 are as follows (in thousands):

	As of July 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 84,753	$ 101,911	$ 46,697	$ (7,063)	$ 226,298
Intercompany receivables	1,422,349	(359,262)	2,395	(1,065,482)	—
Investments in subsidiaries	165,837	—	—	(165,837)	—
Property and equipment, net	12,765	1,220,160	71,103	—	1,304,028
Other assets	65,965	367,506	6,932	—	440,403
Total assets	$ 1,751,669	$ 1,330,315	$ 127,127	$ (1,238,382)	$ 1,970,729
Current liabilities	$ 53,128	$ 99,590	$ 43,900	$ (7,063)	$ 189,555
Intercompany payables	7,067	888,347	170,068	(1,065,482)	—
Long-term debt, less current maturities	1,483,875	4,828	1,570	—	1,490,273
Other accrued liabilities	17,507	25,283	58,019	—	100,809
Stockholders' equity	190,092	312,267	(146,430)	(165,837)	190,092
Total liabilities and stockholders' equity	$ 1,751,669	$ 1,330,315	$ 127,127	$ (1,238,382)	$ 1,970,729

	As of April 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 46,683	$ 107,235	$ 45,568	$ (105)	$ 199,381
Intercompany receivables	1,441,591	(382,547)	20,394	(1,079,438)	—
Investments in subsidiaries	162,496	—	—	(162,496)	—
Property and equipment, net	18,714	1,238,222	72,050	—	1,328,986
Other assets	70,358	368,316	7,125	—	445,799
Total assets	$ 1,739,842	$ 1,331,226	$ 145,137	$ (1,242,039)	$ 1,974,166
Current liabilities	$ 38,368	$ 107,672	$ 37,502	$ (105)	$ 183,437
Intercompany payables	—	889,382	190,056	(1,079,438)	—
Long-term debt, less current maturities	1,491,063	5,041	1,487	—	1,497,591
Other accrued liabilities	22,399	24,670	58,057	—	105,126
Minority interest	—	—	—	—	—
Stockholders' equity	188,012	304,461	(141,965)	(162,496)	188,012
Total liabilities and stockholders' equity	$ 1,739,842	$ 1,331,226	$ 145,137	$ (1,242,039)	$ 1,974,166

Consolidating condensed statements of operations for the three months ended July 27, 2008 and July 29, 2007 are as follows (in thousands):

	For the Three Months Ended July 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 273,339	$ 7,662	$ —	$ 281,001
Rooms, food, beverage and other	150	49,749	3,583	(2,463)	51,019
Gross revenues	150	323,088	11,245	(2,463)	332,020
Less promotional allowances	—	49,423	292	—	49,715
Net revenues	150	273,665	10,953	(2,463)	282,305
Operating expenses:					
Casino	—	37,778	2,648	—	40,426
Gaming taxes	—	70,399	746	—	71,145
Rooms, food, beverage and other	17,018	96,180	8,621	(2,463)	119,356
Management fee expense (revenue)	(7,475)	9,737	(2,262)	—	—
Depreciation and amortization	1,229	30,217	1,293	—	32,739
Total operating expenses	10,772	244,311	11,046	(2,463)	263,666
Operating income (loss)	(10,622)	29,354	(93)	—	18,639
Interest expense, net	(2,672)	(17,687)	(3,740)	—	(24,099)
Equity in income (loss) of subsidiaries	2,768	—	—	(2,768)	—
Income (loss) before income taxes	(10,526)	11,667	(3,833)	(2,768)	(5,460)
Income tax (provision) benefit	6,900	(4,484)	(582)	—	1,834
Net income (loss)	$ (3,626)	$ 7,183	$ (4,415)	$ (2,768)	$ (3,626)

	For the Three Months Ended July 29, 2007				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 271,022	$ 6,212	$ —	$ 277,234
Rooms, food, beverage and other	27	51,645	4,042	(3,229)	52,485
Gross revenues	27	322,667	10,254	(3,229)	329,719
Less promotional allowances	—	50,883	303	—	51,186
Net revenues	27	271,784	9,951	(3,229)	278,533
Operating expenses:					
Casino	—	36,948	2,415	—	39,363
Gaming taxes	—	68,454	618	—	69,072
Rooms, food, beverage and other	11,094	102,685	10,945	(3,229)	121,495
Management fee expense (revenue)	(8,417)	10,194	(1,777)	—	—
Depreciation and amortization	805	28,680	1,072	—	30,557
Total operating expenses	3,482	246,961	13,273	(3,229)	260,487
Operating income (loss)	(3,455)	24,823	(3,322)	—	18,046
Interest expense, net	(8,182)	(15,077)	(1,461)	—	(24,720)
Loss on extinguishment of debt	(2,192)	—	—	—	(2,192)
Equity in income (loss) of subsidiaries	1,919	—	—	(1,919)	—
Income (loss) before income taxes	(11,910)	9,746	(4,783)	(1,919)	(8,866)
Income tax (provision) benefit	4,795	(861)	(256)	—	3,678
Minority interest	—	—	—	(1,927)	(1,927)
Net income (loss)	$ (7,115)	$ 8,885	$ (5,039)	$ (3,846)	$ (7,115)

Consolidating condensed statements of cash flows for the three months ended July 27, 2008 and July 29, 2007 are as follows (in thousands):

	Three Months Ended July 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (10,492)	$ 46,538	$ 338	$ —	$ 36,384
Net cash provided by (used in) investing activities	31,823	(11,862)	(329)	(30,129)	(10,497)
Net cash provided by (used in) financing activities	(7,189)	(28,218)	(2,037)	30,129	(7,315)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	100	—	100
Net increase (decrease) in cash and cash equivalents	14,142	6,458	(1,928)	—	18,672
Cash and cash equivalents at beginning of the period	5,359	67,544	18,887	—	91,790
Cash and cash equivalents at end of the period	$ 19,501	$ 74,002	$ 16,959	$ —	$ 110,462

	Three Months Ended July 29, 2007				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (3,163)	$ 23,119	$ (1,107)	$ —	$ 18,849
Net cash provided by (used in) investing activities	(121,319)	(122,561)	(13,179)	118,917	(138,142)
Net cash provided by (used in) financing activities	69,342	101,490	16,096	(118,917)	68,011
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	24	—	24
Net increase (decrease) in cash and cash equivalents	(55,140)	2,048	1,834	—	(51,258)
Cash and cash equivalents at beginning of the period	82,895	70,638	34,581	—	188,114
Cash and cash equivalents at end of the period	$ 27,755	$ 72,686	$ 36,415	$ —	$ 136,856

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This 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 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. 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 report.

For a more complete description of the risks that may affect our business, see our Annual Report on Form 10-K for the year ended April 27, 2008.

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 and internationally. We have intentionally sought geographic diversity to limit the risks caused by weather, regional economic difficulties and local gaming authorities and regulations. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. Internationally we operate casinos in Coventry, Dudley and Wolverhampton, England and Freeport, Grand Bahamas. We also operate a harness racing track at our casino in Florida.

The comparability of our operating results has been affected by write-offs and other charges, flooding, acquisition or opening of new properties in fiscal 2008, acquisition of minority interest and losses from the early extinguishment of debt. Additionally, we believe our operating results have been impacted by recent macroeconomic conditions such as rising fuel and other costs.

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K for the year ended April 27, 2008 and give consideration to the following:

Write-offs and Other Charges – We recorded charges of $6.0 million during the three months ended July 27, 2008, consisting of a $5.0 million non-cash charge representing our cancellation of rights to acquire land and a $1.0 million termination fee, following our agreement to terminate the development of a potential casino project in Portland, Oregon.

Flooding – As a result of flooding conditions on the Mississippi River, our Davenport and Natchez properties were closed for 20 and 14 days, respectively, during the three months ended July 27, 2008.

Acquisition or Opening of New Properties - During the first quarter of fiscal 2008, we acquired our Caruthersville, Missouri casino in June 2007 and opened our Waterloo, Iowa and Coventry, England casinos in June 2007 and July 2007, respectively. As a result of the acquisition or opening of our new properties, we incurred pre-opening costs of $6.1 million during the three months ended July 29, 2007.

Acquisition of Minority Interest – On January 27, 2008, we acquired the minority interest in our Black Hawk, Colorado casino properties for $64.8 million.

Loss from Early Extinguishment of Debt – As a result of refinancing our senior credit facility, we recorded a loss on early extinguishment of debt totaling $2.2 million during the three months ended July 29, 2007.

Revenues

Revenues for the three months ended July 27, 2008 and July 29, 2007 are as follows:

(in thousands)	Three Months Ended July 27, 2008	Three Months Ended July 29, 2007	Variance	Percentage Variance
Revenues:				
Casino	$ 281,001	$ 277,234	$ 3,767	1.4%
Rooms	13,706	13,841	(135)	-1.0%
Pari-mutuel commissions and fees	4,273	4,576	(303)	-6.6%
Food, beverage and other	33,040	34,068	(1,028)	-3.0%
Gross revenues	332,020	329,719	2,301	0.7%
Less promotional allowances	49,715	51,186	(1,471)	-2.9%
Net revenues	$ 282,305	$ 278,533	3,772	1.4%

Casino Revenues - Casino revenues increased $3.8 million, or 1.4%, for the three months ended July 27, 2008, compared to the three months ended July 29, 2007. Our increased casino revenues were primarily a result of the full impact of the new casino properties in Caruthersville, Waterloo, and Coventry, and an increase in casino revenues at Bettendorf driven by the benefit of a smoking ban at neighboring casinos in Illinois. Casino revenues at our new properties increased $16.9 million. Existing property casino revenues decreased $13.1 million for the three month period ended July 27, 2008 as compared to the three months ended July 29, 2007, primarily as a result of a $7.3 million decrease at our Black Hawk properties due to the impact of a smoking ban put in to effect January 1, 2008 in the state of Colorado and decreases at the Davenport and Natchez properties of $3.2 million and $0.9 million, respectively, due to closure of the properties for a total of 34 days due to flooding.

Rooms Revenue - Rooms revenue decreased $0.1 million, or 1.0%, for the three months ended July 27, 2008, compared to the three months ended July 29, 2007. Revenues decreased in total at our Biloxi, Black Hawk and Lula properties by $0.9 million related to increased competition, the smoking ban in Colorado and rooms taken out of service for renovation, respectively. Increases in total rooms revenue from new hotels in Bettendorf and Waterloo were a combined $1.1 million.

Pari-mutuel Commissions and Fees - Pari-mutuel commissions earned at Pompano Park for the three months ended July 27, 2008 decreased $0.3 million, or 6.6%, due to decreased wagering on simulcast races.

Food, Beverage and Other Revenues - Food, beverage and other revenues decreased $1.0 million, or 3.0% for the three months ended July 27, 2008, compared to the three months ended July 29, 2007. Our decreased food, beverage and other revenues were due to decreases at Lake Charles of $1.1 million, Biloxi of $0.5 million, and Lula of $0.4 million, due to general decreases in volume. Food, beverage and other revenue also decreased at our Davenport property of $0.4 million as a result of the closure for flooding. These decreases in food, beverage and other revenues were offset by an increase of $1.7 million due to the opening or acquisition of new casino properties in Caruthersville, Waterloo, and Coventry.

Promotional Allowances - Promotional allowances decreased $1.5 million, or 2.9%, for the three months ended July 27, 2008, compared to the three months ended July 29, 2007. Promotional allowances for our new properties in Caruthersville, Waterloo and Coventry, increased $2.3 million. This increase was offset by decreases in promotional allowances of $3.8 million at our existing properties. The decreased promotional allowances are a result of our decision to reduce certain marketing incentives to our less profitable customer segments, as well as a general decreases in volume at certain of our properties including Black Hawk, Biloxi and Lake Charles.

Operating Expenses

Operating expenses for the three months ended July 27, 2008 and July 29, 2007 are as follows:

(in thousands)	Three Months Ended July 27, 2008	Three Months Ended July 29, 2007	Variance	Percentage Variance
Operating expenses:				
Casino	$ 40,426	$ 39,363	$ 1,063	2.7%
Gaming taxes	71,145	69,072	2,073	3.0%
Rooms	3,389	3,181	208	6.5%
Pari-mutuel	3,186	3,672	(486)	-13.2%
Food, beverage and other	11,318	11,629	(311)	-2.7%
Marine and facilities	16,905	16,490	415	2.5%
Marketing and administrative	68,252	69,316	(1,064)	-1.5%
Corporate and development	10,306	11,074	(768)	-6.9%
Write-offs and other charges	6,000	—	6,000	100.0%
Pre-opening	—	6,133	(6,133)	-100.0%
Depreciation and amortization	32,739	30,557	2,182	7.1%
Total operating expenses	$ 263,666	$ 260,487	3,179	1.2%

Casino - Casino operating expenses increased $1.1 million, or 2.7%, in the three months ended July 27, 2008, compared to the same period in the prior year. Considering the acquisition or opening of new properties in Caruthersville, Waterloo and Coventry, for which our casino expenses increased $2.5 million for the three months ended July 27, 2008 as compared to the three months ended July 29, 2007, existing property casino expenses decreased $1.4 million for the three month period compared to the same period in the prior year.

Gaming Taxes - State and local gaming taxes increased $2.1 million, or 3.0%, for three months ended July 27, 2008, as compared to the same period in the prior fiscal year. For our Waterloo, Caruthersville and Coventry properties, which were opened or acquired during the three months ended July 29, 2007, our gaming taxes increased year over year by $4.8 million, while all other properties, gaming taxes decreased by $2.7 million for the same period which correlated to a reduction in gaming revenues. The effective rate for gaming taxes as a percentage of gaming revenue increased from 24.9% to 25.3% for the three months ended July 27, 2008, due to an increase in the mix of gaming revenues derived from states with higher gaming tax rates including Florida and England, partially offset by decreased gaming revenues in Mississippi.

Rooms - Rooms expense increased $0.2 million, or 6.5%, for the three months ended July 27, 2008, compared to the same period in the prior fiscal year. Rooms expense for the three months ended July 27, 2008 reflects increased room capacity due to the opening of the Waterloo property hotel and the Bettendorf property hotel expansion. These expenses directly relate to the cost of providing hotel rooms. A reduction in complimentary hotel rooms provided to our customers also increases our rooms expense as the cost of rooms expense allocated to casino expense is reduced.

Pari-mutuel - Pari-mutuel operating costs of the Pompano Park property decreased $0.5 million for the three months ended July 27, 2008 compared to the three months ended July 29, 2007 and corresponds to a decrease in pari-mutuel revenues for the period. Such costs consist primarily of compensation, benefits, purses, simulcast fees and other direct costs of track operations.

Food, Beverage and Other - Food, beverage and other expenses decreased $0.3 million, or 2.7%, in the three months ended July 27, 2008, compared to the same period in prior year. This decrease in property food, beverage and other expenses for the three months ended July 27, 2008, reflects reductions in our food, beverage and other revenues.

Marine and Facilities - These expenses include salaries, wages and benefits of the marine and facilities departments, operating expenses of the marine crews, insurance, maintenance of public areas, housekeeping and general maintenance of the riverboats and pavilions. Marine and facilities expenses increased $0.4 million, or 2.5%, in the three months ended July 27, 2008. Considering the acquisition or opening of new properties in Caruthersville, Waterloo and Coventry, for which our marine and facilities expenses increased $0.9 million for the three months ended July 27, 2008 as compared to the same period in the prior year, existing property marine and facilities expenses decreased $0.5 million for the three months ended July 27, 2008 as compared to the same period in the prior year.

Marketing and Administrative - These expenses include salaries, wages and benefits of the marketing and sales departments, as well as promotions, direct mail, advertising, special events and entertainment. Administrative expenses include administration and human resource department expenses, rent, professional fees and property taxes. Marketing and administrative expenses decreased $1.1 million, or 1.5%, in the three months ended July 27, 2008, compared to the same period in prior year. Considering the acquisition or opening of new properties in Caruthersville, Waterloo and Coventry, for which our marketing and administrative expenses increased $4.5 million year over year, existing property marketing and administrative expenses decreased $5.6 million for the three months ended July 27, 2008 as compared to the three months ended July 29, 2007. This decrease in existing property marketing and administrative expenses for the three months ended July 27, 2008 reflects our decision to reduce marketing costs to less profitable customer marketing segments and to reduce our administrative costs.

Corporate and Development - During the three months ended July 27, 2008, our corporate and development expenses were $10.3 million compared to $11.1 million for the three months ended July 29, 2007. Development expenses decreased year over year for the three months ended July 27, 2008 by $1.3 million, as our prior year included development costs primarily related to opportunities in Portland and Mississippi. Our corporate expenses were $8.1 million for the three months ended July 27, 2008, compared to $8.8 million for the three months ended July 29, 2007.

Pre-opening - Pre-opening expenses for the three months ended July 29, 2007 included $3.0 million, $2.8 million and $0.3 million for Waterloo, Coventry and Pompano, respectively.

Depreciation and Amortization - Depreciation and amortization expense for the three months ended July 27, 2008 increased $2.2 million, or 7.1%, due primarily to the opening of our Waterloo property, the acquisition of Caruthersville, and our hotel expansion at our Bettendorf property.

Other Income (Expense), Income Taxes, and Minority Interest

Interest expense, interest income, loss on early extinguishment of debt, income tax (provision) benefit, and minority interest, net of income taxes for the three months ended July 27, 2008 and July 29, 2007 are as follows:

(in thousands)	Three Months Ended July 27, 2008	Three Months Ended July 29, 2007	Variance	Percentage Variance
Interest expense	$ (24,656)	$ (25,814)	$ 1,158	-4.5%
Interest income	557	1,094	(537)	-49.1%
Loss on early extinguishment of debt	—	(2,192)	2,192	100.0%
Income tax (provision) benefit	1,834	3,678	(1,844)	-50.1%
Minority interest	—	(1,927)	1,927	100.0%

Interest Expense - Interest expense decreased $1.2 million for the three months ended July 27, 2008 compared to the same period in the prior year. This decrease is primarily attributable to lower interest rates under our Senior Credit Facilities.

Interest Income - During the three months ended July 27, 2008, our interest income was $0.6 million, compared to $1.1 million for the three months ended July 29, 2007. The change in interest income reflects changes in our invested cash balances and interest rates.

Income Tax (Provision) Benefit – Our income tax (provision) benefit is, and thus our effective income tax rate has been, impacted by interim changes in our estimate of annual taxable income for financial statement purposes as well as our percentage of permanent items in relation to such estimated income or loss. Effective income tax rates were as follows:

	Three Months Ended July 27, 2008	Three Months Ended July 29, 2007
Total	33.59%	41.48%

Minority Interest - During the three months ended July 29, 2007, our minority interest expense was $1.9 million. On January 27, 2008, we acquired the remaining 43% minority interest in our Black Hawk, Colorado casino properties for $64.8 million.

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the three months ended July 27, 2008, we generated $36.4 million in cash flows from operating activities compared to generating $18.8 million during the three months ended July 29, 2007, resulting from a reduction in our net loss, increases in our non-cash expenses for depreciation and amortization, write offs and other charges, and stock compensation expense as well as collection of accounts and insurance receivables.

Cash Flows used in Investing Activities - During the three months ended July 27, 2008, we used $10.5 million for investing activities compared to using $138.1 million during the three months ended July 29, 2007. Significant investing activities for the three months ended July 27, 2008 included the purchases of property and equipment of $8.2 million and the purchase of intangibles of $4.0 million.

For the three months ended July 29, 2007, significant investing activities included the purchase of property and equipment for $93.1 million and the acquisition of our Caruthersville casino for $43.0 million.

Cash Flows from Financing Activities - During the three months ended July 27, 2008, our net cash flows from financing activities were used to repay $7.3 million our debt.

During the three months ended July 29, 2007, our net cash flows from financing activities provided $68.0 million primarily from the replacement of our February 2005 Credit Facility with our July 2007 Credit Facility. In connection with this transaction, we paid $8.4 million in deferred financing costs.

Capital Expenditures - Historically, we have made significant investments in property and equipment. Construction has begun in the hotel at our property in Lula, Mississippi, where we plan to renovate approximately 160 hotel rooms. Furthermore, our $160 million renovation and expansion plan for our property in Biloxi, Mississippi is currently in the design phase. We intend to continue to monitor market conditions and settle all outstanding insurance claims related to Hurricane Katrina before proceeding with construction on the Biloxi project. Additionally, we are moving forward with the conversion of our property in Marquette, Iowa to a Lady Luck property. We expect maintenance capital expenditures for the remainder of fiscal year 2009 to be approximately $30 million to $35 million.

Development and Other Project - As part of our business development activities, from time to time we enter into agreements which could result in the acquisition or development of businesses or assets. Our business development efforts and related agreements may require the expenditure of cash. The amount and timing of our cash expenditures may vary based upon our evaluation of development opportunities.

Our development plans 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. In addition, many of the plans are preliminary, subject to continuing refinement or otherwise subject to change.

Availability of Cash and Debt - At July 27, 2008, we had cash and cash equivalents and marketable securities of $130.3 million.

As of July 27, 2008, we had outstanding $125.5 million of the $475 million revolving credit and $867.1 million in term loans under the $1.35 billion credit facility. Our net line of credit availability at July 27, 2008 is approximately $156 million. Our July 2007 Credit Facility can be increased by $300.0 million, subject to syndication, through exercise of "greenshoe" provisions.

While, we believe that existing cash, cash flow from operations and available borrowings under our existing credit facilities 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 the expenditures described above or that planned 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. As a result, limitations on our capital resources could delay or cause us to abandon certain plans for capital improvements at our existing properties and/or development of new properties. 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.

For a discussion of our significant accounting policies and estimates, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements presented in our 2008 Annual Report on Form 10-K. There were no newly identified significant accounting estimates in first quarter 2009, nor were there any material changes to the critical accounting policies and estimates in our 2008 Annual Report.

ITEM 3. 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 Isle of Capri Casinos, Inc. senior secured credit facility ("July 2007 Credit Facility").

We have entered into seven interest rate swap arrangements with aggregate notional value of $500.0 million as of July 27, 2008. The swap agreements effectively convert portions of the July 2007 Credit Facility variable debt to a fixed-rate basis until the respective swap agreements terminate, which occurs during fiscal years 2010, 2011, 2012 and 2014. These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of July 27, 2008, as being fully effective.

We are also exposed to market risks relating to fluctuations in currency exchange rates related to our ownership interests and development activities in the United Kingdom. As we finance a portion of our United Kingdom investments in the local currency of the United Kingdom and due to the limited scope and nature of our United Kingdom operations, our market risks are immaterial.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the evaluation, management has concluded that the design and operation of our disclosure controls and procedures are effective as of July 27, 2008.

Because of its inherent limitations, systems of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING.

There have been no changes in our internal controls over financial reporting during the fiscal quarter ended July 27, 2008, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A reference is made to the information contained in Footnote 12 of our unaudited condensed consolidated financial statements included herein, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There are no material changes to the disclosure regarding risk factors presented in our Annual Report on Form 10-K for the fiscal year ended April 27, 2008.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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 our common stock under these programs. These programs have no approved dollar amount, nor expiration dates. No purchases were made during the three months ended July 27, 2008.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS SUBJECT TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Index to Exhibits following the signature page hereto for a list of the exhibits filed pursuant to Item 601 of Regulation S-K.

SIGNATURE

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

ISLE OF CAPRI CASINOS, INC.

Dated: September 4, 2008

/s/ DALE R. BLACK
Dale R. Black
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

EXHIBIT NUMBER	DESCRIPTION
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.

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

I, James B. Perry, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 most recent 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: September 4, 2008

/s/ James B. Perry
James B. Perry
Chief Executive Officer

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 quarterly report on Form 10-Q 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 most recent 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: September 4, 2008

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended July 27, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, James B. Perry, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 4, 2008

/s/ James B. Perry
James B. Perry
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended July 27, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Dale R. Black, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 4, 2008

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 26, 2008

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.

Delaware	**41-1659606**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
600 Emerson Road, Suite 300, Saint Louis, Missouri	**63141**
(Address of principal executive offices)	(Zip Code)

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

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated ☐ Accelerated filer ☒ Non-accelerated filer ☐ 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 ☒

As of December 5, 2008, the Company had a total of 31,821,784 shares of Common Stock outstanding (which excludes 4,340,476 shares held by us in treasury).

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	October 26, 2008 (Unaudited)	April 27, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 85,497	$ 91,790
Marketable securities	19,227	18,533
Accounts receivable, net	9,093	12,195
Insurance receivable, net	3,928	7,689
Income tax receivable	37,539	28,663
Deferred income taxes	12,606	12,606
Prepaid expenses and other assets	35,797	27,905
Total current assets	203,687	199,381
Property and equipment, net	1,287,098	1,328,986
Other assets:		
Goodwill	307,649	307,649
Other intangible assets, net	88,676	89,252
Deferred financing costs, net	12,098	13,381
Restricted cash	2,774	4,802
Prepaid deposits and other	21,629	22,948
Deferred income taxes	8,910	7,767
Total assets	$ 1,932,521	$ 1,974,166
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 9,225	$ 9,698
Accounts payable	23,095	29,283
Accrued liabilities:		
Interest	9,665	8,580
Payroll and related	46,925	47,618
Property and other taxes	34,676	30,137
Other	58,064	58,121
Total current liabilities	181,650	183,437
Long-term debt, less current maturities	1,476,081	1,497,591
Other accrued liabilities	51,062	52,821
Other long-term liabilities	50,423	52,305
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; none issued	—	—
Common stock, $.01 par value; 45,000,000 shares authorized; shares issued: 36,104,924 at October 26, 2008 and 35,229,006 at April 27, 2008	361	353
Class B common stock, $.01 par value; 3,000,000 shares authorized; none issued	—	—
Additional paid-in capital	193,936	188,036
Retained earnings	41,127	58,253
Accumulated other comprehensive loss	(9,720)	(5,601)
	225,704	241,041
Treasury stock, 4,340,476 shares at October 26, 2008 and 4,372,073 shares at April 27, 2008	(52,399)	(53,029)
Total stockholders' equity	173,305	188,012
Total liabilities and stockholders' equity	$ 1,932,521	$ 1,974,166

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	October 26, 2008	October 28, 2007	October 26, 2008	October 28, 2007
Revenues:				
Casino	$ 255,655	$ 278,282	$ 536,656	$ 555,516
Rooms	12,774	13,080	26,480	26,921
Pari-mutuel commissions and fees	3,123	3,838	7,396	8,414
Food, beverage and other	30,682	33,603	63,722	67,671
Gross revenues	302,234	328,803	634,254	658,522
Less promotional allowances	48,094	49,965	97,809	101,151
Net revenues	254,140	278,838	536,445	557,371
Operating expenses:				
Casino	39,677	41,330	80,103	80,693
Gaming taxes	63,722	71,965	134,867	141,037
Rooms	3,193	3,164	6,582	6,345
Pari-mutuel	2,929	3,172	6,115	6,844
Food, beverage and other	10,274	11,400	21,592	23,029
Marine and facilities	17,388	16,781	34,293	33,271
Marketing and administrative	68,049	73,683	136,301	142,999
Corporate and development	13,225	12,919	23,531	23,993
Write-offs and other charges	—	6,526	6,000	6,526
Pre-opening	—	324	—	6,457
Depreciation and amortization	32,268	35,270	65,007	65,827
Total operating expenses	250,725	276,534	514,391	537,021
Operating income	3,415	2,304	22,054	20,350
Interest expense	(24,837)	(29,176)	(49,493)	(54,990)
Interest income	499	1,140	1,056	2,234
Loss on early extinguishment of debt	—	(11,468)	—	(13,660)
Loss before income taxes and minority interest	(20,923)	(37,200)	(26,383)	(46,066)
Income tax benefit	7,423	14,611	9,257	18,289
Minority interest	—	(2,046)	—	(3,973)
Net loss	$ (13,500)	$ (24,635)	$ (17,126)	$ (31,750)
Loss per common share-basic and diluted	$ (0.43)	$ (0.80)	$ (0.55)	$ (1.04)
Weighted average basic and diluted shares	31,171,903	30,726,768	31,019,289	30,558,957

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data)
(Unaudited)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accum. Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, April 27, 2008	35,229,006	$ 353	$ 188,036	$ 58,253	$ (5,601)	$ (53,029)	$ 188,012
Net loss	—	—	—	(17,126)	—	—	(17,126)
Unrealized loss on interest rate swap contracts net of income tax benefit of $1,141	—	—	—	—	(1,828)	—	(1,828)
Foreign currency translation adjustments	—	—	—	—	(2,291)	—	(2,291)
Comprehensive loss	—	—	—	—	—	—	(21,245)
Exercise of stock options	36,414	—	110	—	—	—	110
Issuance of deferred bonus shares from treasury stock	—	—	(630)	—	—	630	—
Deferred bonus expense and other	664	—	(47)	—	—	—	(47)
Issuance of restricted stock	838,840	8	(8)	—	—	—	—
Stock compensation expense	—	—	6,475	—	—	—	6,475
Balance, October 26, 2008	36,104,924	$ 361	$ 193,936	$ 41,127	$ (9,720)	$ (52,399)	$ 173,305

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended October 26, 2008	Six Months Ended October 28, 2007
Operating activities:		
Net loss	$ (17,126)	$ (31,750)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	65,007	65,827
Amortization of deferred financing costs	1,279	1,335
Loss on derivative instruments	—	399
Write-offs and other charges	5,000	6,526
Stock compensation expense	6,475	3,782
Deferred compensation expense	(47)	132
Loss on extinguishment of debt	—	13,660
(Gain) loss on disposal of assets	(214)	159
Minority interest	—	3,973
Changes in operating assets and liabilities:		
Marketable securities	(694)	(855)
Accounts receivable	2,549	(1,606)
Insurance receivable	3,761	868
Income tax receivable	(8,876)	(25,586)
Prepaid expenses and other assets	(6,799)	(11,108)
Accounts payable and accrued liabilities	(1,518)	(6,616)
Net cash provided by operating activities	48,797	19,140
Investing activities:		
Purchase of property and equipment	(30,808)	(134,843)
Payments towards gaming license	(4,000)	(4,165)
Net cash paid for acquisitions	—	(43,026)
Decrease in restricted cash	1,841	1,998
Net cash used in investing activities	(32,967)	(180,036)
Financing activities:		
Proceeds from debt issuance	—	700,000
Principal payments on debt	(5,180)	(296,943)
Repayment of senior subordinated notes including $9,000 call premium	—	(209,000)
Borrowings (payments) on line of credit, net	(16,552)	(102,279)
Payment of deferred financing costs	—	(8,378)
Dividend payment to minority interest holder	—	(397)
Purchase of treasury stock	—	(1,301)
Proceeds from exercise of stock options including tax benefit	110	6,099
Net cash provided by (used in) financing activities	(21,622)	87,801
Effect of foreign currency exchange rates on cash	(501)	(58)
Net decrease in cash and cash equivalents	(6,293)	(73,153)
Cash and cash equivalents, beginning of period	91,790	188,114
Cash and cash equivalents, end of the period	$ 85,497	$ 114,961

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
Notes to Condensed Consolidated Financial Statements
(amounts in thousands, except share and per share amounts)
(Unaudited)

1. Nature of Operations

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 and internationally. Our wholly owned subsidiaries own and operate thirteen casino gaming facilities in the United States located in Black Hawk, Colorado; Lake Charles, Louisiana; Lula, Biloxi and Natchez, Mississippi; Kansas City, Caruthersville and Boonville, Missouri; Bettendorf, Davenport, Waterloo and Marquette, Iowa; and Pompano Beach, Florida. Effective January 27, 2008, we own 100% of our operations in Black Hawk, Colorado following the acquisition of our minority partner's 43% interest in those operations. Our international gaming interests include wholly owned casinos in Freeport, Grand Bahamas and Coventry, England and a two-thirds ownership interest in casinos in Dudley and Wolverhampton, England. We also wholly own and operate a pari-mutuel harness racing facility in Pompano Beach, Florida at the site of our Pompano Park casino facility.

2. Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with accounting principles generally accepted in the United States of America for interim financial reporting. Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States have been condensed or omitted. The accompanying interim condensed consolidated financial statements have been prepared without audit. In the opinion of management, all adjustments, including normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended April 27, 2008 as filed with the SEC and all of our other filings, including Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, filed with the SEC after such date and through the date of this report, which are available on the SEC's website at *www.sec.gov* or our website at *www.islecorp.com*.

Our fiscal year ends on the last Sunday in April. Periodically, this system necessitates a 53-week year. Fiscal 2009 and 2008 are both 52-week years, which commenced on April 28, 2008 and April 30, 2007, respectively.

The condensed consolidated financial statements include our accounts and those of our subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period financial statements to conform to the current period presentation. We view each property as an operating segment and all such operating segments have been aggregated into one reporting segment.

Goodwill and Other Intangible Assets - Goodwill represents the excess of the cost of acquired businesses over the net identifiable tangible and intangible assets and is stated at cost, net of impairments, if any. Other intangible assets include values attributable to acquired gaming licenses, customer lists, and trademarks. Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, ("SFAS 142") requires these assets be reviewed for impairment at least annually. We perform our annual impairment testing during our fourth fiscal quarter.

SFAS 142 indicates that a decline in our market capitalization resulting in us having a net book value greater than our market capitalization may be considered an indicator of impairment. The net book value of our stockholders' equity at October 26, 2008 of $173,305 exceeds our market capitalization for our common stock at October 26, 2008 of approximately $113,400. Our current evaluation indicates this decline in our market capitalization would not by itself be considered a triggering event requiring us to perform an interim impairment test of our goodwill and other intangible assets. A continued or further decline of our market capitalization, operating performance or other evidence of impairment could require us to record an impairment charge during an interim period prior to conducting our annual impairment test or to record an impairment charge as a part of our annual impairment testing.

3. Long-Term Debt

Long-term debt consists of the following:

	October 26, 2008	April 27, 2008
Senior Secured Credit Facilities:		
July 2007 Credit Facility:		
Revolving line of credit, expires July 26, 2012, interest payable at least quarterly at either LIBOR and/or prime, plus a margin	$ 114,000	$ 130,500
Variable rate term loans, mature November 25, 2013, principal and interest payments due quarterly at either LIBOR and/or prime, plus a margin	864,938	869,313
Senior Subordinated Notes:		
7% Senior Subordinated Notes, interest payable semi-annually March 1 and September 1	500,000	500,000
Other	6,368	7,476
	1,485,306	1,507,289
Less current maturities	9,225	9,698
Long-term debt	$ 1,476,081	$ 1,497,591

July 2007 Credit Facility - On July 26, 2007, we entered into a $1,350,000 senior secured credit facility ("July 2007 Credit Facility"), replacing our previous senior credit facility and $200,000 of 9% senior subordinated notes. The July 2007 Credit Facility is secured on a first priority basis by substantially all of our assets and guaranteed by all of our significant domestic subsidiaries. The July 2007 Credit Facility consists of a $475,000, five-year revolving line of credit and an $875,000 term loan facility.

Our net line of credit availability, as limited by our leverage covenant, at October 26, 2008 was approximately $98,000, after consideration of $14,878 in outstanding letters of credit. We have an annual commitment fee related to the unused portion of the credit facility of up to 0.5% which is included in interest expense in the accompanying condensed consolidated statements of operations. The weighted average effective interest rate of the July 2007 Credit Facility for the three and six months ended October 26, 2008 was 5.64% and 5.55%, respectively.

The July 2007 Credit Facility includes a number of affirmative and negative covenants. Additionally, we must comply with certain financial covenants including maintenance of a leverage ratio and minimum interest coverage ratio. The July 2007 Credit Facility also restricts our ability to make certain investments or distributions. We are in compliance with the covenants as of October 26, 2008.

7% Senior Subordinated Notes - During 2004, we issued $500,000 of 7% Senior Subordinated Notes due 2014 ("7% Senior Subordinated Notes"). The 7% Senior Subordinated Notes are guaranteed, on a joint and several basis, by all of our significant domestic subsidiaries and certain other subsidiaries as described in Footnote 13. 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 or pay dividends on 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.

Losses on Early Extinguishment of Debt - In conjunction with the redemption of $200,000 of 9% Senior Subordinated Notes refinanced by our July 2007 Credit Facility and the replacement of the February 2005 Credit Facility with the July 2007 Credit Facility, $11,468 and $13,660 of unamortized debt issuance costs and call premium were recorded as a loss on early extinguishment of debt for three and six month periods ended October 28, 2007, respectively.

Interest Rate Swap Agreements - We have entered into various interest rate swap agreements pertaining to the July 2007 Credit Facility for an aggregate notional value of $500,000 with maturity dates ranging from fiscal year 2010 to 2014 in order to manage market risk on variable rate term loans outstanding, as well as comply with, in part, requirements under the July 2007 Credit Facility.

These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of October 26, 2008, as being fully effective. As a result, there is no impact on our condensed consolidated statement of operations from changes in fair value. As of October 26, 2008, we recorded a liability of $16,707 in Other long-term liabilities representing the fair market value of the swap agreements and an accumulated unrealized loss of $10,405, net of a $6,302 deferred income tax benefit, in Accumulated other comprehensive loss on the condensed consolidated balance sheet. As of October 26, 2008, the weighted average fixed LIBOR interest rate of our interest rate swap agreements was 4.58%.

4. Other Long-Term Liabilities

Coventry Convention Center - We entered into an agreement during fiscal year 2004 to lease space for a new casino, which opened in July 2007, in Coventry, England in the sub-level of the Arena Coventry Convention Center. The convention center was developed, and is owned and operated by a non-affiliated entity and began operations in August 2005. Because certain structural elements were installed by us during the construction of the space being leased and certain prepaid lease payments were made, we are required to be treated, for accounting purposes only, as the "owner" of the Arena Coventry Convention Center, in accordance with Emerging Issues Task Force Issue No. 97-10 ("EITF 97-10"), "The Effect of Lessee Involvement in Asset Construction". Accordingly, we have recorded a long-term obligation for £24,404 ($38,669) and £24,231 ($48,057) as of October 26, 2008 and April 27, 2008, respectively, even though we; (1) do not own this asset, (2) we are not the obligor on the corresponding long-term obligation and (3) do not participate in or control the operations of the convention center. Upon completion of the convention center we were precluded from accounting for the transaction as a sale and leaseback under SFAS No. 98 "Accounting for Leases" due to our continuing involvement as a tenant, as a result of our lease prepayments during the construction period of the convention center. Therefore, we are accounting for the transaction using the direct financing method in accordance with SFAS No. 66 "Accounting for the Sales of Real Estate".

The Other long-term obligation will be reflected in our condensed consolidated balance sheets until completion of the lease term, when the related fixed assets will be removed from our financial statements. At such time, the net of the remaining obligation over the carrying value of the fixed asset will be recognized as a gain on sale of the facility.

Bettendorf Events Center - We have entered into agreements with the City of Bettendorf, Iowa under which the City has agreed to construct an events center adjacent to our new hotel. We will lease, manage, and provide financial and operating support for the events center. The Company has determined the events center is a transaction to which EITF 97-10 applies. As such, the Company is deemed, for accounting purposes only, to be the owner of the events center during the construction period and at October 26, 2008, we have recorded construction in process of $13,883 and an other long-term obligation of $11,754. Total construction costs of the event center, when completed, are estimated to be approximately $20,000. Under the terms of our agreements for the events center, we have guaranteed certain obligations related to $13,815 of notes issued by the City of Bettendorf, Iowa for construction of the events center.

5. Write –Offs and Other Charges

During the six months ended October 26, 2008, we reached an agreement terminating our agreement for the potential development of a casino project in Portland, Oregon. As a part of this agreement, we agreed to terminate our rights under a land option and to pay a termination fee. As a result of this termination, we recorded a $6,000 charge consisting of a non-cash write-off of $5,000 representing our rights under the land option and a $1,000 termination fee. Under the terms of the agreement, we retain certain rights but no continuing obligations with regard to this development project.

For the three and six months ended October 28, 2007, write-offs and other charges reflected a $6,526 charge for the termination of a lease to develop a new casino in West Harrison County, Mississippi and the write-off of construction projects in Davenport, Iowa, and Kansas City, Missouri.

6. Earnings per Share of Common Stock

The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended		Six Months Ended	
	October 26, 2008	October 28, 2007	October 26, 2008	October 28, 2007
Numerator:				
Net loss	$ (13,500)	$ (24,635)	$ (17,126)	$ (31,750)
Denominator:				
Denominator for basic and diluted loss per share - weighted - average shares	31,171,903	30,726,768	31,019,289	30,558,957
Basic and diluted loss per share	$ (0.43)	$ (0.80)	$ (0.55)	$ (1.04)

Our basic loss per share is computed by dividing net loss by the weighted average number of shares outstanding for the period. As we reported a loss for the three and six month periods ended October 26, 2008 and October 28, 2007, we reported no dilutive effect upon the number of shares outstanding for the calculation of diluted earnings per share for these time periods. Due to the net loss, stock options representing 1,828,721 and 3,238,550 shares which are potentially anti-dilutive were excluded from the calculation of common shares for diluted loss per share for the three and six month periods ended October 26, 2008 and October 28, 2007, respectively.

7. Fair Value Measurements

In accordance with the fair value hierarchy described in SFAS No. 157 "Fair Value Measurements," the following table shows the fair value of our financial assets and financial liabilities that are required to be measured at fair value as of October 26, 2008:

	October 26, 2008	Level 1	Level 2	Level 3
Assets:				
Marketable securities	19,227	19,227	—	—
Liabilities:				
Derivative instruments – interest rate swaps	16,707			16,707

The following section describes the valuation methodologies used to measure fair value, key inputs, and significant assumptions:

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.

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 and such quotes represent the estimated amounts we would receive or pay to terminate the contracts.

The following table presents the changes in Level 3 (assets) liabilities measured at fair value on a recurring basis for the six months ended October 26, 2008:

	Derivative Instruments
Balance at April 27, 2008	$ 13,738
Unrealized loss	2,969
Balance at October 26, 2008	$ 16,707

Unrealized losses associated with derivative instruments represent the change in fair value included in other comprehensive loss for derivative instruments qualifying for hedge accounting.

8. Income Taxes

Our effective income tax rates for the three and six months ended October 26, 2008 and October 28, 2007 were 35.48%, 35.09%, 39.28%, and 39.70%, respectively. Our effective rate is based upon statutory rates applied to our income adjusted for permanent differences. Our actual effective rate will fluctuate based upon the amount of our pretax book income, permanent differences and other items used in the calculation of our income tax benefit.

For the three and six months ended October 26, 2008, our income tax provision included a $797 and $693 benefit recognized from a reduction in our FIN 48 liabilities as a result of the settlement of federal income tax audits through 2004.

9. Supplemental Disclosures

Cash Flow – For the six months ended October 26, 2008 and October 28, 2007, we made net cash interest payments of $46,541 and $55,079, respectively. Additionally, we paid income taxes, net of refunds, of $409 and $6,671 during the six months ended October 26, 2008 and October 28, 2007, respectively.

For the six months ended October 26, 2008 and October 28, 2007, the change in accrued purchases of property and equipment in accounts payable increased (decreased) by $415 and ($21,283), respectively.

Foreign Currency Translation – As of October 26, 2008, the cumulative gain from foreign currency translation included in accumulated other comprehensive loss is $686. Gains and losses from foreign currency transactions are included in marketing and administrative expense. A gain of $644 was recorded for the six months ended October 28, 2007.

10. Stock-Based Compensation

We have a stock-based compensation plan as defined in our amended and restated 2000 Long Term Incentive Plan under which we have issued restricted stock and stock options.

Tender Offer - On October 7, 2008, we completed a tender offer whereby certain employees and directors exchanged 2,066,201 of then outstanding stock options for 293,760 shares of restricted common stock and the payment of $154 in cash to eligible participants in accordance with the terms of the tender offer. Restricted shares issued as part of the tender offer vest three years from the date of issuance. At October 26, 2008 our estimated forfeiture rate for such shares was 20%.

Restricted Stock – During October 2008, in addition to the shares of restricted stock issued pursuant to the tender offer described above, we issued 545,080 shares of restricted common stock to employees and directors under the 2000 Long Term Incentive Plan. Restricted stock awarded to employees 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 is 10%. No forfeiture rate is estimated for directors.

Stock Options - We also 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. During the six months ended October 26, 2008, our estimate of forfeitures for executives decreased from 27.2% to 20.8%, and for optionees beneath the executive level, it decreased from 45.7% to 43.8%. The impact of these changes in estimated forfeitures increased expense by $639 and was recorded as a cumulative adjustment in the condensed consolidated statements of operations for the six months ended October 26, 2008.

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes-Merton option-pricing model with the range of assumptions disclosed in the following table:

	Six Months Ended October 26, 2008	Six Months Ended October 28, 2007
Weighted average expected volatility	42.29%	43.63%
Expected dividend yield	0.00%	0.00%
Weighted average risk-free interest rate	3.50%	4.53%
Weighted average fair value of options granted	$ 2.73	$ 10.47

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 in the accompanying condensed consolidated statements of operations was $3,755 and $2,906 for the three months ended October 26, 2008 and October 28, 2007, respectively, and was $6,475 and $3,781 for the six months ended October 26, 2008 and October 28, 2007, 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.

A summary of restricted stock and option activity for the six months ended October 26, 2008 is presented below:

	Restricted Stock	Weighted Average Grant-Date Fair Value	Options	Weighted Average Exercise Price
Outstanding at April 28, 2008	—	$ —	3,832,346	$ 18.15
Granted	545,080	6.20	210,500	5.60
Exercised	—	—	(36,414)	3.03
Vested	(130,784)	6.20	—	
Tender Offer conversion	293,760	4.70	(2,066,201)	21.18
Forfeited and expired	—	—	(111,510)	20.78
Outstanding at October 26, 2008	708,056	5.58	1,828,721	$ 13.40
As of October 26, 2008:				
Outstanding exercisable options	n/a		767,681	$ 16.86
Unrecognized compensation cost	$ 6,829		$ 3,663	
Weighted average remaining vesting period	2.8 years		4.1 years	

We have 1,772,174 shares available for future issuance under our equity compensation plan as of October 26, 2008.

11. Hurricanes Insurance Settlement – Subsequent Event

On December 1, 2008, we reached an agreement with our insurance carriers fully settling our claim related to hurricane Katrina which had damaged our Biloxi, Mississippi property in the fall of 2005. As a result of this settlement, we will receive an additional $95,000 in insurance proceeds. After first applying the proceeds to our remaining hurricane receivable, we expect to recognize during our third quarter of fiscal 2009, pretax income of approximately $92,000, relating to both business interruption and other insurance recoveries. We expect to receive the proceeds prior to December 31, 2008.

12. Contingencies

Legal and Regulatory Proceedings - Lady Luck Gaming Corporation (now our wholly owned subsidiary) and several joint venture partners have been defendants in the Greek Civil Court and the Greek Administrative Court in similar lawsuits brought by the country of Greece through its Minister of Tourism (now Development) and Finance. 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. Through October 26, 2008, we have accrued an estimated liability, including interest, of $9,325. The Athens Civil Court of First Instance granted judgment in our favor and dismissed the civil lawsuit. Appeals to both the Athens Civil Appeals Court and the Greek Civil Supreme Court have been dismissed. The Greek Civil Supreme Court denied the appeal on the basis that the Administrative Court is the competent court to hear the matter. During October 2005, after the administrative lawsuit had been dismissed by both the Athens Administrative Court of First Instance and the Athens Administrative Court of Appeals on the basis that the Administrative Court did not have a jurisdiction, the Administrative Supreme Court remanded the matter back to the Athens Administrative Appeals Court for a hearing on the merits, which court in May 2008 rendered judgment in our favor on procedural grounds and not on the merits. We expect the Greek government to appeal this decision to the Administrative Supreme Court. Therefore, 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.

We are subject to various contingencies and litigation and other 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. However, such proceedings can be costly, time consuming and unpredictable and, therefore, no assurance can be given that the final outcome of such proceedings may not materially impact our consolidated financial condition or results of operations.

13. Condensed Consolidating 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% Senior Subordinated Notes.

The following wholly owned subsidiaries of the Company are guarantors, on a joint and several basis, under the 7% Senior Subordinated Notes: Riverboat Corporation of Mississippi; Riverboat Services, Inc.; CSNO, L.L.C.; St. Charles Gaming Company, Inc.; IOC Holdings, L.L.C.; Grand Palais Riverboat, Inc.; LRGP Holdings, L.L.C.; P.P.I, Inc.; Isle of Capri Casino Colorado, Inc.; IOC-Coahoma, Inc.; IOC-Natchez, Inc.; IOC-Lula, Inc.; IOC-Boonville, Inc.; IOC-Kansas City, Inc.; Isle of Capri Bettendorf, L.C.; Isle of Capri Bettendorf Marina Corp.; Isle of Capri Marquette, Inc.; IOC-Davenport, Inc.; IOC-St. Louis County, Inc.; IOC-Black Hawk County, Inc.; IOC-PA, L.L.C.; IOC-City of St. Louis, L.L.C.; IOC-Manufacturing, Inc.; Riverboat Corporation of Mississippi — Vicksburg; Isle of Capri Black Hawk, L.L.C.; Isle of Capri Black Hawk Capital Corp.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; and IOC-Black Hawk Distribution Company, L.L.C.; Casino America of Colorado, Inc.; Black Hawk Holdings, L.L.C. and IOC-Caruthersville, L.L.C. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

The following subsidiaries are not guarantors under the 7% Senior Subordinated Notes: Blue Chip Casinos, PLC; Isle of Capri of Jefferson County, Inc.; IOC-Mississippi, Inc.; Casino Parking, Inc.; Isle of Capri-Bahamas, Ltd.; IOC-Bahamas Holding, Inc.; ASMI Management, Inc.; IOC Development Company, L.L.C.; Casino America, Inc.; International Marco Polo Services, Inc.; Isle of Capri of Michigan L.L.C.; IOC Services, L.L.C.; Capri Air, Inc.; Lady Luck Gaming Corp.; Lady Luck Gulfport, Inc.; Lady Luck Vicksburg, Inc.; Lady Luck Biloxi, Inc.; Lady Luck Central City, Inc.; Pompano Park Holdings, L.L.C; JPLA Pelican, L.L.C.; IOC-Cameron, L.L.C.; The Isle of Capri Casinos Limited, IOC Pittsburgh, Inc. and Capri Insurance Corporation.

Condensed consolidating balance sheets as of October 26, 2008 and April 27, 2008 are as follows (in thousands):

	As of October 26, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 72,597	$ 93,713	$ 42,084	$ (4,707)	$ 203,687
Intercompany receivables	1,399,280	(342,793)	(13,902)	(1,042,585)	—
Investments in subsidiaries	164,988	—	—	(164,988)	—
Property and equipment, net	12,049	1,217,592	57,457	—	1,287,098
Other assets	68,196	366,610	6,930	—	441,736
Total assets	$ 1,717,110	$ 1,335,122	$ 92,569	$ (1,212,280)	$ 1,932,521
Current liabilities	$ 44,521	$ 103,452	$ 38,384	$ (4,707)	$ 181,650
Intercompany payables	4,711	888,370	149,504	(1,042,585)	—
Long-term debt, less current maturities	1,470,188	4,720	1,173	—	1,476,081
Other accrued liabilities	24,385	28,563	48,537	—	101,485
Stockholders' equity	173,305	310,017	(145,029)	(164,988)	173,305
Total liabilities and stockholders' equity	$ 1,717,110	$ 1,335,122	$ 92,569	$ (1,212,280)	$ 1,932,521

	As of April 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 46,683	$ 107,235	$ 45,568	$ (105)	$ 199,381
Intercompany receivables	1,441,591	(382,547)	20,394	(1,079,438)	—
Investments in subsidiaries	162,496	—	—	(162,496)	—
Property and equipment, net	18,714	1,238,222	72,050	—	1,328,986
Other assets	70,358	368,316	7,125	—	445,799
Total assets	$ 1,739,842	$ 1,331,226	$ 145,137	$ (1,242,039)	$ 1,974,166
Current liabilities	$ 38,368	$ 107,672	$ 37,502	$ (105)	$ 183,437
Intercompany payables	—	889,382	190,056	(1,079,438)	—
Long-term debt, less current maturities	1,491,063	5,041	1,487	—	1,497,591
Other accrued liabilities	22,399	24,670	58,057		105,126
Stockholders' equity	188,012	304,461	(141,965)	(162,496)	188,012
Total liabilities and stockholders' equity	$ 1,739,842	$ 1,331,226	$ 145,137	$ (1,242,039)	$ 1,974,166

Condensed consolidating statements of operations for the three and six months ended October 26, 2008 and October 28, 2007 are as follows (in thousands):

	For the Three Months Ended October 26, 2008				
Statement of Operations	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	$ —	$ 249,875	$ 5,780	$ —	$ 255,655
Rooms, food, beverage and other	32	45,432	3,471	(2,356)	46,579
Gross revenues	32	295,307	9,251	(2,356)	302,234
Less promotional allowances	—	47,851	243	—	48,094
Net revenues	32	247,456	9,008	(2,356)	254,140
Operating expenses:					
Casino	—	37,211	2,466	—	39,677
Gaming taxes	—	63,105	617	—	63,722
Rooms, food, beverage and other	11,003	96,374	10,037	(2,356)	115,058
Management fee expense (revenue)	(6,035)	8,348	(2,313)	—	—
Depreciation and amortization	1,209	29,613	1,446	—	32,268
Total operating expenses	6,177	234,651	12,253	(2,356)	250,725
Operating income (loss)	(6,145)	12,805	(3,245)	—	3,415
Interest expense, net	(3,086)	(17,662)	(3,590)	—	(24,338)
Equity in income (loss) of subsidiaries	(9,258)	—	—	9,258	—
Income (loss) before income taxes	(18,489)	(4,857)	(6,835)	9,258	(20,923)
Income tax (provision) benefit	4,989	1,681	753	—	7,423
Net income (loss)	$ (13,500)	$ (3,176)	$ (6,082)	$ 9,258	$ (13,500)

	For the Three Months Ended October 28, 2007				
Statement of Operations	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	$ —	$ 272,706	$ 5,576	$ —	$ 278,282
Rooms, food, beverage and other	41	49,173	4,497	(3,190)	50,521
Gross revenues	41	321,879	10,073	(3,190)	328,803
Less promotional allowances	—	49,633	332	—	49,965
Net revenues	41	272,246	9,741	(3,190)	278,838
Operating expenses:					
Casino	—	37,952	3,378	—	41,330
Gaming taxes	—	71,401	564	—	71,965
Rooms, food, beverage and other	18,596	102,241	10,322	(3,190)	127,969
Management fee expense (revenue)	(6,728)	8,789	(2,061)	—	—
Depreciation and amortization	1,769	31,344	2,157	—	35,270
Total operating expenses	13,637	251,727	14,360	(3,190)	276,534
Operating income (loss)	(13,596)	20,519	(4,619)	—	2,304
Interest expense, net	(7,579)	(18,335)	(2,122)	—	(28,036)
Loss on extinguishment of debt	(11,468)	—	—	—	(11,468)
Equity in income (loss) of subsidiaries	(6,948)	—	—	6,948	—
Income (loss) before income taxes	(39,591)	2,184	(6,741)	6,948	(37,200)
Income tax (provision) benefit	14,956	294	(639)	—	14,611
Minority interest	—	—	—	(2,046)	(2,046)
Net income (loss)	$ (24,635)	$ 2,478	$ (7,380)	$ 4,902	$ (24,635)

For the Six Months Ended October 26, 2008

Statement of Operations	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	$ —	$ 523,214	$ 13,442	$ —	$ 536,656
Rooms, food, beverage and other	182	95,180	7,054	(4,818)	97,598
Gross revenues	182	618,394	20,496	(4,818)	634,254
Less promotional allowances	—	97,274	535	—	97,809
Net revenues	182	521,120	19,961	(4,818)	536,445
Operating expenses:					
Casino	—	74,988	5,115	—	80,103
Gaming taxes	—	133,504	1,363	—	134,867
Rooms, food, beverage and other	28,022	192,552	18,658	(4,818)	234,414
Management fee expense (revenue)	(13,510)	18,085	(4,575)	—	—
Depreciation and amortization	2,438	59,830	2,739	—	65,007
Total operating expenses	16,950	478,959	23,300	(4,818)	514,391
Operating income (loss)	(16,768)	42,161	(3,339)	—	22,054
Interest expense, net	(5,758)	(35,350)	(7,329)	—	(48,437)
Equity in income (loss) of subsidiaries	(6,486)	—	—	6,486	—
Income (loss) before income taxes	(29,012)	6,811	(10,668)	6,486	(26,383)
Income tax (provision) benefit	11,886	(2,801)	172	—	9,257
Net income (loss)	$ (17,126)	$ 4,010	$ (10,496)	$ 6,486	$ (17,126)

For the Six Months Ended October 28, 2007

Statement of Operations	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	$ —	$ 543,728	$ 11,788	$ —	$ 555,516
Rooms, food, beverage and other	72	100,814	8,539	(6,419)	103,006
Gross revenues	72	644,542	20,327	(6,419)	658,522
Less promotional allowances	—	100,516	635	—	101,151
Net revenues	72	544,026	19,692	(6,419)	557,371
Operating expenses:					
Casino	—	74,907	5,786	—	80,693
Gaming taxes	—	139,855	1,182	—	141,037
Rooms, food, beverage and other	29,693	204,918	21,272	(6,419)	249,464
Management fee expense (revenue)	(15,145)	18,982	(3,837)	—	—
Depreciation and amortization	2,574	60,023	3,230	—	65,827
Total operating expenses	17,122	498,685	27,633	(6,419)	537,021
Operating income (loss)	(17,050)	45,341	(7,941)	—	20,350
Interest expense, net	(15,760)	(33,412)	(3,584)	—	(52,756)
Loss on extinguishment of debt	(13,660)	—	—	—	(13,660)
Equity in income (loss) of subsidiaries	(4,294)	—	—	4,294	—
Income (loss) before income taxes	(50,764)	11,929	(11,525)	4,294	(46,066)
Income tax (provision) benefit	19,014	376	(1,101)	—	18,289
Minority interest	—	—	—	(3,973)	(3,973)
Net income (loss)	$ (31,750)	$ 12,305	$ (12,626)	$ 321	$ (31,750)

Condensed consolidating statements of cash flows for the six months ended October 26, 2008 and October 28, 2007 are as follows (in thousands):

	Six Months Ended October 26, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (22,526)	$ 75,769	$ (4,446)	$ —	$ 48,797
Net cash provided by (used in) investing activities	41,552	(32,640)	(1,562)	(40,317)	(32,967)
Net cash provided by (used in) financing activities	(20,765)	(45,562)	4,388	40,317	(21,622)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(501)	—	(501)
Net increase (decrease) in cash and cash equivalents	(1,739)	(2,433)	(2,121)	—	(6,293)
Cash and cash equivalents at beginning of the period	5,363	67,540	18,887	—	91,790
Cash and cash equivalents at end of the period	$ 3,624	$ 65,107	$ 16,766	$ —	$ 85,497

	Six Months Ended October 28, 2007				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (45,765)	$ 74,508	$ (9,603)	$ —	$ 19,140
Net cash provided by (used in) investing activities	(119,959)	(161,595)	(16,997)	118,515	(180,036)
Net cash provided by (used in) financing activities	97,755	83,701	24,860	(118,515)	87,801
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(58)	—	(58)
Net increase (decrease) in cash and cash equivalents	(67,969)	(3,386)	(1,798)	—	(73,153)
Cash and cash equivalents at beginning of the period	82,895	85,466	19,753	—	188,114
Cash and cash equivalents at end of the period	$ 14,926	$ 82,080	$ 17,955	$ —	$ 114,961

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This 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 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. 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 report.

For a more complete description of the risks that may affect our business, see our Annual Report on Form 10-K for the year ended April 27, 2008.

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 and internationally. We have intentionally sought geographic diversity to limit the risks caused by weather, regional economic difficulties and local gaming authorities and regulations. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. Internationally we operate casinos in Coventry, Dudley and Wolverhampton, England and Freeport, Grand Bahamas. We also operate a harness racing track at our casino in Florida.

The comparability of our operating results has been affected by write-offs and other charges, flooding, acquisition or opening of new properties in fiscal 2008, acquisition of minority interest and losses from the early extinguishment of debt. Additionally, we believe our operating results have been impacted by economic and recessionary conditions including the recent and ongoing economic downturn and high fuel costs during the first part of fiscal 2009.

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K for the year ended April 27, 2008 and give consideration to the following:

Impact of Economic Conditions – Consistent with trends within our industry, we experienced declines in our revenues during our second quarter of fiscal 2009. While we continue to adjust our marketing plans and manage our expenses, we believe that the current economic environment continues to impact our operating results. In addition to deteriorating general economic conditions, we believe that our operations have been impacted by temporary property closures due to hurricanes and flooding, the high cost of gasoline during the first part of fiscal 2009, a smoking ban in Colorado and increased competition at our Pompano property.

Property Closures – As a result of Hurricanes Gustav and Ike, our Lake Charles, Biloxi and Natchez properties were closed for six, three and three days respectively during the three months ended October 26, 2008 and additionally, as a result of flooding conditions on the Mississippi River, our Davenport and Natchez properties were closed for 20 and 14 days, respectively, during the six months ended October 26.

2008. The impact of the hurricanes and floods also affected our revenue and operating results for periods before and after the closures.

Colorado Smoking Ban – The smoking ban enacted in Colorado during January 2008 has had a continuing impact on our overall operating results at our Black Hawk, Colorado properties.

Pompano Competition – The introduction of table games and expansion of Class III gaming at competing Native American casinos, beginning July 2008, has had a negative impact on our Pompano property's net revenues and operating results.

Write-offs and Other Charges – During the first quarter of fiscal 2009, we recorded charges of $6.0 million, consisting of a $5.0 million non-cash charge representing our cancellation of rights to acquire land and a $1.0 million termination fee, following our agreement to terminate the development of a potential casino project in Portland, Oregon.

The results from operations for the three and six month periods of fiscal 2008 include $6.5 million of write-offs of costs related to the termination of our plans to develop a new casino in west Harrison County, Mississippi and the write-off of construction projects in Davenport, Iowa and Kansas City, Missouri which we cancelled during the second quarter of fiscal 2008.

Acquisition or Opening of New Properties - We acquired our Caruthersville, Missouri casino in June 2007 and opened our Waterloo, Iowa and Coventry, England casinos in June 2007 and July 2007, respectively. As a result of the acquisition or opening of these new properties, we incurred pre-opening costs of $6.5 million during the six months ended October 26, 2007.

Acquisition of Minority Interest – On January 27, 2008, we acquired the 43% minority interest in our Black Hawk, Colorado casino properties for $64.8 million.

Loss from Early Extinguishment of Debt – In the second quarter of fiscal 2008, we recognized an $11.5 million loss from early extinguishment of debt related to the early retirement of our 9% Senior Subordinated Notes. This loss included a $9.0 million call premium and a $2.5 million write-off of deferred financing costs. Proceeds from a $200.0 million term loan under our July 2007 Credit Facility were used to finance the retirement. Total loss from early extinguishment of debt for the six months ended October 28, 2007 of $13.7 million also includes a $2.2 million loss from the early extinguishment of our February 2005 Credit Facility, which was replaced with our July 2007 Credit Facility.

Revenues

Revenues for the three and six months ended October 26, 2008 and October 28, 2007 are as follows:

(in thousands)	Three Months Ended October 26, 2008	Three Months Ended October 28, 2007	Variance	Percentage Variance
Revenues:				
Casino	$ 255,655	$ 278,282	$ (22,627)	-8.1%
Rooms	12,774	13,080	(306)	-2.3%
Pari-mutuel commissions and fees	3,123	3,838	(715)	-18.6%
Food, beverage and other	30,682	33,603	(2,921)	-8.7%
Gross revenues	302,234	328,803	(26,569)	-8.1%
Less promotional allowances	48,094	49,965	(1,871)	-3.7%
Net revenues	$ 254,140	$ 278,838	(24,698)	-8.9%

(in thousands)	Six Months Ended October 26, 2008	Six Months Ended October 28, 2007	Variance	Percentage Variance
Revenues:				
Casino	$ 536,656	$ 555,516	$ (18,860)	-3.4%
Rooms	26,480	26,921	(441)	-1.6%
Pari-mutuel commissions and fees	7,396	8,414	(1,018)	-12.1%
Food, beverage and other	63,722	67,671	(3,949)	-5.8%
Gross revenues	634,254	658,522	(24,268)	-3.7%
Less promotional allowances	97,809	101,151	(3,342)	-3.3%
Net revenues	$ 536,445	$ 557,371	(20,926)	-3.8%

Casino Revenues - Casino revenues decreased $22.6 million, or 8.1%, and $18.9 million, or 3.4%, respectively, for the three and six months ended October 26, 2008, compared to the three and six months ended October 28, 2007. Decreases in casino revenues reflect the impact of general economic conditions, as well as, decreases in casino revenues at our Lake Charles, Biloxi, Natchez and Davenport properties due to closures resulting from weather conditions and decreased revenues at our Colorado properties as a result of a smoking ban in the state of Colorado. During the three and six months ended October 26, 2008, our casino revenues decreased $6.8 million and $15.3 million, respectively, at our Lake Charles, Biloxi and Natchez properties as compared to the prior year periods, reflecting the effects of hurricanes Gustav and Ike during the three months ended October 26, 2008, as well as the impact on our Natchez property of flooding during the six months ended October 26, 2008. Casino revenues at our Davenport property decreased $3.0 million as compared to the prior year period, reflecting the impact of flooding during the six months ended October 26, 2008. Casino revenues also decreased by $8.9 million and $16.2 million, for the three and six months period ended October 26, 2008, respectively, at our Colorado properties in part due to the impact of a smoking ban put into effect on January 1, 2008 in the state of Colorado. These decreases were partially offset by increases in casino revenues of $2.8 million and $19.7 million for the three and six months ended October 26, 2008, respectively, due to our new properties in Caruthersville, Waterloo and Coventry being opened for the entire period in fiscal 2009.

Rooms Revenue - Rooms revenue decreased $0.3 million, or 2.3%, and $0.4 million, or 1.6% for the three and six months ended October 26, 2008, compared to the three and six months ended October 28, 2007. Rooms revenue decreased in total at our Biloxi, Natchez and Black Hawk properties by $1.2 million and $2.1 million for the three and six month periods, respectively, which we attribute to declining economic conditions, increased competition and at Black Hawk the impact of the smoking ban in Colorado. These declines in room revenues were offset by increases of $0.9 million and $1.7 million for the three and six month periods ending October 28, 2008, respectively, due to our Waterloo and Lake Charles properties being open for the entire period and increased room demand from displaced hurricane residents, respectively.

Pari-mutuel Commissions and Fees - Pari-mutuel commissions earned at Pompano Park for the three and six months ended October 26, 2008 decreased $0.7 million, or 18.6%, and $1.0 million, or 12.1%, in the three and six month periods ended October 26, 2008, respectively, due to decreased commissions from simulcast races.

Food, Beverage and Other Revenues - Food, beverage and other revenues decreased \$2.9 million, or 8.7%, and \$3.9 million or 5.8% for the three and six months ended October 26, 2008, respectively, compared to the three and six months ended October 28, 2007. Food, beverage and other revenue also decreased at our Lake Charles, Biloxi, Natchez and Davenport properties by an aggregate of \$2.1 million and \$4.9 million in the three and six months ended October 26, 2008, respectively, due to weather related closures. These decreases were offset by increases of \$0.1 million and \$2.1 million for the three and six months ended October 26, 2008, respectively, at our new properties in Caruthersville, Waterloo and Coventry.

Promotional Allowances - Promotional allowances decreased \$1.9 million, or 3.7%, and \$3.3 million, or 3.3%, for the three and six months ended October 26, 2008, respectively, compared to the three and six months ended October 28, 2007. Promotional allowances at our Lake Charles, Biloxi, Natchez and Davenport properties decreased \$2.7 million and \$6.3 million as a result of weather related property closures during the three and six months ended October 26, 2008, respectively, as compared to the prior year periods. Promotional allowances also decreased \$1.5 million and \$3.0 million for the three and six months ended October 26, 2008, respectively, at our Colorado properties, in part corresponding to reductions in revenues attributable to the new smoking ban in the state. These amounts were offset by increases in promotional allowances at our new properties in Caruthersville, Waterloo and Coventry by \$0.9 million and \$3.2 million for the three and six months ended October 26, 2008, respectively, as well as increases in promotional spending at our Pompano Park property of \$1.6 million and \$3.6 million, respectively, due to increased marketing efforts intended to increase gaming revenues.

Operating Expenses

Operating expenses for the three and six months ended October 26, 2008 and October 28, 2007 are as follows:

(in thousands)	Three Months Ended October 26, 2008	Three Months Ended October 28, 2007	Variance	Percentage Variance
Operating expenses:				
Casino	$ 39,677	$ 41,330	$ (1,653)	-4.0%
Gaming taxes	63,722	71,965	(8,243)	-11.5%
Rooms	3,193	3,164	29	0.9%
Pari-mutuel	2,929	3,172	(243)	-7.7%
Food, beverage and other	10,274	11,400	(1,126)	-9.9%
Marine and facilities	17,388	16,781	607	3.6%
Marketing and administrative	68,049	73,683	(5,634)	-7.6%
Corporate and development	13,225	12,919	306	2.4%
Write-offs and other charges	—	6,526	(6,526)	-100.0%
Pre-opening	—	324	(324)	-100.0%
Depreciation and amortization	32,268	35,270	(3,002)	-8.5%
Total operating expenses	$ 250,725	$ 276,534	$ (25,809)	-9.3%

(in thousands)	Six Months Ended October 26, 2008	Six Months Ended October 28, 2007	Variance	Percentage Variance
Operating expenses:				
Casino	$ 80,103	$ 80,693	$ (590)	-0.7%
Gaming taxes	134,867	141,037	(6,170)	-4.4%
Rooms	6,582	6,345	237	3.7%
Pari-mutuel commissions and fees	6,115	6,844	(729)	-10.7%
Food, beverage and other	21,592	23,029	(1,437)	-6.2%
Marine and facilities	34,293	33,271	1,022	3.1%
Marketing and administrative	136,301	142,999	(6,698)	-4.7%
Corporate and development	23,531	23,993	(462)	-1.9%
Write-offs and other valuation charges	6,000	6,526	(526)	-8.1%
Pre-opening	—	6,457	(6,457)	-100.0%
Depreciation and amortization	65,007	65,827	(820)	-1.2%
Total operating expenses	$ 514,391	$ 537,021	$ (22,630)	-4.2%

Casino, Gaming Taxes, and Food Beverage and Other - Decreases in casino, gaming taxes, and food, beverage and other operating expenses are primarily in proportion to the lower revenues, reflecting the factors discussed above including the impact of general economic conditions, as well as, further decreases in revenues as a result of our Lake Charles, Biloxi, Natchez and Davenport properties being closed due to weather conditions and decreases in revenues at our Colorado properties attributable to a smoking ban being enacted in the state of Colorado. These decrease expenses were partially offset by increases in expenses at our new properties; Pompano Park, Caruthersville, Waterloo and Coventry, reflecting a full year of operations.

Rooms - Rooms expense was consistent for the three months ended October 26, 2008, as compared to the three months ended October 28, 2007 and increased $0.2 million, or 3.7% for the six months ended October 26, 2008, compared to the same period in the prior fiscal year. This increase in rooms expenses for the six months ended October 26, 2008, is attributable to a $0.3 million increase as a result of increased capacity at our Waterloo and Bettendorf properties due to the opening of a new hotel and a hotel expansion, respectively. Our Lake Charles property rooms expense also increased $0.2 million as a result of increased revenues for the six months ended October 26, 2008. These increases were offset by $0.3 million decrease due to cost reduction efforts at our Biloxi property and rooms out of service for remodeling at our Lula property.

Pari-mutuel - Pari-mutuel operating costs of our Pompano Park property decreased $0.2 million, or 7.7%, and $0.7 million, or 10.7% for the three and six months ended October 26, 2008, compared to the three and six months ended October 28, 2007, and corresponds to a decrease in pari-mutuel revenues for the period as a result of a decrease in simulcast racing fees. Such costs consist primarily of compensation, benefits, purses, simulcast fees and other direct costs of track operations.

Marine and Facilities - These expenses include salaries, wages and benefits of the marine and facilities departments, operating expenses of the marine crews, insurance, maintenance of public areas, housekeeping and general maintenance of the riverboats and pavilions. Marine and facilities expenses increased $0.6 million, or 3.6%, and $1.0 million, or 3.1% in the three and six months ended October 26, 2008 as compared to the prior fiscal year periods. These increases in marine and facilities expenses are primarily attributable to the acquisition or opening of new properties in Caruthersville, Waterloo and Coventry, for which our marine and facilities expenses increased $0.2 million and $1.1 million for the three and six months ended October 26, 2008, respectively, as compared to the same period in the prior year.

Marketing and Administrative - These expenses include salaries, wages and benefits of the marketing and sales departments, as well as promotions, direct mail, advertising, special events and entertainment. Administrative expenses include administration and human resource department expenses, rent, professional fees and property taxes. Marketing and administrative expenses decreased $5.6 million, or 7.6%, and $6.7 million, or 4.7%, in the three and six months ended October 26, 2008, respectively, compared to the same period in the prior year. This decrease in marketing and administrative expenses for the three and six months ended October 26, 2008, reflects our decision to reduce our marketing costs as a result of decreases in net revenues and through cost reductions in administrative expenses.

Corporate and Development - Our corporate and development expenses were $13.2 million for the three months ended October 26, 2008, as compared to $12.9 million for the three months ended October 28, 2007, and were $23.5 million for the six months ended October 26, 2008 as compared to $24.0 million for the six months ended October 28, 2007. The three month increase is primarily due to an increase in stock compensation expenses as a result of our tender offer to exchange of certain employee stock options for cash and restricted stock. Development expenses decreased year over year for the three and six months ended October 26, 2008, by $0.7 million and $2.1 million, respectively, as our prior year included development costs primarily related to opportunities in Mississippi.

Pre-opening - Pre-opening expenses included $0.3 million for Waterloo for the three months ended October 28, 2007, and $3.3 million, $2.8 million and $0.3 million for Waterloo, Coventry and Pompano for the six months ended October 28, 2007, respectively.

Depreciation and Amortization - Depreciation and amortization expense for the three and six months ended October 26, 2008 decreased $3.0 million, or 8.5%, and $0.8 million, or 1.2%, respectively, as compared to the comparable periods during fiscal 2008, due primarily year over year reductions in new capital expenditures.

Other Income (Expense), Income Taxes, and Minority Interest

Interest expense, interest income, loss on early extinguishment of debt, income tax (provision) benefit, and minority interest, net of income taxes for the three and six months ended October 26, 2008 and October 28, 2007 are as follows:

	Three Months Ended			
(in thousands)	**October 26, 2008**	**October 28, 2007**	**Variance**	**Percentage Variance**
Interest expense	$ (24,837)	$ (29,176)	$ 4,339	-14.9%
Interest income	499	1,140	(641)	-56.2%
Loss on early extinguishment of debt		(11,468)	11,468	-100.0%
Income tax (provision) benefit	7,423	14,611	(7,188)	-49.2%
Minority interest		(2,046)	2,046	-100.0%

	Six Months Ended			
(in thousands)	**October 26, 2008**	**October 28, 2007**	**Variance**	**Percentage Variance**
Interest expense	$ (49,493)	$ (54,990)	$ 5,497	-10.0%
Interest income	1,056	2,234	(1,178)	-52.7%
Loss on early extinguishment of debt		(13,660)	13,660	-100.0%
Income tax (provision) benefit	9,257	18,289	(9,032)	-49.4%
Minority interest		(3,973)	3,973	-100.0%

Interest Expense - Interest expense decreased $4.3 million, or 14.9%, and $5.5 million, or 10.0% for the three and six months ended October 26, 2008, respectively, compared to the same periods in the prior year. This decrease is primarily attributable to lower interest rates on our outstanding indebtedness and reductions in our outstanding debt balances.

Interest Income - During the three and six months ended October 26, 2008, our interest income was $0.5 million and $1.1 million, respectively, compared to $1.1 million and $2.2 million for the three and six months ended October 28, 2007, respectively. The reduction in interest income reflects decreases in our invested cash balances and lower interest rates.

Income Tax (Provision) Benefit – Our income tax (provision) benefit is, and thus our effective income tax rate has been, impacted by interim changes in our estimate of annual taxable income for financial statement purposes as well as our percentage of permanent items in relation to such estimated income or loss. Effective income tax rates were as follows:

	Three Months Ended		Six Months Ended	
	October 26, 2008	**October 28, 2007**	**October 26, 2008**	**October 28, 2007**
Total	35.48%	39.28%	35.09%	39.70%

Minority Interest - During the three and six months ended October 28, 2007, our minority interest expense was $2.0 million and $4.0 million. On January 27, 2008, we acquired the remaining 43% minority interest in our Black Hawk, Colorado casino properties for $64.8 million, resulting in the elimination of minority interest expense.

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the six months ended October 26, 2008, we generated $48.8 million in cash flows from operating activities compared to generating $19.1 million during the six months ended October 28, 2007, primarily resulting from a reduction in our net loss for the period by $14.6 million. Additionally, our results for the six months ended October 28, 2007 included non-cash charges of $13.7 million for loss on extinguishment of debt and $4.0 million for minority interest offset by increased usage of working capital including income taxes receivable, prepaid expenses, accounts payable and accrued liabilities.

Cash Flows used in Investing Activities - During the six months ended October 26, 2008, we used $33.0 million in investing activities compared to using $180.0 million during the six months ended October 28, 2007. Significant investing activities for the six months ended October 26, 2008 included the purchases of property and equipment of $30.8 million and the payment of $4.0 million towards our Waterloo gaming license.

The decrease in our cash flows used in investing activities from 2007 is a result of the six months ended October 28, 2007 including $43.0 million for the acquisition of our Caruthersville property and $134.8 million in capital expenditures resulting from the completion of our new properties opened in Waterloo, Pompano and Coventry.

Cash Flows from Financing Activities - During the six months ended October 26, 2008, our net cash flows from financing activities were used to repay $21.7 million of our debt.

During the six months ended October 28, 2007, our net cash flows from financing activities provided $87.8 million primarily attributable to the replacement of our senior subordinated notes and February 2005 Credit Facility with our July 2007 Credit Facility. In connection with these transactions, we paid $8.4 million in deferred financing costs.

Availability of Cash and Debt - At October 26, 2008, we had cash and cash equivalents and marketable securities of $104.7 million.

As of October 26, 2008, we had outstanding $114.0 million of the $475.0 million revolving credit line and $864.9 million in term loans under the $1.35 billion July 2007 Credit Facility. Our net credit availability at October 26, 2008 was approximately $98.0 million. The principal amount outstanding under our July 2007 Credit Facility may be increased by an aggregate amount of up to $300.0 million, subject to syndication and other conditions set forth in the July 2007 Credit Facility, through the exercise of a "greenshoe" provision.

Subsequent to October 26, 2008, we received an income tax refund of approximately $19.7 million and reached a final settlement with our insurance carriers of our Hurricane Katrina claim resulting in an additional $95.0 million in insurance proceeds which we expect to receive on or before December 31, 2008.

Historically, 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 existing cash, cash flow from operations, available borrowings under our Credit Facility, insurance proceeds from the settlement of our Hurricane Katrina claim and income tax refunds 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 our planned reduced levels of 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. As a result, limitations on our capital resources could delay or cause us to abandon certain plans for capital improvements at our existing properties and/or development of new properties. 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.

Capital Expenditures and Development Activities – We currently have hotel room renovation projects in progress at our Lula and Lake Charles properties and rebranding projects are ongoing at our Caruthersville and Marquette properties. We expect capital expenditures to complete these projects will be approximately $10 million to $15 million during the remainder of fiscal 2009. In addition, we expect to spend approximately $20 million to $25 million in maintenance capital expenditures through the balance of the fiscal year.

Given current economic and business conditions and the state of the capital markets, we do not anticipate any significant additional capital projects (other than maintenance capital), until economic and business trends improve.

As part of our business development activities, from time to time we enter into agreements which could result 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 development opportunities. Our development plans 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.

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.

For a discussion of our significant accounting policies and estimates, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements presented in our 2008 Annual Report on Form 10-K. There were no newly identified significant accounting estimates in the second quarter of fiscal 2009, nor were there any material changes to the critical accounting policies and estimates in our 2008 Annual Report on Form 10-K.

ITEM 3. 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 July 2007 Credit Facility.

We have entered into seven interest rate swap arrangements with aggregate notional value of $500.0 million as of October 26, 2008. The swap agreements effectively convert portions of the July 2007 Credit Facility variable rate debt to a fixed-rate basis until the respective swap agreements terminate, which occurs during fiscal years 2010, 2011, 2012 and 2014. These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of October 26, 2008, as being fully effective.

We are also exposed to market risks relating to fluctuations in currency exchange rates related to our ownership interests and development activities in the United Kingdom. As we finance a portion of our United

Kingdom investments in the local currency of the United Kingdom and due to the limited scope and nature of our United Kingdom operations, our market risks relating to fluctuations in currency exchange rates are immaterial.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the evaluation, management has concluded that the design and operation of our disclosure controls and procedures are effective as of October 26, 2008.

Because of its inherent limitations, systems of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting during the fiscal quarter ended October 26, 2008, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A reference is made to the information contained in Footnote 12 of our unaudited condensed consolidated financial statements included herein, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There are no material changes to the disclosure regarding risk factors presented in our Annual Report on Form 10-K for the fiscal year ended April 27, 2008. An additional risk factor is detailed as follows:

Our business may be adversely affected by conditions in the world financial markets and global financial conditions that could impact our revenues and, as a result, our ability to remain in compliance with restrictive covenants that govern our indebtedness.

The gaming industry has been affected by changes in consumer spending in the markets in which we operate resulting from the global economic slowdown and significant disruptions in the banking system and financial markets which may continue to result in fewer patrons at our properties, as well as decreased spending by our patrons. The effects of these conditions on our business may accelerate as businesses downsize their workforces and our patrons experience significant reductions in amounts available for discretionary spending. Many of our patrons have also experienced significant reductions in their savings as a result of recent investment losses. The dramatic tightening of the credit markets and current low level of liquidity in many financial markets has had a dramatic impact on the availability and cost of capital and credit. While there has been government response to the disruptions, there can be no assurance that this will restore consumer confidence, stabilize the markets or increase the availability of credit. Continued adverse conditions in world financial markets and further deterioration of economic conditions could result in further reduction in our net revenues. While we are currently in compliance with our debt covenants, continuance of such adverse market conditions and negative revenue trends could result in our inability to remain in compliance with restrictive covenants that govern our indebtedness.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Pursuant to the authorization of our board of directors, we have purchased our common stock under stock repurchase programs. These authorizations allow for the repurchase of up to 6,000,000 shares. To date, we have purchased 4,895,792 shares of our common stock under these programs. These programs have no approved dollar amount, nor expiration dates. No purchases were made during the three months ended October 26, 2008.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS SUBJECT TO A VOTE OF SECURITY HOLDERS

Our Annual Meeting of Stockholders was held on October 6, 2008. The stockholders elected nine members to our Board of Directors to serve until the next Annual Meeting of Stockholders or until their respective successors have been duly elected and qualified. In addition, the stockholders ratified the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending April 26, 2009.

The number of shares voting as to the above issues is set forth below:

	Votes	
Election of Directors	**For**	**Against**
Bernard Goldstein	27,580,584	1,831,034
James B. Perry	27,684,967	1,726,651
Robert S. Goldstein	27,017,966	2,393,652
Alan J. Glazer	27,809,517	1,602,101
W. Randolph Baker	28,981,934	429,684
Jeffrey D. Goldstein	27,014,861	2,396,757
John G. Brackenbury	26,509,640	2,901,978
Shaun R. Hayes	29,000,766	410,852
Lee S. Wielansky	26,508,765	2,902,853

The stockholders ratified the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending April 26, 2009, with voting as follows: 29,183,690 for, 210,658 against, 17,269 abstaining.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Index to Exhibits following the signature page hereto for a list of the exhibits filed pursuant to Item 601 of Regulation S-K.

SIGNATURE

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

ISLE OF CAPRI CASINOS, INC.

Dated: December 5, 2008

/s/ DALE R. BLACK
Dale R. Black
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

EXHIBIT NUMBER	DESCRIPTION
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.

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

I, James B. Perry, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 most recent 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: December 5, 2008

/s/ James B. Perry
James B. Perry
Chief Executive Officer

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 quarterly report on Form 10-Q 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 most recent 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: December 5, 2008

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended October 26, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, James B. Perry, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 5, 2008

/s/ James B. Perry
James B. Perry
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended October 26, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Dale R. Black, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 5, 2008

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 25, 2009

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.

Delaware (State or other jurisdiction of incorporation or organization)	**41-1659606** (I.R.S. Employer Identification Number)
600 Emerson Road, Suite 300, Saint Louis, Missouri (Address of principal executive offices)	**63141** (Zip Code)

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

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated ☐ Accelerated filer ☒ Non-accelerated filer ☐ 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 ☒

As of March 2, 2009, the Company had a total of 31,774,218 shares of Common Stock outstanding (which excludes 4,340,476 shares held by us in treasury).

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	January 25, 2009 (Unaudited)	April 27, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 181,713	$ 91,790
Restricted cash	35,000	—
Marketable securities	15,971	18,533
Accounts receivable, net	8,897	12,195
Insurance receivable, net	1,209	7,689
Income tax receivable	9,987	28,663
Deferred income taxes	9,866	12,606
Prepaid expenses and other assets	30,656	27,905
Total current assets	293,299	199,381
Property and equipment, net	1,247,967	1,328,986
Other assets:		
Goodwill	324,336	307,649
Other intangible assets, net	95,834	89,252
Deferred financing costs, net	11,459	13,381
Restricted cash	2,774	4,802
Prepaid deposits and other	19,122	22,948
Deferred income taxes	—	7,767
Total assets	$ 1,994,791	$ 1,974,166
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 44,228	$ 9,698
Accounts payable	20,125	29,283
Accrued liabilities:		
Interest	17,757	8,580
Payroll and related	44,390	47,618
Property and other taxes	29,262	30,137
Other	56,780	58,121
Total current liabilities	212,542	183,437
Long-term debt, less current maturities	1,452,811	1,497,591
Deferred income taxes	11,756	—
Other accrued liabilities	58,372	52,821
Other long-term liabilities	48,351	52,305
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; none issued	—	—
Common stock, $.01 par value; 45,000,000 shares authorized; shares issued: 36,114,694 at January 25, 2009 and 35,229,006 at April 27, 2008	362	353
Class B common stock, $.01 par value; 3,000,000 shares authorized; none issued	—	—
Additional paid-in capital	194,496	188,036
Retained earnings	87,240	58,253
Accumulated other comprehensive loss	(18,740)	(5,601)
	263,358	241,041
Treasury stock, 4,340,476 shares at January 25, 2009 and 4,372,073 shares at April 27, 2008	(52,399)	(53,029)
Total stockholders' equity	210,959	188,012
Total liabilities and stockholders' equity	$ 1,994,791	$ 1,974,166

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	January 25, 2009	January 27, 2008	January 25, 2009	January 27, 2008
Revenues:				
Casino	$ 252,158	$ 269,480	$ 788,814	$ 824,996
Rooms	9,216	10,674	35,696	37,595
Pari-mutuel, food, beverage and other	33,427	38,123	104,545	114,208
Hurricane insurance recoveries	60,000	—	60,000	—
Gross revenues	354,801	318,277	989,055	976,799
Less promotional allowances	46,625	48,612	144,434	149,763
Net revenues	308,176	269,665	844,621	827,036
Operating expenses:				
Casino	39,360	40,963	119,463	121,656
Gaming taxes	63,790	70,123	198,657	211,160
Rooms	2,624	2,507	9,206	8,852
Pari-mutuel	2,972	4,436	9,087	11,280
Food, beverage and other	9,908	10,614	31,500	33,643
Marine and facilities	15,921	16,852	50,214	50,123
Marketing and administrative	66,085	71,174	202,386	214,173
Corporate and development	9,039	11,846	32,570	35,839
Hurricane insurance recoveries	(32,179)	—	(32,179)	—
Pre-opening, write-offs and other charges	—	—	16,000	12,983
Depreciation and amortization	30,981	34,871	95,988	100,698
Total operating expenses	208,501	263,386	722,892	800,407
Operating income	99,675	6,279	121,729	26,629
Interest expense	(24,872)	(27,548)	(74,365)	(82,538)
Interest income	752	872	1,808	3,106
Loss on early extinguishment of debt	—	—	—	(13,660)
Income (loss) before income taxes and minority interest	75,555	(20,397)	49,172	(66,463)
Income tax (provision) benefit	(29,442)	7,443	(20,185)	25,732
Minority interest	—	(895)	—	(4,868)
Net income (loss)	$ 46,113	$ (13,849)	$ 28,987	$ (45,599)
Earnings (loss) per common share-basic:				
Net income (loss)	$ 1.45	$ (0.45)	$ 0.93	$ (1.49)
Earnings (loss) per common share-diluted:				
Net income (loss)	$ 1.45	$ (0.45)	$ 0.93	$ (1.49)
Weighted average basic shares	31,765,365	30,836,139	31,240,008	30,651,056
Weighted average diluted shares	31,765,365	30,836,139	31,248,402	30,651,056

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data)
(Unaudited)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
Balance, April 27, 2008	35,229,006	$ 353	$ 188,036	$ 58,253	$ (5,601)	$ (53,029)	$ 188,012
Net income	—	—	—	28,987	—	—	28,987
Unrealized loss on interest rate swap contracts net of income tax benefit of $5,660	—	—	—	—	(9,286)	—	(9,286)
Foreign currency translation adjustments	—	—	—	—	(3,853)	—	(3,853)
Comprehensive income	—	—	—	—	—	—	15,848
Exercise of stock options	36,414	—	110	—	—	—	110
Issuance of deferred bonus shares from treasury stock	—	—	(630)	—	—	630	—
Deferred bonus expense and other	664	—	(851)	—	—	—	(851)
Issuance of restricted stock, net of forfeitures	848,610	9	(9)	—	—	—	—
Stock compensation expense	—	—	7,840	—	—	—	7,840
Balance, January 25, 2009	36,114,694	$ 362	$ 194,496	$ 87,240	$ (18,740)	$ (52,399)	$ 210,959

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	January 25, 2009	January 27, 2008
Operating activities:		
Net income (loss)	$ 28,987	$ (45,599)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	95,988	100,698
Amortization of deferred financing costs	1,922	2,064
Property insurance proceeds - Hurricane Katrina, net	(32,179)	—
Loss on derivative instruments	—	521
Write-offs and other charges	5,000	6,526
Deferred income taxes	23,709	—
Stock compensation expense	7,840	5,441
Deferred compensation expense	(851)	199
Loss on extinguishment of debt	—	13,660
Gain on disposal of assets	(144)	(219)
Minority interest	—	4,868
Changes in operating assets and liabilities:		
Marketable securities	2,562	(3,591)
Accounts receivable	2,489	(13)
Insurance receivable	6,480	45,804
Income tax receivable (payable)	18,675	(36,538)
Prepaid expenses and other assets	500	(6,211)
Accounts payable and accrued liabilities	(10,035)	(43,062)
Net cash provided by operating activities	150,943	44,548
Investing activities:		
Purchase of property and equipment	(45,626)	(141,914)
Payments towards gaming license	(4,000)	(157)
Property insurance proceeds - Hurricane Katrina, net	32,179	—
Net cash paid for acquisitions	—	(107,896)
Increase in restricted cash	(33,159)	(1,753)
Net cash used in investing activities	(50,606)	(251,720)
Financing activities:		
Proceeds from debt issuance	—	700,000
Principal payments on debt	(7,403)	(508,197)
Borrowings (payments) on lines of credit, net	(2,453)	(50,460)
Payment of deferred financing costs	—	(8,383)
Cash distribution to minority partner	—	(1,249)
Purchase of treasury stock	—	(1,301)
Proceeds from exercise of stock options including tax benefit	110	6,149
Net cash provided by (used in) financing activities	(9,746)	136,559
Effect of foreign currency exchange rates on cash	(668)	72
Net (decrease) increase in cash and cash equivalents	89,923	(70,541)
Cash and cash equivalents, beginning of period	91,790	188,114
Cash and cash equivalents, end of the period	$ 181,713	$ 117,573

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
Notes to Condensed Consolidated Financial Statements
(amounts in thousands, except share and per share amounts)
(Unaudited)

1. Nature of Operations

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 and internationally. Our wholly owned subsidiaries own and operate thirteen casino gaming facilities in the United States located in Black Hawk, Colorado; Lake Charles, Louisiana; Lula, Biloxi and Natchez, Mississippi; Kansas City, Caruthersville and Boonville, Missouri; Bettendorf, Davenport, Waterloo and Marquette, Iowa; and Pompano Beach, Florida. Effective January 27, 2008, we own 100% of our operations in Black Hawk, Colorado following the acquisition of our minority partner's 43% interest in those operations. Our international gaming interests include wholly owned casinos in Freeport, Grand Bahamas and Coventry, England and a two-thirds ownership interest in casinos in Dudley and Wolverhampton, England. We also wholly own and operate a pari-mutuel harness racing facility in Pompano Beach, Florida at the site of our Pompano Park casino facility.

2. Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with accounting principles generally accepted in the United States of America for interim financial reporting. Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States have been condensed or omitted. The accompanying interim condensed consolidated financial statements have been prepared without audit. In the opinion of management, all adjustments, including normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended April 27, 2008 as filed with the SEC and all of our other filings, including Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, filed with the SEC after such date and through the date of this report, which are available on the SEC's website at *www.sec.gov* or our website at *www.islecorp.com*.

Our fiscal year ends on the last Sunday in April. Periodically, this system necessitates a 53-week year. Fiscal 2009 and 2008 are both 52-week years, which commenced on April 28, 2008 and April 30, 2007, respectively.

The condensed consolidated financial statements include our accounts and those of our subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period financial statements to conform to the current period presentation. We view each property as an operating segment and all such operating segments have been aggregated into one reporting segment.

Goodwill and Other Intangible Assets - Goodwill represents the excess of the cost of acquired businesses over the net identifiable tangible and intangible assets and is stated at cost, net of impairments, if any. Other intangible assets include values attributable to acquired gaming licenses, customer lists, and trademarks. Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, ("SFAS 142") requires these assets be reviewed for impairment at least annually. We perform our annual impairment testing during our fourth fiscal quarter.

SFAS 142 indicates that a sustained decline in our market capitalization resulting in us having a net book value greater than our market capitalization may be considered an indicator of impairment. The net book value of our stockholders' equity at January 25, 2009 of $210,959 exceeds our market capitalization for our common stock at January 25, 2009 of approximately $88,968. After completing a preliminary analysis of all potential interim impairment indicators, including forecasted operating performance and market transaction multiples of reporting units with goodwill, we do not believe as of January 25, 2009, an indicator of impairment exists that would more likely than not reduce the fair value of reporting units below their carrying value. A continued or further decline of our market capitalization, operating performance or other evidence of impairment could require us to record an impairment charge during our annual impairment test in the fourth quarter or to record an impairment charge in future interim periods.

Recently Issued Accounting Standards —

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities — an amendment of SFAS No. 133" ("SFAS 161"), which requires enhanced disclosures about an entity's derivative and hedging activities. Specifically, entities are required to provide enhanced disclosures about: a) how and why an entity uses derivative instruments; b) how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its related interpretations; and c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. SFAS 161 encourages, but does not require, comparative disclosures for earlier periods at initial adoption. The Company does not expect the effect of this statement on its financial statements to be material.

In December 2007, the FASB issued SFAS No. 141 (revised), "Business Combinations" ("SFAS 141(R)"), which is intended to improve reporting by creating greater consistency in the accounting and financial reporting of business combinations. SFAS 141(R) requires that the acquiring entity in a business combination recognize all (and only) the assets and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose to investors and other users all of the information that they need to evaluate and understand the nature and financial effect of the business combination. In addition, SFAS 141(R) modifies the accounting for transaction and restructuring costs. SFAS 141(R) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We will apply SFAS 141(R) after the effective date of the accounting standard.

3. Long-Term Debt

Long-term debt consists of the following:

	January 25, 2009	April 27, 2008
Senior Secured Credit Facility:		
July 2007 Credit Facility:		
Revolving line of credit, expires July 26, 2012, interest payable at least quarterly at either LIBOR and/or prime, plus a margin	$ 128,000	$ 130,500
Variable rate term loans, mature November 25, 2013, principal and interest payments due quarterly at either LIBOR and/or prime, plus a margin	862,750	869,313
Senior Subordinated Notes:		
7% Senior Subordinated Notes, interest payable semi-annually March 1 and September 1	500,000	500,000
Other	6,289	7,476
	1,497,039	1,507,289
Less current maturities	44,228(1)	9,698
Long-term debt	$ 1,452,811	$ 1,497,591

(1) Current maturities include $35,000 of Hurricane Katrina insurance settlement proceeds, which we are required to repay our variable rate term loans under the terms of our July 2007 Credit Facility. We expect to make the payment during March 2009.

July 2007 Credit Facility - On July 26, 2007, we entered into a $1,350,000 senior secured credit facility ("July 2007 Credit Facility"), replacing our previous senior credit facility and $200,000 of 9% senior subordinated notes. The July 2007 Credit Facility is secured on a first priority basis by substantially all of our assets and guaranteed by all of our significant domestic subsidiaries. The July 2007 Credit Facility consists of a $475,000, five-year revolving line of credit and an $875,000 term loan facility.

Our net line of credit availability at January 25, 2009 was approximately $325,440, after consideration of $21,560 in outstanding letters of credit. We have an annual commitment fee related to the unused portion of the credit facility of up to 0.5% which is included in interest expense in the accompanying condensed consolidated statements of operations. The weighted average effective interest rate of the July 2007 Credit Facility for the three and nine months ended January 25, 2009 was 5.51% and 5.54%, respectively.

The July 2007 Credit Facility includes a number of affirmative and negative covenants. Additionally, we must comply with certain financial covenants including maintenance of a leverage ratio and minimum interest coverage ratio. The July 2007 Credit Facility also restricts our ability to make certain investments or distributions. We are in compliance with the covenants as of January 25, 2009.

7% Senior Subordinated Notes - During 2004, we issued $500,000 of 7% Senior Subordinated Notes due 2014 ("7% Senior Subordinated Notes"). The 7% Senior Subordinated Notes are guaranteed, on a joint and several basis, by all of our significant domestic subsidiaries and certain other subsidiaries as described in Footnote 14. 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 or pay dividends on 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.

During February 2009, we retired $142,725 of our Senior Subordinated Notes, through a tender offer, for $82,773 from our available cash and cash equivalents. After expenses related to the elimination of deferred finance costs and transactions costs, we expect to recognize a pretax gain of approximately $57,000 during our fourth quarter ending April 26, 2009.

Losses on Early Extinguishment of Debt - In conjunction with the redemption of $200,000 of 9% Senior Subordinated Notes refinanced by our July 2007 Credit Facility and the replacement of the February 2005 Credit Facility with the July 2007 Credit Facility, $13,660 of unamortized debt issuance costs and call premium were recorded as a loss on early extinguishment of debt for the nine month period ended January 27, 2008.

Interest Rate Swap Agreements - We have entered into various interest rate swap agreements pertaining to the July 2007 Credit Facility for an aggregate notional value of $500,000 with maturity dates ranging from fiscal year 2010 to 2014 in order to manage market risk on variable rate term loans outstanding, as well as comply with, in part, requirements under the July 2007 Credit Facility.

These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of January 25, 2009, as being fully effective. As a result, there is no impact on our condensed consolidated statement of operations from changes in fair value. As of January 25, 2009, we recorded a liability of $28,684 in Other long-term liabilities representing the fair market value of the swap agreements and an accumulated unrealized loss of $17,864, net of a $10,820 deferred income tax benefit, in Accumulated other comprehensive loss on the condensed consolidated balance sheet. As January 25, 2009, the weighted average fixed LIBOR interest rate of our interest rate swap agreements was 4.58%.

A rollforward of accumulated other comprehensive income is as follows:

	Unrealized Loss on Interest Rate Swap Contracts	Foreign Currency Translation Gain (Loss)	Total Accumulated Other Comprehensive Loss
Balance, April 27, 2008	$ (8,578)	$ 2,977	$ (5,601)
Current period activity	(9,286)	(3,853)	(13,139)
Balance, January 25, 2009	$ (17,864)	$ (876)	$ (18,740)

4. Acquisition

Acquisition of Minority Interest in Black Hawk, Colorado Operations — During the quarter ended January 25, 2009, we finalized our purchase accounting for our January 2008 acquisition of the 43% minority membership interest in our Black Hawk, Colorado subsidiaries. During January 2008, a preliminary allocation of the $64,800 purchase price, including transaction costs and after consideration of minority interest of $29,819, was made by us based upon the estimated fair value of the purchased assets and assumed liabilities. This preliminary purchase price allocation resulted in values being assigned of $14,000 to property and equipment, $10,600 to other intangible assets and $10,381 to goodwill. After completion of third party valuations of the assets acquired, the final purchase price allocation included a $8,331 reduction in the acquired historical cost basis in property and final allocation amounts of $20,855 for intangible assets, $4,611 for deferred income tax and other liabilities and $27,068 in goodwill. The intangible assets include $2,021 of trademarks and $4,257 related to our gaming licenses both with indefinite lives, as well as $14,577 relating to customers lists with a 4 year life. We accounted for the purchase using the purchase method of accounting in accordance with SFAS No. 141 "Business Combinations" ("SFAS 141").

A reconciliation of goodwill is as follows:

	Goodwill
Balance, April 27, 2008	$ 307,649
Finalization of Black Hawk purchase accounting	16,687
Balance, January 25, 2009	$ 324,336

5. Other Long-Term Liabilities

Coventry Convention Center - We entered into an agreement during fiscal year 2004 to lease space for a new casino, which opened in July 2007, in Coventry, England in the sub-level of the Arena Coventry Convention Center. The convention center was developed, and is owned and operated by a non-affiliated entity and began operations in August 2005. Because certain structural elements were installed by us during the construction of the space being leased and certain prepaid lease payments were made, we are required to be treated, for accounting purposes only, as the "owner" of the Arena Coventry Convention Center, in accordance with Emerging Issues Task Force Issue No. 97-10 ("EITF 97-10"), "The Effect of Lessee Involvement in Asset Construction". Accordingly, we have recorded a long-term obligation for £24,492 ($33,425) and £24,231 ($48,057) as of January 25, 2009 and April 27, 2008, respectively, even though we: (1) do not own this asset, (2) we are not the obligor on the corresponding long-term obligation and (3) do not participate in or control the operations of the convention center. Upon completion of the convention center we were precluded from accounting for the transaction as a sale and leaseback under SFAS No. 98 "Accounting for Leases" due to our continuing involvement as a tenant, as a result of our lease prepayments during the construction period of the convention center. Therefore, we are accounting for the transaction using the direct financing method in accordance with SFAS No. 66 "Accounting for the Sales of Real Estate".

The Other long-term obligation will be reflected in our condensed consolidated balance sheets until completion of the lease term, when the related fixed assets will be removed from our financial statements. At such time, the net of the remaining obligation over the carrying value of the fixed asset will be recognized as a gain on sale of the facility.

Bettendorf Regional Convention Center - We have entered into agreements with the City of Bettendorf, Iowa under which the City has constructed the regional convention center, which opened during January 2009, adjacent to our hotel. We lease, manage, and provide financial and operating support for the regional convention center. The Company has determined the regional convention center is a transaction to which EITF 97-10 applies. As such, the Company was deemed, for accounting purposes only, to be the owner of the regional convention center during the construction period. Upon completion of the regional convention center we were precluded from accounting for the transaction as a sale and leaseback under SFAS No. 98 "Accounting for Leases" due to our continuing involvement. As of January 25, 2009, we have recorded an other long-term obligation of $14,946. Under the terms of our agreements for the regional convention center, we have guaranteed certain obligations related to $13,815 of notes issued by the City of Bettendorf, Iowa for the regional convention center.

6. Pre-Opening, Write—Offs and Other Charges

During May 2008, we reached an agreement terminating a letter of intent for the potential development of a casino project in Portland, Oregon. As a part of this agreement, we agreed to relinquish our rights related to a land option and to pay a termination fee. As a result of this termination, we recorded a $6,000 charge consisting of a non-cash write-off of $5,000 representing our rights under the land option and a $1,000 termination fee. Under the terms of the agreement, we retain certain rights but no continuing obligations with regard to this development project.

For the nine months ended January 27, 2008, write-offs and other charges reflected a $6,526 charge for the termination of a lease to develop a new casino in West Harrison County, Mississippi and the write-off of construction projects in Davenport, Iowa, and Kansas City, Missouri. Pre-opening costs for the nine months ended January 27, 2008, were $6,457 relating to our Coventry, Pompano and Waterloo properties.

7. Earnings per Share of Common Stock

Basic earnings per share (EPS) is computed by dividing net income 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.

The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended		Nine Months Ended	
	January 25, 2009	January 27, 2008	January 25, 2009	January 27, 2008
Numerator:				
Net income (loss) per common share	$ 46,113	$ (13,849)	$ 28,987	$ (45,599)
Denominator:				
Weighted-average common shares outstanding	31,765,365	30,836,139	31,240,008	30,651,056
Assumed conversion of dilutive stock options	—	—	8,394	—
Diluted weighted-average common shares outstanding adjusted weighted - average shares and assumed conversions	31,765,365	30,836,139	31,248,402	30,651,056
Earnings (loss) per common share - basic	$ 1.45	$ (0.45)	$ 0.93	$ (1.49)
Earnings (loss) per common share - diluted	$ 1.45	$ (0.45)	$ 0.93	$ (1.49)

Options to purchase 1,816,521 shares were outstanding during the three and nine months periods ended January 25, 2009, but were not included in the computation of diluted EPS because they are anti-dilutive. Due to the net loss for the three and nine months ended January 27, 2008, stock options representing 3,323,739 shares which are potentially anti-dilutive were excluded from the calculation of common shares for diluted loss per share.

8. Fair Value Measurements

In accordance with the fair value hierarchy described in SFAS No. 157 "Fair Value Measurements," the following table shows the fair value of our financial assets and financial liabilities that are required to be measured at fair value as of January 25, 2009:

	January 25, 2009	Level 1	Level 2	Level 3
Assets:				
Marketable securities	$ 15,971	$ 15,971	$ —	$ —
Liabilities:				
Derivative instruments - interest rate swaps	$ 28,684	$ —	$ —	$ 28,684

The following section describes the valuation methodologies used to measure fair value, key inputs, and significant assumptions:

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.

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 and such quotes represent the estimated amounts we would receive or pay to terminate the contracts.

The following table presents the changes in Level 3 liabilities measured at fair value on a recurring basis for the nine months ended January 25, 2009:

	Derivative Instruments
Balance at April 27, 2008	$ 13,738
Gross unrealized loss	14,946
Balance at January 25, 2009	$ 28,684

Unrealized losses associated with derivative instruments represent the change in fair value included in other comprehensive loss for derivative instruments qualifying for hedge accounting.

9. Income Taxes

Our effective income tax rates for the three and nine months ended January 25, 2009 and January 27, 2008, were 39.0%, 41.0%, 36.5%, and 38.7%, respectively. Our effective rate is based upon statutory rates applied to our pretax income adjusted for permanent differences. Our actual effective rate will fluctuate based upon the amount of our pretax book income, permanent differences and other items used in the calculation of our income tax benefit.

For the three and nine months ended January 25, 2009, our income tax provision included a ($717) and $41 (provision) benefit recognized from a change in our FIN 48 liabilities as a result of the settlement of federal income tax audits through 2006 and the filing of amended returns.

10. Supplemental Cash Flow Disclosures

Cash Flow — For the nine months ended January 25, 2009 and January 27, 2008, we made net cash interest payments of $62,000 and $65,016, respectively. Additionally, we received income tax refunds, net of taxes paid, of $19,653 during the nine months ended January 25, 2009 and paid income taxes, net of refunds, of $9,313 during the nine months ended January 27, 2008.

For the nine months ended January 25, 2009 and January 27, 2008, the change in accrued purchases of property and equipment in accounts payable decreased by $767 and $21,991, respectively.

11. Stock-Based Compensation

Stock Compensation Expense - Total stock compensation expense in the accompanying condensed consolidated statements of operations was $1,367 and $1,660 for the three months ended January 25, 2009 and January 27, 2008, respectively, and was $7,840 and $5,441 for the nine months ended January 25, 2009 and January 27, 2008, 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.

A summary of restricted stock and option activity for the nine months ended January 25, 2009 is presented below:

	Restricted Stock	Weighted Average Grant-Date Fair Value	Stock Options	Weighted Average Exercise Price
Outstanding at April 28, 2008	—	$ —	3,832,346	$ 18.15
Granted	565,080	6.07	210,500	5.60
Exercised	—	—	(36,414)	3.03
Vested	(83,475)	6.20	—	
Tender Offer conversion	293,760	4.70	(2,067,201)	21.18
Forfeited and expired	(10,230)	5.88	(122,710)	17.50
Outstanding at January 25, 2009	765,135	5.54	1,816,521	$ 13.44
As of January 25, 2009				
Outstanding exercisable options	n/a		766,831	$ 16.86
Unrecognized compensation cost	$ 6,012		$ 3,042	
Weighted average remaining vesting period	2.5 years		3.9 years	

We have 1,480,844 shares available for future issuance under our equity compensation plan as of January 25, 2009.

12. Insurance Settlement

During December 2008, we reached an agreement with our insurance carriers fully settling our claim for $225 million related to hurricane Katrina which had damaged our Biloxi, Mississippi property in the fall of 2005. As a result of this settlement, we received an additional $95,000 in insurance proceeds during the quarter ended January 25, 2009. After first applying the proceeds to our remaining insurance receivable, we recognized during our third quarter of fiscal 2009, pretax income of $92,179.

Insurance proceeds of $60,000 relating to business interruption proceeds are included in net revenues and other insurance recoveries of $32,179 are recorded as a reduction of operating expenses in the statement of operations.

13. Contingencies

Legal and Regulatory Proceedings - Lady Luck Gaming Corporation (now our wholly owned subsidiary) and several joint venture partners have been defendants in the Greek Civil Court and the Greek Administrative Court in similar lawsuits brought by the country of Greece through its Minister of Tourism (now Development) and Finance. The plaintiffs in 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. Through January 25, 2009, we have accrued an estimated liability, including interest, of $9,540. The Athens Civil Court of First Instance granted judgment in our favor and dismissed the civil lawsuit. Appeals to both the Athens Civil Appeals Court and the Greek Civil Supreme Court have been dismissed. The Greek Civil

Supreme Court denied the appeal on the basis that the Administrative Court is the competent court to hear the matter. During October 2005, after the administrative lawsuit had been dismissed by both the Athens Administrative Court of First Instance and the Athens Administrative Court of Appeals on the basis that the Administrative Court did not have a jurisdiction, the Administrative Supreme Court remanded the matter back to the Athens Administrative Appeals Court for a hearing on the merits, which court in May 2008 rendered judgment in our favor on procedural grounds and not on the merits. We expect the Greek government to appeal this decision to the Administrative Supreme Court. Therefore, 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.

We are subject to various contingencies and litigation and other 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. However, such proceedings can be costly, time consuming and unpredictable and, therefore, no assurance can be given that the final outcome of such proceedings may not materially impact our consolidated financial condition or results of operations.

14. Condensed Consolidating 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% Senior Subordinated Notes.

The following wholly owned subsidiaries of the Company are guarantors, on a joint and several basis, under the 7% Senior Subordinated Notes: Riverboat Corporation of Mississippi; Riverboat Services, Inc.; CSNO, L.L.C.; St. Charles Gaming Company, Inc.; IOC Holdings, L.L.C.; Grand Palais Riverboat, Inc.; LRGP Holdings, L.L.C.; P.P.I, Inc.; Isle of Capri Casino Colorado, Inc.; IOC-Coahoma, Inc.; IOC-Natchez, Inc.; IOC-Lula, Inc.; IOC-Boonville, Inc.; IOC-Kansas City, Inc.; Isle of Capri Bettendorf, L.C.; Isle of Capri Bettendorf Marina Corp.; Isle of Capri Marquette, Inc.; IOC-Davenport, Inc.; IOC-St. Louis County, Inc.; IOC-Black Hawk County, Inc.; IOC-PA, L.L.C.; IOC-City of St. Louis, L.L.C.; IOC-Manufacturing, Inc.; Riverboat Corporation of Mississippi — Vicksburg; Isle of Capri Black Hawk, L.L.C.; Isle of Capri Black Hawk Capital Corp.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; and IOC-Black Hawk Distribution Company, L.L.C.; Casino America of Colorado, Inc.; Black Hawk Holdings, L.L.C. and IOC-Caruthersville, L.L.C. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

The following subsidiaries are not guarantors under the 7% Senior Subordinated Notes: Blue Chip Casinos, PLC; Isle of Capri of Jefferson County, Inc.; IOC-Mississippi, Inc.; Casino Parking, Inc.; Isle of Capri-Bahamas, Ltd.; IOC-Bahamas Holding, Inc.; ASMI Management, Inc.; IOC Development Company, L.L.C.; Casino America, Inc.; International Marco Polo Services, Inc.; Isle of Capri of Michigan L.L.C.; IOC Services, L.L.C.; Capri Air, Inc.; Lady Luck Gaming Corp.; Lady Luck Gulfport, Inc.; Lady Luck Vicksburg, Inc.; Lady Luck Biloxi, Inc.; Lady Luck Central City, Inc.; Pompano Park Holdings, L.L.C; JPLA Pelican, L.L.C.; IOC-Cameron, L.L.C.; The Isle of Capri Casinos Limited, IOC Pittsburgh, Inc. and Capri Insurance Corporation.

Condensed consolidating balance sheets as of January 25, 2009 and April 27, 2008 are as follows (in thousands):

	As of January 25, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 145,696	$ 108,632	$ 41,327	$ (2,356)	$ 293,299
Intercompany receivables	1,316,361	(265,264)	(16,651)	(1,034,446)	—
Investments in subsidiaries	227,801	—	—	(227,801)	—
Property and equipment, net	10,957	1,187,016	49,994	—	1,247,967
Other assets	(7,290)	456,275	4,540	—	453,525
Total assets	$ 1,693,525	$ 1,486,659	$ 79,210	$ (1,264,603)	$ 1,994,791
Current liabilities	$ 75,516	$ 104,739	$ 34,639	$ (2,352)	$ 212,542
Intercompany payables	2,356	888,328	143,762	(1,034,446)	—
Long-term debt, less current maturities	1,447,000	4,685	1,126	—	1,452,811
Other accrued liabilities	(42,307)	118,756	42,030	—	118,479
Stockholders' equity	210,959	370,152	(142,347)	(227,805)	210,959
Total liabilities and stockholders' equity	$ 1,693,524	$ 1,486,660	$ 79,210	$ (1,264,603)	$ 1,994,791

	As of April 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 46,683	$ 107,235	$ 45,568	$ (105)	$ 199,381
Intercompany receivables	1,441,591	(382,547)	20,394	(1,079,438)	—
Investments in subsidiaries	162,496	—	—	(162,496)	—
Property and equipment, net	18,714	1,238,222	72,050	—	1,328,986
Other assets	70,358	368,316	7,125	—	445,799
Total assets	$ 1,739,842	$ 1,331,226	$ 145,137	$ (1,242,039)	$ 1,974,166
Current liabilities	$ 38,368	$ 107,672	$ 37,502	$ (105)	$ 183,437
Intercompany payables	—	889,382	190,056	(1,079,438)	—
Long-term debt, less current maturities	1,491,063	5,041	1,487	—	1,497,591
Other accrued liabilities	22,399	24,670	58,057		105,126
Stockholders' equity	188,012	304,461	(141,965)	(162,496)	188,012
Total liabilities and stockholders' equity	$ 1,739,842	$ 1,331,226	$ 145,137	$ (1,242,039)	$ 1,974,166

Condensed consolidating statements of operations for the three and six months ended January 25, 2009 and January 27, 2008 are as follows (in thousands):

	For the Three Months Ended January 25, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 246,718	$ 5,440	$ —	$ 252,158
Rooms, food, beverage and other	93	41,356	3,550	(2,356)	42,643
Hurricane insurance recoveries	—	60,000	—	—	60,000
Gross revenues	93	348,074	8,990	(2,356)	354,801
Less promotional allowances	—	46,354	271	—	46,625
Net revenues	93	301,720	8,719	(2,356)	308,176
Operating expenses:					
Casino	—	37,382	1,978	—	39,360
Gaming taxes	—	63,335	455	—	63,790
Rooms, food, beverage and other	9,967	92,418	6,520	(2,356)	106,549
Hurricane insurance recoveries	—	(32,179)	—	—	(32,179)
Management fee expense (revenue)	(9,417)	11,301	(1,884)	—	—
Depreciation and amortization	1,230	28,388	1,363	—	30,981
Total operating expenses	1,780	200,645	8,432	(2,356)	208,501
Operating income (loss)	(1,687)	101,075	287	—	99,675
Interest expense, net	(2,667)	(18,120)	(3,333)	—	(24,120)
Equity in income (loss) of subsidiaries	55,274	—	—	(55,274)	—
Income (loss) before income taxes	50,920	82,955	(3,046)	(55,274)	75,555
Income tax (provision) benefit	(4,807)	(23,309)	(1,326)	—	(29,442)
Net income (loss)	$ 46,113	$ 59,646	$ (4,372)	$ (55,274)	$ 46,113

	For the Three Months Ended January 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 261,095	$ 8,385	$ —	$ 269,480
Rooms, food, beverage and other	64	47,311	4,966	(3,544)	48,797
Gross revenues	64	308,406	13,351	(3,544)	318,277
Less promotional allowances	—	48,204	408	—	48,612
Net revenues	64	260,202	12,943	(3,544)	269,665
Operating expenses:					
Casino	—	37,579	3,384	—	40,963
Gaming taxes	—	69,254	869	—	70,123
Rooms, food, beverage and other	12,767	98,351	9,855	(3,544)	117,429
Management fee expense (revenue)	(7,092)	8,923	(1,831)	—	—
Depreciation and amortization	1,262	31,488	2,121	—	34,871
Total operating expenses	6,937	245,595	14,398	(3,544)	263,386
Operating income (loss)	(6,873)	14,607	(1,455)	—	6,279
Interest expense, net	(6,461)	(17,977)	(2,238)	—	(26,676)
Loss on extinguishment of debt	—	—	—	—	—
Equity in income (loss) of subsidiaries	(8,063)	—	—	8,063	—
Income (loss) before income taxes	(21,397)	(3,370)	(3,693)	8,063	(20,397)
Income tax (provision) benefit	7,548	612	(717)	—	7,443
Minority interest	—	—	—	(895)	(895)
Net income (loss)	$ (13,849)	$ (2,758)	$ (4,410)	$ 7,168	$ (13,849)

	For the Nine Months Ended January 25, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 769,932	$ 18,882	$ —	$ 788,814
Rooms, food, beverage and other	274	136,536	10,605	(7,174)	140,241
Hurricane insurance recoveries	—	60,000	—	—	60,000
Gross revenues	274	966,468	29,487	(7,174)	989,055
Less promotional allowances	—	143,628	806	—	144,434
Net revenues	274	822,840	28,681	(7,174)	844,621
Operating expenses:					
Casino	—	112,372	7,091	—	119,463
Gaming taxes	—	196,839	1,818	—	198,657
Rooms, food, beverage and other	37,989	284,970	25,178	(7,174)	340,963
Hurricane insurance recoveries	—	(32,179)	—	—	(32,179)
Management fee expense (revenue)	(22,927)	29,386	(6,459)	—	—
Depreciation and amortization	3,667	88,219	4,102	—	95,988
Total operating expenses	18,729	679,607	31,730	(7,174)	722,892
Operating income (loss)	(18,455)	143,233	(3,049)	—	121,729
Interest expense, net	(8,426)	(53,468)	(10,663)	—	(72,557)
Equity in income (loss) of subsidiaries	48,789	—	—	(48,789)	—
Income (loss) before income taxes	21,908	89,765	(13,712)	(48,789)	49,172
Income tax (provision) benefit	7,079	(26,109)	(1,155)	—	(20,185)
Net income (loss)	$ 28,987	$ 63,656	$ (14,867)	$ (48,789)	$ 28,987

	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
	For the Nine Months Ended January 27, 2008				
Statement of Operations					
Revenues:					
Casino	$ —	$ 804,823	$ 20,173	$ —	$ 824,996
Rooms, food, beverage and other	136	148,002	13,505	(9,840)	151,803
Gross revenues	136	952,825	33,678	(9,840)	976,799
Less promotional allowances	—	148,720	1,043	—	149,763
Net revenues	136	804,105	32,635	(9,840)	827,036
Operating expenses:					
Casino	—	112,492	9,164	—	121,656
Gaming taxes	—	209,109	2,051	—	211,160
Rooms, food, beverage and other	42,009	303,591	31,133	(9,840)	366,893
Management fee expense (revenue)	(22,236)	27,905	(5,669)	—	—
Depreciation and amortization	3,836	91,511	5,351	—	100,698
Total operating expenses	23,609	744,608	42,030	(9,840)	800,407
Operating income (loss)	(23,473)	59,497	(9,395)	—	26,629
Interest expense, net	(22,221)	(51,389)	(5,822)	—	(79,432)
Loss on extinguishment of debt	(13,660)	—	—	—	(13,660)
Equity in income (loss) of subsidiaries	(12,807)	—	—	12,807	—
Income (loss) before income taxes	(72,161)	8,108	(15,217)	12,807	(66,463)
Income tax (provision) benefit	26,562	988	(1,818)	—	25,732
Minority interest	—	—	—	(4,868)	(4,868)
Net income (loss)	$ (45,599)	$ 9,096	$ (17,035)	$ 7,939	$ (45,599)

Condensed consolidating statements of cash flows for the nine months ended January 25, 2009 and January 27, 2008 are as follows (in thousands):

	Nine Months Ended January 25, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ 11,684	$ 146,130	$ (6,871)	$ —	$ 150,943
Net cash provided by (used in) investing activities	79,704	(15,160)	(1,538)	(113,612)	(50,606)
Net cash provided by (used in) financing activities	(8,952)	(124,996)	10,590	113,612	(9,746)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(668)	—	(668)
Net increase (decrease) in cash and cash equivalents	82,436	5,974	1,513	—	89,923
Cash and cash equivalents at beginning of the period	5,363	67,540	18,887	—	91,790
Cash and cash equivalents at end of the period	$ 87,799	$ 73,514	$ 20,400	$ —	$ 181,713

	Nine Months Ended January 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (55,634)	$ 111,876	$ (11,694)	$ —	$ 44,548
Net cash provided by (used in) investing activities	(164,212)	(222,839)	(20,409)	155,740	(251,720)
Net cash provided by (used in) financing activities	156,066	105,954	30,279	(155,740)	136,559
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	72	—	72
Net increase (decrease) in cash and cash equivalents	(63,780)	(5,009)	(1,752)	—	(70,541)
Cash and cash equivalents at beginning of the period	82,894	85,467	19,753	—	188,114
Cash and cash equivalents at end of the period	$ 19,114	$ 80,458	$ 18,001	$ —	$ 117,573

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This 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 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. 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 report.

For a more complete description of the risks that may affect our business, see our Annual Report on Form 10-K for the year ended April 27, 2008, as updated in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended October 26, 2008.

Our Operations

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 and internationally. We have intentionally sought geographic diversity to limit the risks caused by weather, regional economic difficulties and local gaming authorities and regulations. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. Internationally we operate casinos in Coventry, Dudley and Wolverhampton, England and Freeport, Grand Bahamas. We also operate a harness racing track at our casino in Florida.

Executive Overview

The comparability of our operating results has been affected by our hurricane insurance recovery, economic conditions, a smoking ban in Colorado, increased competition, temporary property closures due to weather and flooding, write-offs and other charges, and the acquisition or opening of new properties in fiscal 2008. In addition our net income has been impacted by the acquisition of a minority interest and losses from the early extinguishment of debt.

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K for the year ended April 27, 2008, and give consideration to the following:

Hurricane Insurance Recovery — During December 2008, we reached an agreement with our insurance carriers fully settling our claim related to hurricane Katrina which had damaged our Biloxi, Mississippi property in the fall of 2005. As a result of this settlement, we received an additional $95,000 in insurance proceeds. After first applying the proceeds to our remaining insurance receivable, we recognized during our third quarter of fiscal 2009, pretax income of $92,179.

Insurance proceeds of $60,000 relating to business interruption proceeds are included in net revenues and insurance recoveries of $32,179 are recorded as a reduction of operating expenses in the statement of operations.

Impact of Current Economic Conditions - The current state of the United States economy has negatively impacted our results of operations through the first nine months of fiscal 2009. The turmoil in the credit and other financial markets, and in the broader global economy has exacerbated these trends and consumer confidence has been significantly impacted, as witnessed in broader indications of consumer behavior such as trends in auto and other retail sales. We believe that our customers have reduced their discretionary spending as a result of these economic conditions.

Other conditions currently or recently present are conditions which tend to negatively impact our results, such as:

- Weakness in the housing market and significant declines in housing prices and related home equity;
- Higher oil and gas prices which impacted travel costs during the first part of fiscal 2009;
- Increased unemployment; and
- Decreases in equity market value, which has impacted many customers investments.

See "Operating Results —Revenues" for specific impacts of these conditions on our results of operations. Beyond the impact on our operating results, these factors have led to a significant decrease in equity market value in general and on our market capitalization specifically. Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, indicates that a sustained decline in our market capitalization may be considered an indicator of impairment. Our market capitalization as of January 25, 2009 was approximately $89 million which was less than our stockholders' equity of $211 million. After completing a preliminary analysis of all potential interim impairment indicators, including forecasted operating performance and market transaction multiples of reporting units with goodwill, we do not believe as of January 25, 2009, an indicator of impairment exists that would more likely than not reduce the fair value of reporting units below their carrying value. A continued or further decline of our market capitalization, operating performance or other evidence of impairment could require us to record an impairment charge during our annual impairment test in the fourth quarter or to record an impairment charge in subsequent interim periods. As of January 25, 2009, the balances of our goodwill and indefinite-lived intangible assets were $324.3 million and $84.5 million, respectively.

Given the uncertainty in the economy and the unprecedented nature of the situation with the financial and credit markets, forecasting future results has become very difficult. Businesses and consumers appear to have altered their spending patterns which may lead to further decreases in visitor volumes and customer spending. Given these economic conditions, we have increasingly focused on managing costs.

Colorado Smoking Ban — The smoking ban enacted in Colorado during January 2008 has had a continuing impact on our overall operating results at our Black Hawk, Colorado properties.

Competition — The introduction of table games and expansion of Class III gaming at competing Native American casinos, beginning July 2008, has had a negative impact on our Pompano property's net revenues and operating results. The opening of a competing land-based facility, which replaced a riverboat operation in the Quad City area during December 2008, has had a negative impact on net revenues and operating results at our Bettendorf and Davenport, Iowa properties.

Temporary Property Closures — As a result of flooding conditions on the Mississippi River, our Davenport and Natchez properties were closed for 20 and 14 days, respectively, during the nine months ended January 25, 2009. The impact of the floods also affected our revenue and operating results for periods before and after the closures.

Write-offs and Other Charges — During the first quarter of fiscal 2009, we recorded charges of $6.0 million, consisting of a $5.0 million non-cash charge representing our cancellation of rights to acquire land and a $1.0

million termination fee, following our agreement to terminate the development of a potential casino project in Portland, Oregon.

The results from operations for the three and nine month periods of fiscal 2008 include $6.5 million of write-offs of costs related to the termination of our plans to develop a new casino in west Harrison County, Mississippi and the write-off of construction projects in Davenport, Iowa and Kansas City, Missouri which we cancelled during the second quarter of fiscal 2008.

Acquisition or Opening of New Properties — during fiscal 2008, we acquired our Caruthersville, Missouri casino in June 2007 and opened our Waterloo, Iowa and Coventry, England casinos in June 2007 and July 2007, respectively.

Acquisition of Minority Interest — On January 27, 2008, we acquired the 43% minority interest in our Black Hawk, Colorado casino properties for $64.8 million.

Loss from Early Extinguishment of Debt — In the nine months ended January 27, 2008, we recorded losses from the early extinguishment of debt totaling $13.7 million related to the early retirement of our 9% Senior Subordinated Notes and our February 2005 Credit Facility.

OPERATING RESULTS:

Revenues

Revenues for the three and nine months ended January 25, 2009 and January 27, 2008, are as follows:

	Three Months Ended						
(in thousands)		January 25, 2009		January 27, 2008		Variance	Percentage Variance
Revenues:							
Casino	$	252,158	$	269,480	$	(17,322)	-6.4%
Rooms		9,216		10,674		(1,458)	-13.7%
Food, beverage, pari-mutuel and other		33,427		38,123		(4,696)	-12.3%
Hurricane insurance recoveries		60,000				60,000	100.0%
Gross revenues		354,801		318,277		36,524	11.5%
Less promotional allowances		46,625		48,612		(1,987)	-4.1%
Net revenues	$	308,176	$	269,665		38,511	14.3%

	Nine Months Ended						
(in thousands)		January 25, 2009		January 27, 2008		Variance	Percentage Variance
Revenues:							
Casino	$	788,814	$	824,996	$	(36,182)	-4.4%
Rooms		35,696		37,595		(1,899)	-5.1%
Food, beverage, pari-mutuel and other		104,545		114,208		(9,663)	-8.5%
Hurricane insurance recoveries		60,000				60,000	100.0%
Gross revenues		989,055		976,799		12,256	1.3%
Less promotional allowances		144,434		149,763		(5,329)	-3.6%
Net revenues	$	844,621	$	827,036		17,585	2.1%

Casino Revenues - Casino revenues decreased $17.3 million, or 6.4%, and $36.2 million, or 4.4%, respectively, for the three and nine months ended January 25, 2009, compared to the three and nine months ended January 27, 2008. Decreases in casino revenues reflect the impact of general economic conditions, the smoking ban put into effect on January 1, 2008 at our Colorado properties, expanded tribal gaming impacting our Pompano operations, the opening of new land based casino in December 2008 by a competitor in the Quad Cities which replaced an existing riverboat operation, as well as, year-to-date decreases in casino revenues at our Lake Charles, Biloxi, Natchez and Davenport properties due to closures resulting from weather conditions and flooding. Casino revenues decreased by $6.3 million and $22.5 million for the three and nine months period ended January 25, 2009, respectively, at our Colorado properties. Casino revenues decreased $4.2 million and $2.5 million for the three and nine months ended January 25, 2009, respectively, at our Pompano property. Casino revenues at our Davenport property decreased $.5 million and $3.5 million for the three and nine months ended January 25, 2009, respectively. Casino revenues at our Bettendorf property decreased by $1.6 million for the three months ended January 25, 2009. Casino revenues decreased $12.8 million at our Lake Charles, Biloxi and Natchez properties for the nine months ended January 25, 2009. These decreases together with other decreases resulting from general economic conditions were partially offset by increases in casino revenues of $19.8 million for the nine months ended January 25, 2009, due to our new properties in Caruthersville, Waterloo and Coventry being opened for the entire period in fiscal 2009.

Rooms Revenue - Rooms revenue decreased $1.5 million, or 13.7%, and $1.9 million, or 5.1% for the three and nine months ended January 25, 2009, compared to the three and nine months ended January 27, 2008. Rooms revenue decreased in total at our Biloxi, Natchez and Black Hawk properties by $1.1 million and $3.2 million for the three and nine month periods, respectively, which we attribute to declining economic conditions, increased competition and at Black Hawk the impact of the smoking ban in Colorado. These declines in room revenues were partially offset by an increase of $1.2 million for the nine month period ending January 25, 2009, due to our Waterloo property being open for the entire period.

Food, Beverage, Pari-mutuel and Other Revenues - Food, beverage, pari-mutuel and other revenues decreased $4.7 million, or 12.3%, and $9.7 million or 8.5% for the three and nine months ended January 25, 2009, respectively, compared to the three and nine months ended January 27, 2008. These decreases included reductions in food, beverage and other revenues of $3.5 million and $7.5 million for the three and nine months ended January 25, 2009, respectively, primarily due to the impact of economic conditions on our properties. Weather related closures at our Lake Charles, Biloxi, Natchez and Davenport properties also contributed to the decrease for the nine months ended January 25, 2009. Additionally, pari-mutuel commissions earned at Pompano Park for the three and nine months ended January 25, 2009 decreased $1.2 million, and $2.2 million, in the three and nine month periods ended January 25, 2009, respectively, due to decreased handle and commissions from live and simulcast races.

Promotional Allowances - Promotional allowances decreased $2.0 million, or 4.1%, and $5.3 million, or 3.6%, for the three and nine months ended January 25, 2009, respectively, compared to the three and nine months ended January 27, 2008. Promotional allowances at our Lake Charles, Biloxi, Natchez and Davenport properties decreased $6.6 million primarily as a result of weather related property closures during the nine months ended January 25, 2009, as compared to the prior year periods. Promotional allowances also decreased $1.5 million and $4.6 million for the three and nine months ended January 25, 2009, respectively, at our Colorado properties, in part corresponding to reductions in revenues attributable to the new smoking ban in the state. These amounts were partially offset by increases in promotional spending at our Pompano Park property of $1.3 million and $4.9 million for the three and nine months ended January 25, 2009, respectively, due to increased marketing efforts intended to combat the increased competition.

Operating Expenses

Operating expenses for the three and nine months ended January 25, 2009 and January 27, 2008, are as follows:

(in thousands)	Three Months Ended January 25, 2009	Three Months Ended January 27, 2008	Variance	Percentage Variance
Operating expenses:				
Casino	$ 39,360	$ 40,963	$ (1,603)	-3.9%
Gaming taxes	63,790	70,123	(6,333)	-9.0%
Rooms	2,624	2,507	117	4.7%
Food, beverage, pari-mutuel and other	12,880	15,050	(2,170)	-14.4%
Marine and facilities	15,921	16,852	(931)	-5.5%
Marketing and administrative	66,085	71,174	(5,089)	-7.2%
Corporate and development	9,039	11,846	(2,807)	-23.7%
Hurricane insurance recoveries	(32,179)		(32,179)	100.0%
Depreciation and amortization	30,981	34,871	(3,890)	-11.2%
Total operating expenses	$ 208,501	$ 263,386	(54,885)	-20.8%

(in thousands)	Nine Months Ended January 25, 2009	Nine Months Ended January 27, 2008	Variance	Percentage Variance
Operating expenses:				
Casino	$ 119,463	$ 121,656	$ (2,193)	-1.8%
Gaming taxes	198,657	211,160	(12,503)	-5.9%
Rooms	9,206	8,852	354	4.0%
Food, beverage, pari-mutuel and other	40,587	44,923	(4,336)	-9.7%
Marine and facilities	50,214	50,123	91	0.2%
Marketing and administrative	202,386	214,173	(11,787)	-5.5%
Corporate and development	32,570	35,839	(3,269)	-9.1%
Pre-opening, write-offs and other valuation charges	6,000	12,983	(6,983)	-53.8%
Hurricane insurance recoveries	(32,179)	—	(32,179)	100.0%
Depreciation and amortization	95,988	100,698	(4,710)	-4.7%
Total operating expenses	$ 722,892	$ 800,407	(77,515)	-9.7%

Casino, Gaming Taxes, and Food, Beverage, Pari-Mutuel and Other — For the three and nine month periods ended January 25, 2009, changes in casino, gaming taxes, and food, beverage, pari-mutuel and other operating expenses are primarily in proportion to the change in revenues, reflecting the factors discussed above.

Food, Beverage, Pari-mutuel and Other - Food, beverage, pari-mutuel and other operating costs decreased $2.2 million, or 14.4%, and $4.4 million, or 9.7%, for the three and nine months ended January 25, 2009, respectively, generally corresponding to the overall reduction in food, beverage, pari-mutuel and other revenues.

Marine and Facilities - These expenses include salaries, wages and benefits of the marine and facilities departments, operating expenses of the marine crews, insurance, maintenance of public areas, housekeeping and general maintenance of the riverboats and pavilions. Marine and facilities expenses decreased $0.9 million, or 5.5%, for the three months ended January 25, 2009, as compared to the prior fiscal year period. Changes in our marine and facility expenses generally reflect changes in our maintenance and repair expenses.

Marketing and Administrative - These expenses include salaries, wages and benefits of the marketing and sales departments, as well as promotions, direct mail, advertising, special events and entertainment. Administrative expenses include administration and human resource department expenses, rent, professional fees and property taxes. Marketing and administrative expenses decreased $5.1 million, or 7.2%, and $11.8 million, or 5.5%, in the three and nine months ended January 25, 2009, respectively, compared to the same periods in the prior year. This decrease in marketing and administrative expenses for the three and nine months ended January 25, 2009, reflects our decision to reduce our overall marketing costs as a result of decreases in net revenues and through cost reductions in administrative expenses.

Corporate and Development - Our corporate and development expenses decreased $2.8 million, or 23.7% and $3.3 million, or 9.1%, for the three and nine months ended January 25, 2009, respectively, compared to the same period in the prior year. Development expenses decreased year over year for the three and nine months ended January 25, 2009, by $1.6 million and $3.9 million, respectively as our prior year included development costs primarily related to opportunities in Mississippi and in Portland, Oregon. This decrease in corporate and development expense reflects our continued efforts to reduce our corporate overhead and includes reductions related to consulting services, insurance and compensation-related charges. Stock compensation expenses for the parent company decreased $0.2 million for the three months and increased $1.4 million for the nine months ended January 25, 2009.

Pre-opening, write-offs and other valuation charges - Pre-opening expenses related to our Waterloo, Coventry and Pompano totaled $6.4 million for the nine months ended January 27, 2008.

Depreciation and Amortization - Depreciation and amortization expense for the three and nine months ended January 25, 2009 decreased $3.9 million, or 11.2%, and $4.7 million, or 4.7%, respectively, as compared to the comparable periods during fiscal 2008, due primarily year over year reductions in new capital expenditures.

Other Income (Expense), Income Taxes, and Minority Interest

Interest expense, interest income, loss on early extinguishment of debt, income tax (provision) benefit, and minority interest, net of income taxes for the three and nine months ended January 25, 2009 and January 27, 2008, are as follows:

(in thousands)	Three Months Ended January 25, 2009	Three Months Ended January 27, 2008	Variance	Percentage Variance
Interest expense	$ (24,872)	$ (27,548)	$ 2,676	-9.7%
Interest income	752	872	(120)	-13.8%
Income tax (provision) benefit	(29,442)	7,443	(36,885)	-495.6%
Minority interest	—	(895)	895	-100.0%

(in thousands)	Nine Months Ended January 25, 2009	Nine Months Ended January 27, 2008	Variance	Percentage Variance
Interest expense	$ (74,365)	$ (82,538)	$ 8,173	-9.9%
Interest income	1,808	3,106	(1,298)	-41.8%
Loss on early extinguishment of debt		(13,660)	13,660	-100.0%
Income tax (provision) benefit	(20,185)	25,732	(45,917)	-178.4%
Minority interest		(4,868)	4,868	-100.0%

Interest Expense - Interest expense decreased $2.7 million, or 9.7%, and $8.2 million, or 9.9% for the three and nine months ended January 25, 2009, respectively, compared to the same periods in the prior year. This decrease is primarily attributable to lower interest rates on our outstanding indebtedness and reductions in our outstanding debt balances.

Interest Income - During the three and nine months ended January 25, 2009, our interest income was $0.8 million and $1.8 million, compared to $0.9 million and $3.1 million for the three and nine months ended January 27, 2008, respectively. The reduction in interest income reflects decreases in our average invested cash balances and lower interest rates.

Income Tax (Provision) Benefit — Our income tax (provision) benefit is, and thus our effective income tax rate has been, impacted by interim changes in our estimate of annual taxable income for financial statement purposes as well as our percentage of permanent items in relation to such estimated income or loss. Effective income tax rates were as follows:

	Three Months Ended January 25, 2009	Three Months Ended January 27, 2008	Nine Months Ended January 25, 2009	Nine Months Ended January 27, 2008
Total	39.0%	36.5%	41.0%	38.7%

Minority Interest - During the three and nine months ended January 27, 2008, our minority interest expense was $0.9 million and $4.9 million. On January 27, 2008, we acquired the remaining 43% minority interest in our Black Hawk, Colorado casino properties for $64.8 million, resulting in the elimination of minority interest expense.

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the nine months ended January 25, 2009, we generated $150.9 million in cash flows from operating activities compared to generating $44.5 million during the nine months ended January 27, 2008. This increase in our cash flows from operating activities primarily results from the collection of our hurricane Katrina insurance proceeds including $60.0 million in business interruption proceeds and income tax refunds $19.7 million.

Cash Flows used in Investing Activities - During the nine months ended January 25, 2009, we used $50.6 million in investing activities compared to using $251.7 million during the nine months ended January 27, 2008. Investing activities for the nine months ended January 25, 2009 included the purchases of property and equipment of $45.6 million, property insurance proceeds from Hurricane Katrina, net of $32.2 million, an increase in restricted cash of $33.2 million and the payment of $4.0 million towards our Waterloo gaming license.

Cash flows used in investing activities during 2008 included $107.9 million for the acquisition of our Caruthersville property and remaining minority interest of our Black Hawk properties, and $141.9 million in capital expenditures resulting from the completion of our new properties opened in Waterloo, Pompano and Coventry.

Cash Flows from Financing Activities - During the nine months ended January 25, 2009, our net cash flows from financing activities were used to repay $9.7 million of our debt.

During the nine months ended January 27, 2008, our net cash flows from financing activities provided $136.6 million primarily attributable to the replacement of our 9% senior subordinated notes and February 2005 Credit Facility with our July 2007 Credit Facility. In connection with these transactions, we paid $8.4 million in deferred financing costs. Additionally, borrowings under our July 2007 Credit Facility were used to fund the acquisitions of Caruthersville and Black Hawk.

Availability of Cash and Debt - At January 25, 2009, we had cash and cash equivalents and marketable securities of $197.7 million and $35.0 million in current restricted cash. As of January 25, 2009, we had outstanding $128.0 million of the $475.0 million revolving credit line and $862.8 million in term loans under the $1.35 billion July 2007 Credit Facility. Our net credit availability at January 25, 2009 was approximately $325.4 million.

During February 2009, we used $82.8 million from our available cash and cash equivalents to retire $142.7 million of our Senior Subordinated Notes through a tender offer. After expenses related to the elimination of deferred finance costs and transactions costs, we expect to recognize a pretax gain of approximately $57.0 million during our fourth quarter ending April 26, 2009. Additionally, during March 2009, we expect to use $35.0 million of restricted cash to repay variable rate term loans as required under the terms of our July 2007 Credit Facility.

International Operations — We are currently exploring alternatives to exit our international operations in England and the Bahamas. The exit from such operations may require the use of cash for lease termination, severance or other liabilities or expenses. Until we determine timing and form of such exit activities, we are unable to estimate the cash requirements.

Capital Expenditures and Development Activities — We currently have hotel room renovation projects in progress at our Lula and Lake Charles properties and rebranding projects are ongoing at our Caruthersville and Marquette properties. We expect capital expenditures to complete these projects will be approximately $8.0 million during the remainder of fiscal 2009. In addition, we expect to spend approximately $12.0 million in maintenance capital expenditures through the balance of the fiscal year.

Given current economic and business conditions and the state of the capital markets, we do not anticipate any significant additional capital projects (other than maintenance capital), until economic and business trends improve.

Historically, 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 existing cash, 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 our planned reduced levels of 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.

As part of our business development activities, historically we have entered into agreements which could result 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 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.

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.

For a discussion of our significant accounting policies and estimates, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements presented in our 2008 Annual Report on Form 10-K. There were no newly identified significant accounting estimates in the third quarter of fiscal 2009, nor were there any material changes to the critical accounting policies and estimates in our 2008 Annual Report on Form 10-K.

ITEM 3. 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 July 2007 Credit Facility.

We have entered into seven interest rate swap arrangements with aggregate notional value of $500.0 million as of January 25, 2009. The swap agreements effectively convert portions of the July 2007 Credit Facility variable rate debt to a fixed-rate basis until the respective swap agreements terminate, which occurs during fiscal years 2010, 2011, 2012 and 2014. These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of January 25, 2009, as being fully effective.

We are also exposed to market risks relating to fluctuations in currency exchange rates related to our ownership interests and development activities in the United Kingdom. As we finance a portion of our United Kingdom investments in the local currency of the United Kingdom and due to the limited scope and nature of our United Kingdom operations, our market risks relating to fluctuations in currency exchange rates are immaterial.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the evaluation, management has concluded that the design and operation of our disclosure controls and procedures are effective as of January 25, 2009.

Because of its inherent limitations, systems of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting during the fiscal quarter ended January 25, 2009, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION
ITEM 1. LEGAL PROCEEDINGS

A reference is made to the information contained in Footnote 14 of our unaudited condensed consolidated financial statements included herein, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

You should carefully consider the risks and uncertainties described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended April 27, 2008 (as updated in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended October 26, 2008) and the other information in our subsequent filings with the SEC, including this Quarterly Report on Form 10-Q. Our business, financial condition, results of operations and stock price could be materially adversely affected by any of these risks. The risks described in our SEC filings are not the only ones facing us. Additional risks and uncertainties that are currently unknown to us or that we currently consider to be immaterial may also impair our business or adversely affect our financial condition, results of operations and stock price.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Pursuant to the authorization of our board of directors, we have purchased our common stock under stock repurchase programs. These authorizations allow for the repurchase of up to 6,000,000 shares. To date, we have purchased 4,895,792 shares of our common stock under these programs. These programs have no approved dollar amount, nor expiration dates. No purchases were made during the three months ended January 25, 2009.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS SUBJECT TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Index to Exhibits following the signature page hereto for a list of the exhibits filed pursuant to Item 601 of Regulation S-K.

SIGNATURE

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

ISLE OF CAPRI CASINOS, INC.

Dated: March 6, 2009

/s/ DALE R. BLACK
Dale R. Black
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

EXHIBIT NUMBER	DESCRIPTION
10.1	Isle of Capri Casinos, Inc. Employment Agreement Compliance Addendum — James B. Perry
10.2	Isle of Capri Casinos, Inc. Employment Agreement Compliance Addendum — Virginia M. McDowell
10.3	Isle of Capri Casinos, Inc. Employment Agreement Compliance Addendum — Dale R. Black
10.4	Isle of Capri Casinos, Inc. Employment Agreement Compliance Addendum — Edmund L. Quantmann, Jr.
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.

Exhibit 10.1

ISLE OF CAPRI CASINOS, INC. EMPLOYMENT AGREEMENT
Compliance Addendum - Code Section 409A

Executive ("Executive"): James B. Perry

Effective Date of Employment Agreement: March 10, 2008

Effective Date of This Addendum: January 1, 2009

Isle of Capri Casinos, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Company"), previously entered into an Employment Agreement with Executive dated the date set forth above (the "Agreement"), providing for, among other things, the payment or provision of certain amounts and benefits now subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). This Addendum is intended to comply with the provisions of Code Section 409A and the final regulations promulgated thereunder and is to be interpreted and construed in a manner consistent with such intent. To the extent the provisions of this Addendum are inconsistent with the provisions of the Agreement, the terms of this Addendum shall govern.

1. **Definitions.** Capitalized terms used in this Addendum shall have the meanings ascribed to them in the Agreement, except:

a. For all purposes under the Agreement, the term "Disability" or "Disabled" shall mean that Executive by reason of a medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months (i) has been receiving income replacement benefits for a period of not less than three months under a separate long-term disability plan or policy maintained by the Company or an affiliate thereof, or (ii) is unable to engage in any substantial gainful employment.

b. For all purposes under the Agreement, the term "Termination of Employment" or words of similar import shall mean the later of the date on which (i) Executive's employment with the Company and its affiliates ceases, or (ii) the Company and Executive reasonably anticipate that Executive will perform no further services for the Company and its affiliates, whether as a common law employee or independent contractor. Notwithstanding the foregoing, Executive may be deemed to incur a Termination of Employment if he continues to provide services to the Company or an affiliate, whether as an employee or an independent contractor, provided such services are not more than 20% of the average level of services performed by such Executive during the immediately preceding 36-month period.

c. The status of Executive as a "Specified Employee" shall be determined in accordance with the provisions of Code Section 409A and shall mean that as of his Separation Date, Executive is a "key employee" of the Company or an affiliate within the meaning of Code Section 416(i), (ii), or (iii), but determined without regard to paragraph (i)(5) thereof. If Executive satisfies such requirements as of a December 31st, he shall be considered a Specified Employee hereunder during the 12-month period commencing on the immediately following April 1st.

2. **Specified Employee Delay.** If Executive is a Specified Employee as of his Termination of Employment, then any payment due to Executive on account of such termination shall be made or commence as of the first business day of the calendar month following such termination, to the extent then permitted under Code Section 409A. Any such payment shall be made in the form prescribed in the Agreement. Otherwise, payment shall be made at the time or times and in the form prescribed under the Agreement. Any payment required to be delayed as provided in the Agreement, shall be made without liability for interest or other loss of investment opportunity.

3. **Payments.** Any provision of the Agreement purporting to provide to the Board of Directors the discretionary authority to determine the time or times of payment thereunder shall be void and of no effect.

4. **Reimbursements.** Any reimbursement due to Executive under the Agreement, including business expense reimbursements under Section 2d thereof, shall be subject to the following special rules:

a. Executive shall claim reimbursement not later than 90 days after the end of the calendar year in which the expense giving rise to such claim for reimbursement is incurred.

b. The Company shall promptly pay or reimburse such proper expenses upon receipt of such information and supporting documentation as it may reasonably request, but not later than December 31st of the calendar year following the calendar year in which such expenses are incurred.

c. Any claim for reimbursement provided under the Agreement shall be made no later than two years after Executive's date of death, at which time the Company's obligations to reimburse under the Agreement shall be extinguished.

5. **Continuation of Benefits.** In lieu of the continuation of Executive's coverage under the Company's welfare plans described in Sections 3(a)(ii) and 4(b) of the Agreement, the following shall apply:

a. During the period described in Section 3(a)(ii) or 4(b), as the case may be, following Executive's Termination of Employment, Executive shall receive continuation coverage for herself and his spouse and dependents under the Company's major medical, dental and vision plans (collectively, the "Medical Plan"), at Executive's sole expense, consistent with the level of coverage otherwise in effect as of his Termination Date; provided that such coverage shall earlier cease in the event Executive, his spouse or dependents, as the case may be, obtains alternative group coverage during such period (the "Continuation Period");

b. During the Continuation Period, the Company shall provide to Executive an amount such that, after the payment of all income and employment taxes due with respect to such amount, there remains an amount equal to the Company's premium contribution paid with respect to its active employees for the level of coverage provided to Executive and his spouse and dependents under the Medical Plan during such period; and

c. Nothing contained herein shall be deemed to offset or otherwise limit the period of continuation coverage otherwise available to Executive and his spouse or dependents under Code Section 4980B, which shall be deemed to commence following the end of the Continuation Period and shall be provided at Executive's sole expense.

This Compliance Addendum was executed in multiple counterparts, each of which has been deemed an original, as of the dates set forth below, to be effective as provided above.

Executive:	**Isle of Capri Casinos, Inc.:**
/s/ James B. Perry	By: /s/ Ronald Burgess
Date: December 29, 2008	Title: Senior Vice President, Human Resources
	Date: December 30, 2008

Exhibit 10.2

ISLE OF CAPRI CASINOS, INC. EMPLOYMENT AGREEMENT
Compliance Addendum - Code Section 409A

Executive ("Executive"): Virginia M. McDowell

Effective Date of Employment Agreement: July 30, 2007

Effective Date of This Addendum: January 1, 2009

Isle of Capri Casinos, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Company"), previously entered into an Employment Agreement with Executive dated the date set forth above (the "Agreement"), providing for, among other things, the payment or provision of certain amounts and benefits now subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). This Addendum is intended to comply with the provisions of Code Section 409A and the final regulations promulgated thereunder and is to be interpreted and construed in a manner consistent with such intent. To the extent the provisions of this Addendum are inconsistent with the provisions of the Agreement, the terms of this Addendum shall govern.

1. **Definitions.** Capitalized terms used in this Addendum shall have the meanings ascribed to them in the Agreement, except:

a. For all purposes under the Agreement, the term "Disability" or "Disabled" shall mean that Executive by reason of a medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months (i) has been receiving income replacement benefits for a period of not less than three months under a separate long-term disability plan or policy maintained by the Company or an affiliate thereof, or (ii) is unable to engage in any substantial gainful employment.

b. For all purposes under the Agreement, the term "Termination of Employment" or words of similar import shall mean the later of the date on which (i) Executive's employment with the Company and its affiliates ceases, or (ii) the Company and Executive reasonably anticipate that Executive will perform no further services for the Company and its affiliates, whether as a common law employee or independent contractor. Notwithstanding the foregoing, Executive may be deemed to incur a Termination of Employment if she continues to provide services to the Company or an affiliate, whether as an employee or an independent contractor, provided such services are not more than 20% of the average level of services performed by such Executive during the immediately preceding 36-month period.

c. The status of Executive as a "Specified Employee" shall be determined in accordance with the provisions of Code Section 409A and shall mean that as of her Separation Date, Executive is a "key employee" of the Company or an affiliate within the meaning of Code Section 416(i), (ii), or (iii), but determined without regard to paragraph (i)(5) thereof. If Executive satisfies such requirements as of a December 31st, she shall be considered a Specified Employee hereunder during the 12-month period commencing on the immediately following April 1st.

2. **Specified Employee Delay.** If Executive is a Specified Employee as of her Termination of Employment, then any payment due to Executive on account of such termination shall be made or commence as of the first business day of the calendar month following such termination, to the extent then permitted under Code Section 409A. Any such payment shall be made in the form prescribed in the Agreement. Otherwise, payment shall be made at the time or times and in the form prescribed under the Agreement. Any payment required to be delayed as provided in the Agreement, shall be made without liability for interest or other loss of investment opportunity.

3. **Payments.** Any provision of the Agreement purporting to provide to the Board of Directors the discretionary authority to determine the time or times of payment thereunder shall be void and of no effect.

4. **Reimbursements.** Any reimbursement due to Executive under the Agreement, including business expense reimbursements under Section 2d thereof, shall be subject to the following special rules:

a. Executive shall claim reimbursement not later than 90 days after the end of the calendar year in which the expense giving rise to such claim for reimbursement is incurred.

b. The Company shall promptly pay or reimburse such proper expenses upon receipt of such information and supporting documentation as it may reasonably request, but not later than December 31st of the calendar year following the calendar year in which such expenses are incurred.

c. Any claim for reimbursement provided under the Agreement shall be made no later than two years after Executive's date of death, at which time the Company's obligations to reimburse under the Agreement shall be extinguished.

5. **Continuation of Benefits.** In lieu of the continuation of Executive's coverage under the Company's welfare plans described in Sections 3(a)(ii) and 4(b) of the Agreement, the following shall apply:

a. During the period described in Section 3(a)(ii) or 4(b), as the case may be, following Executive's Termination of Employment, Executive shall receive continuation coverage for herself and her spouse and dependents under the Company's major medical, dental and vision plans (collectively, the "Medical Plan"), at Executive's sole expense, consistent with the level of coverage otherwise in effect as of her Termination Date; provided that such coverage shall earlier cease in the event Executive, her spouse or dependents, as the case may be, obtains alternative group coverage during such period (the "Continuation Period");

b. During the Continuation Period, the Company shall provide to Executive an amount such that, after the payment of all income and employment taxes due with respect to such amount, there remains an amount equal to the Company's premium contribution paid with respect to its active employees for the level of coverage provided to Executive and her spouse and dependents under the Medical Plan during such period; and

c. Nothing contained herein shall be deemed to offset or otherwise limit the period of continuation coverage otherwise available to Executive and her spouse or dependents under Code Section 4980B, which shall be deemed to commence following the end of the Continuation Period and shall be provided at Executive's sole expense.

This Compliance Addendum was executed in multiple counterparts, each of which has been deemed an original, as of the dates set forth below, to be effective as provided above.

Executive:	**Isle of Capri Casinos, Inc.:**
/s/ Virginia M. McDowell	By: /s/ Ronald Burgess
Date: December 24, 2008	Title: Senior Vice President, Human Resources
	Date: December 29, 2008

ISLE OF CAPRI CASINOS, INC. EMPLOYMENT AGREEMENT
Compliance Addendum - Code Section 409A

Executive ("Executive"): Dale R. Black

Effective Date of Employment Agreement: December 17, 2007

Effective Date of This Addendum: January 1, 2009

Isle of Capri Casinos, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Company"), previously entered into an Employment Agreement with Executive dated the date set forth above (the "Agreement"), providing for, among other things, the payment or provision of certain amounts and benefits now subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). This Addendum is intended to comply with the provisions of Code Section 409A and the final regulations promulgated thereunder and is to be interpreted and construed in a manner consistent with such intent. To the extent the provisions of this Addendum are inconsistent with the provisions of the Agreement, the terms of this Addendum shall govern.

1. **Definitions.** Capitalized terms used in this Addendum shall have the meanings ascribed to them in the Agreement, except:

a. For all purposes under the Agreement, the term "Disability" or "Disabled" shall mean that Executive by reason of a medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months (i) has been receiving income replacement benefits for a period of not less than three months under a separate long-term disability plan or policy maintained by the Company or an affiliate thereof, or (ii) is unable to engage in any substantial gainful employment.

b. For all purposes under the Agreement, the term "Termination of Employment" or words of similar import shall mean the later of the date on which (i) Executive's employment with the Company and its affiliates ceases, or (ii) the Company and Executive reasonably anticipate that Executive will perform no further services for the Company and its affiliates, whether as a common law employee or independent contractor. Notwithstanding the foregoing, Executive may be deemed to incur a Termination of Employment if he continues to provide services to the Company or an affiliate, whether as an employee or an independent contractor, provided such services are not more than 20% of the average level of services performed by such Executive during the immediately preceding 36-month period.

c. The status of Executive as a "Specified Employee" shall be determined in accordance with the provisions of Code Section 409A and shall mean that as of his Separation Date, Executive is a "key employee" of the Company or an affiliate within the meaning of Code Section 416(i), (ii), or (iii), but determined without regard to paragraph (i)(5) thereof. If Executive satisfies such requirements as of a December 31st, he shall be considered a Specified Employee hereunder during the 12-month period commencing on the immediately following April 1st.

2. **Specified Employee Delay.** If Executive is a Specified Employee as of his Termination of Employment, then any payment due to Executive on account of such termination shall be made or commence as of the first business day of the calendar month following such termination, to the extent then permitted under Code Section 409A. Any such payment shall be made in the form prescribed in the Agreement. Otherwise, payment shall be made at the time or times and in the form prescribed under the Agreement. Any payment required to be delayed as provided in the Agreement, shall be made without liability for interest or other loss of investment opportunity.

3. **Payments.** Any provision of the Agreement purporting to provide to the Board of Directors the discretionary authority to determine the time or times of payment thereunder shall be void and of no effect.

4. **Reimbursements.** Any reimbursement due to Executive under the Agreement, including business expense reimbursements under Section 2d thereof, shall be subject to the following special rules:

a. Executive shall claim reimbursement not later than 90 days after the end of the calendar year in which the expense giving rise to such claim for reimbursement is incurred.

b. The Company shall promptly pay or reimburse such proper expenses upon receipt of such information and supporting documentation as it may reasonably request, but not later than December 31st of the calendar year following the calendar year in which such expenses are incurred.

c. Any claim for reimbursement provided under the Agreement shall be made no later than two years after Executive's date of death, at which time the Company's obligations to reimburse under the Agreement shall be extinguished.

5. **Continuation of Benefits.** In lieu of the continuation of Executive's coverage under the Company's welfare plans described in Sections 3(a)(ii) and 4(b) of the Agreement, the following shall apply:

a. During the period described in Section 3(a)(ii) or 4(b), as the case may be, following Executive's Termination of Employment, Executive shall receive continuation coverage for herself and his spouse and dependents under the Company's major medical, dental and vision plans (collectively, the "Medical Plan"), at Executive's sole expense, consistent with the level of coverage otherwise in effect as of his Termination Date; provided that such coverage shall earlier cease in the event Executive, his spouse or dependents, as the case may be, obtains alternative group coverage during such period (the "Continuation Period");

b. During the Continuation Period, the Company shall provide to Executive an amount such that, after the payment of all income and employment taxes due with respect to such amount, there remains an amount equal to the Company's premium contribution paid with respect to its active employees for the level of coverage provided to Executive and his spouse and dependents under the Medical Plan during such period; and

c. Nothing contained herein shall be deemed to offset or otherwise limit the period of continuation coverage otherwise available to Executive and his spouse or dependents under Code Section 4980B, which shall be deemed to commence following the end of the Continuation Period and shall be provided at Executive's sole expense.

This Compliance Addendum was executed in multiple counterparts, each of which has been deemed an original, as of the dates set forth below, to be effective as provided above.

Executive:	**Isle of Capri Casinos, Inc.:**
/s/ Dale R. Black	By: /s/ Ronald Burgess
Date: December 24, 2008	Title: Senior Vice President, Human Resources
	Date: December 31, 2008

Exhibit 10.4

ISLE OF CAPRI CASINOS, INC. EMPLOYMENT AGREEMENT
Compliance Addendum - Code Section 409A

Executive ("Executive"): Edmund L. Quatmann, Jr.

Effective Date of Employment Agreement: July 1, 2008

Effective Date of This Addendum: January 1, 2009

Isle of Capri Casinos, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Company"), previously entered into an Employment Agreement with Executive dated the date set forth above (the "Agreement"), providing for, among other things, the payment or provision of certain amounts and benefits now subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). This Addendum is intended to comply with the provisions of Code Section 409A and the final regulations promulgated thereunder and is to be interpreted and construed in a manner consistent with such intent. To the extent the provisions of this Addendum are inconsistent with the provisions of the Agreement, the terms of this Addendum shall govern.

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b. For all purposes under the Agreement, the term "Termination of Employment" or words of similar import shall mean the later of the date on which (i) Executive's employment with the Company and its affiliates ceases, or (ii) the Company and Executive reasonably anticipate that Executive will perform no further services for the Company and its affiliates, whether as a common law employee or independent contractor. Notwithstanding the foregoing, Executive may be deemed to incur a Termination of Employment if he continues to provide services to the Company or an affiliate, whether as an employee or an independent contractor, provided such services are not more than 20% of the average level of services performed by such Executive during the immediately preceding 36-month period.

c. The status of Executive as a "Specified Employee" shall be determined in accordance with the provisions of Code Section 409A and shall mean that as of his Separation Date, Executive is a "key employee" of the Company or an affiliate within the meaning of Code Section 416(i), (ii), or (iii), but determined without regard to paragraph (i)(5) thereof. If Executive satisfies such requirements as of a December 31st, he shall be considered a Specified Employee hereunder during the 12-month period commencing on the immediately following April 1st.

2. **Specified Employee Delay.** If Executive is a Specified Employee as of his Termination of Employment, then any payment due to Executive on account of such termination shall be made or commence as of the first business day of the calendar month following such termination, to the extent then permitted under Code Section 409A. Any such payment shall be made in the form prescribed in the Agreement. Otherwise, payment shall be made at the time or times and in the form prescribed under the Agreement. Any payment required to be delayed as provided in the Agreement, shall be made without liability for interest or other loss of investment opportunity.

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a. Executive shall claim reimbursement not later than 90 days after the end of the calendar year in which the expense giving rise to such claim for reimbursement is incurred.

b. The Company shall promptly pay or reimburse such proper expenses upon receipt of such information and supporting documentation as it may reasonably request, but not later than December 31st of the calendar year following the calendar year in which such expenses are incurred.

c. Any claim for reimbursement provided under the Agreement shall be made no later than two years after Executive's date of death, at which time the Company's obligations to reimburse under the Agreement shall be extinguished.

5. **Continuation of Benefits.** In lieu of the continuation of Executive's coverage under the Company's welfare plans described in Sections 3(a)(ii) and 4(b) of the Agreement, the following shall apply:

a. During the period described in Section 3(a)(ii) or 4(b), as the case may be, following Executive's Termination of Employment, Executive shall receive continuation coverage for herself and his spouse and dependents under the Company's major medical, dental and vision plans (collectively, the "Medical Plan"), at Executive's sole expense, consistent with the level of coverage otherwise in effect as of his Termination Date; provided that such coverage shall earlier cease in the event Executive, his spouse or dependents, as the case may be, obtains alternative group coverage during such period (the "Continuation Period");

b. During the Continuation Period, the Company shall provide to Executive an amount such that, after the payment of all income and employment taxes due with respect to such amount, there remains an amount equal to the Company's premium contribution paid with respect to its active employees for the level of coverage provided to Executive and his spouse and dependents under the Medical Plan during such period; and

c. Nothing contained herein shall be deemed to offset or otherwise limit the period of continuation coverage otherwise available to Executive and his spouse or dependents under Code Section 4980B, which shall be deemed to commence following the end of the Continuation Period and shall be provided at Executive's sole expense.

This Compliance Addendum was executed in multiple counterparts, each of which has been deemed an original, as of the dates set forth below, to be effective as provided above.

Executive:	**Isle of Capri Casinos, Inc.:**
/s/ Edmund L. Quatmann, Jr.	By: /s/ Ronald Burgess
Date: December 22, 2008	Title: Senior Vice President, Human Resources
	Date: December 22, 2008

EXHIBIT 31.1

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

I, James B. Perry, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 most recent 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: March 6, 2009

/s/ James B. Perry
James B. Perry
Chief Executive Officer

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 quarterly report on Form 10-Q 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 most recent 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: March 6, 2009

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended January 25, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, James B. Perry, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2009

/s/ James B. Perry
James B. Perry
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended January 25, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Dale R. Black, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2009

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

FORM 10-Q

ISLE OF CAPRI CASINOS INC - isle

Filed: September 01, 2009 (period: July 26, 2009)

Quarterly report which provides a continuing view of a company's financial position

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 26, 2009

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.

Delaware (State or other jurisdiction of incorporation or organization)	**41-1659606** (I.R.S. Employer Identification Number)
600 Emerson Road, Suite 300, Saint Louis, Missouri (Address of principal executive offices)	**63141** (Zip Code)

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

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

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

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

Large accelerated ☐	Accelerated filer ☒
Non-accelerated filer ☐	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 ☒

As of August 31, 2009, the Company had a total of 32,286,855 shares of Common Stock outstanding (which excludes 4,327,623 shares held by us in treasury).

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	July 26, 2009 (unaudited)	April 26, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 104,784	$ 96,654
Marketable securities	18,644	17,548
Accounts receivable, net	7,746	11,935
Income taxes receivable	5,473	7,744
Deferred income taxes	16,295	16,295
Prepaid expenses and other assets	36,157	23,234
Assets held for sale	4,557	4,183
Total current assets	193,656	177,593
Property and equipment, net	1,155,156	1,177,540
Other assets:		
Goodwill	313,136	313,136
Other intangible assets, net	82,610	83,588
Deferred financing costs, net	8,721	9,314
Restricted cash	2,774	2,774
Prepaid deposits and other	18,482	18,717
Total assets	$ 1,774,535	$ 1,782,662
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 9,808	$ 9,688
Accounts payable	18,532	16,246
Accrued liabilities:		
Interest	14,771	9,280
Payroll and related	45,159	47,209
Property and other taxes	36,626	31,487
Other	48,688	52,195
Liabilities related to assets held for sale	2,173	1,888
Total current liabilities	175,757	167,993
Long-term debt, less current maturities	1,270,059	1,291,384
Deferred income taxes	27,758	24,970
Other accrued liabilities	50,899	52,575
Other long-term liabilities	17,563	17,314
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; none issued		
Common stock, $.01 par value; 45,000,000 shares authorized; shares issued: 36,614,478 at July 26, 2009 and 36,111,089 at April 26, 2009	366	361
Class B common stock, $.01 par value; 3,000,000 shares authorized; none issued		
Additional paid-in capital	194,845	193,827
Retained earnings	102,733	101,828
Accumulated other comprehensive (loss) income	(13,313)	(15,191)
	284,631	280,825
Treasury stock, 4,327,623 shares at July 26, 2009 and 4,340,436 shares at April 26, 2009	(52,132)	(52,399)
Total stockholders' equity	232,499	228,426
Total liabilities and stockholders' equity	$ 1,774,535	$ 1,782,662

See notes to unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended	
	July 26, 2009	July 27, 2008
Revenues:		
Casino	$ 263,956	$ 276,786
Rooms	12,261	13,706
Pari-mutuel, food, beverage and other	34,870	36,547
Gross revenues	311,087	327,039
Less promotional allowances	(51,145)	(49,644)
Net revenues	259,942	277,395
Operating expenses:		
Casino	39,994	38,541
Gaming taxes	66,428	70,658
Rooms	2,981	3,389
Pari-mutuel, food, beverage and other	11,158	13,661
Marine and facilities	15,954	16,470
Marketing and administrative	65,117	65,354
Corporate and development	9,945	10,330
Valuation charges	—	6,000
Depreciation and amortization	28,829	31,566
Total operating expenses	240,406	255,969
Operating income	19,536	21,426
Interest expense	(18,347)	(23,897)
Interest income	369	446
Income (loss) from continuing operations before income taxes	1,558	(2,025)
Income tax provision	(767)	(615)
Income (loss) from continuing operations	791	(2,640)
Income (loss) from discontinued operations, net of income taxes	114	(986)
Net income (loss)	$ 905	$ (3,626)
Income (loss) per common share-basic and dilutive:		
Income (loss) from continuing operations	$ 0.02	$ (0.09)
Income (loss) from discontinued operations, net of income taxes	0.01	(0.03)
Net income (loss)	$ 0.03	$ (0.12)
Weighted average basic shares	31,799,100	30,866,687
Weighted average diluted shares	31,855,101	30,866,687

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data)
(Unaudited)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accum. Other Compre-hensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, April 26, 2009	36,111,089	$ 361	$ 193,827	$ 101,828	$ (15,191)	$ (52,399)	$ 228,426
Net income	—	—	—	905	—	—	905
Unrealized gain on interest rate swap contracts net of income tax provision of $860	—	—	—	—	1,437	—	1,437
Foreign currency translation adjustments	—	—	—	—	441	—	441
Comprehensive loss	—	—	—	—	—	—	2,783
Issuance of restricted stock, net of forfeitures	502,889	5	(5)	—	—	—	—
Exercise of stock options	500	—	3	—	—	—	3
Issuance of deferred bonus shares from treasury stock	—	—	(267)	—	—	267	—
Stock compensation expense	—	—	1,263	—	—	—	1,263
Other	—	—	24	—	—	—	24
Balance, July 26, 2009	36,614,478	$ 366	$ 194,845	$ 102,733	$ (13,313)	$ (52,132)	$ 232,499

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended July 26, 2009	Three Months Ended July 27, 2008
Operating activities:		
Net income (loss)	$ 905	$ (3,626)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	28,829	32,739
Amortization of deferred financing costs	593	640
Valuation charges	—	5,000
Deferred income taxes	1,930	—
Stock compensation expense	1,263	2,720
Deferred compensation expense	24	48
Loss (gain) on disposal of assets	23	(66)
Changes in operating assets and liabilities, net of dispositions:		
Purchases of trading securities	(1,096)	(1,324)
Accounts receivable	2,872	1,433
Income tax receivable	2,271	(289)
Prepaid expenses and other assets	(10,637)	(6,898)
Accounts payable and accrued liabilities	11,031	6,007
Net cash provided by operating activities	38,008	36,384
Investing activities:		
Purchase of property and equipment	(4,382)	(8,201)
Payments towards gaming license	(4,000)	(4,000)
Decrease in restricted cash	(209)	1,704
Net cash used in investing activities	(8,591)	(10,497)
Financing activities:		
Principal payments on debt	(2,317)	(2,398)
Net payments on line of credit	(19,000)	(4,917)
Net cash used in financing activities	(21,317)	(7,315)
Effect of foreign currency exchange rates on cash	30	100
Net increase in cash and cash equivalents	8,130	18,672
Cash and cash equivalents, beginning of period	96,654	91,790
Cash and cash equivalents, end of the period	$ 104,784	$ 110,462

See notes to the unaudited consolidated financial statements.

1. Nature of Operations

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 thirteen casino gaming facilities in the United States located in Black Hawk, Colorado; Lake Charles, Louisiana; Lula, Biloxi and Natchez, Mississippi; Kansas City, Caruthersville and Boonville, Missouri; Bettendorf, Davenport, Waterloo and Marquette, Iowa; and Pompano Beach, Florida. Our international gaming interests include wholly owned casinos in Freeport, Grand Bahamas and our discontinued operations in Coventry, England and in Dudley and Wolverhampton, England.

2. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with accounting principles generally accepted in the United States of America for interim financial reporting. Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States have been condensed or omitted. The accompanying interim consolidated financial statements have been prepared without audit. In the opinion of management, all adjustments, including normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended April 26, 2009 as filed with the SEC and all of our other filings, including Current Reports on Form 8-K, filed with the SEC after such date and through the date of this report, which are available on the SEC's website at *www.sec.gov* or our website at *www.islecorp.com*.

Our fiscal year ends on the last Sunday in April. Periodically, this system necessitates a 53-week year. Fiscal 2010 and 2009 are both 52-week years, which commenced on April 27, 2009 and April 28, 2008, respectively.

Discontinued operations include our remaining casino operations in England held for sale and our formerly wholly owned casino in Coventry, England sold in fiscal year 2009.

The condensed consolidated financial statements include our accounts and those of our subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period financial statements to conform to the current period presentation. We view each property as an operating segment and all such operating segments have been aggregated into one reporting segment.

The Company evaluated all subsequent events through September 1, 2009, which is the date that the consolidated financial statements were issued. No material subsequent events have occurred since July 26, 2009 that required recognition or disclosure in the consolidated financial statements.

Recently Issued Accounting Standards - In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — An Amendment of ARB No. 51" ("SFAS 160"). SFAS 160 changes the accounting for noncontrolling (minority) interests in consolidated financial statements, requires noncontrolling interests to be reported as part of equity and changes the income statement presentation of income or losses attributable to the noncontrolling interests. We adopted SFAS 160 as of April 27, 2009, as required. The adoption of SFAS 160 did not have a material impact on our consolidated financial statements.

In April 2009, the FASB issued FASB Staff Position ("FSP") FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP FAS 107-1 and APB 28-1"). FSP FAS 107-1 and APB 28-1 amends SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," to require disclosures about the fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. FSP SFAS 107-1 and APB 28-1 are effective for interim reporting periods ending after June 15, 2009. We adopted FSP FAS 107-1 and APB 28-1 as of April 27, 2009, as required. The adoption of FSP FAS 107-1 and APB 28-1 did not have a material impact on our consolidated financial statements.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("SFAS 165"), which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In addition, under SFAS 165, an entity is required to disclose the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. SFAS 165 does not apply to subsequent events or transactions that are within the scope of other applicable GAAP that provide different guidance on the accounting treatment for subsequent events or transactions. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009, and shall be applied prospectively. We adopted SFAS 165 as of April 27, 2009, as required. The adoption of SFAS 165 did not have a material impact on our consolidated financial statements.

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 168, "The *FASB Accounting Standards CodificationTM* and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162" ("SFAS 168"), which identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP in the United States (the GAAP hierarchy). SFAS 168 establishes the *FASB Accounting Standards CodificationTM* as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. SFAS 168 is effective for most financial statements issued for interim and annual periods ending after September 15, 2009. We are currently determining the impact of SFAS 168 on our consolidated financial statements.

3. Discontinued Operations

Discontinued operations include the results of our former casino property in Coventry, England, which was sold on April 23, 2009, and our Blue Chip casino properties in England, which are currently classified as held for sale.

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

	July 26, 2009	April 26, 2009
Current assets:		
Accounts receivable, net	$ 155	$ 260
Prepaid expenses and other assets	179	146
Total current assets	334	406
Property and equipment, net	4,223	3,777
Total assets	4,557	4,183
Current liabilities:		
Accounts payable	612	540
Other accrued liabilities	1,561	1,348
Total current liabilities	2,173	1,888
Net assets	$ 2,384	$ 2,295

The results of our discontinued operations are summarized as follows:

	Three Months Ended	
	July 26, 2009	July 27, 2008
Net revenues	$ 1,440	$ 4,910
Pretax income (loss) from discontinued operations	182	(3,435)
Income tax benefit (provision) from discontinued operations	(68)	2,449
Income (loss) from discontinued operations	114	(986)

Net interest expense of $1 and $648 for the first quarters ended July 26, 2009 and July 27, 2008, respectively, has been allocated to discontinued operations and was based on long-term debt and other long-term obligations specific to our UK operations as our UK entities are not guarantors under our senior secured credit facility.

4. Long-Term Debt

Long-term debt consists of the following:

	July 26, 2009	April 26, 2009
Senior Secured Credit Facilities:		
July 2007 Credit Facility:		
Revolving line of credit, expires July 26, 2012, interest payable at least quarterly at either LIBOR and/or prime plus a margin	$ 93,000	$ 112,000
Variable rate term loans, mature November 25, 2013, principal and interest payments due quarterly at either LIBOR and/or prime plus a margin	823,552	825,651
Senior Subordinated Notes:		
7% Senior Subordinated Notes, interest payable semi-annually March 1 and September 1	357,275	357,275
Other	6,040	6,146
	1,279,867	1,301,072
Less current maturities	9,808	9,688
Long-term debt	$ 1,270,059	$ 1,291,384

July 2007 Credit Facility - During 2007, we entered into a $1,350,000 senior secured credit facility ("Credit Facility"), which is secured on a first priority basis by substantially all of our assets and guaranteed by all of our significant domestic subsidiaries. This Credit Facility consists of a $475,000 five-year revolving line of credit and an $875,000 term loan facility.

Our net line of credit availability at July 26, 2009 is approximately $364,000, after consideration of $17,934 in outstanding letters of credit. We have an annual commitment fee related to the unused portion of the Credit Facility of up to 0.5% which is included in interest expense in the accompanying consolidated statements of operations. The weighted average effective interest rate of the Credit Facility for the three months ended July 26, 2009 and July 27, 2008 were 4.43% and 5.61%, respectively.

The Credit Facility includes a number of affirmative and negative covenants. Additionally, we must comply with certain financial covenants including maintenance of a leverage ratio and minimum interest coverage ratio. The Credit Facility also restricts our ability to make certain investments or distributions. We are in compliance with the covenants as of July 26, 2009.

7% Senior Subordinated Notes - Our 7% Senior Subordinated Notes are due 2014 ("7% Senior Subordinated Notes") and are guaranteed, on a joint and several basis, by all of our significant domestic subsidiaries and certain other subsidiaries as described in Note 12. All of the guarantor subsidiaries are wholly owned by us. The 7% Senior Subordinated Notes are general unsecured obligations and rank junior to all 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 or pay dividends on 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.

5. Common Stock

Earnings per Share of Common Stock - The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended July 26, 2009	Three Months Ended July 27, 2008
Numerator:		
Income (loss) applicable to common shares:		
Income (loss) from continuing operations	$ 791	$ (2,640)
Income (loss) from discontinued operations	114	(986)
Net income (loss)	$ 905	$ (3,626)
Denominator:		
Denominator for basic earnings (loss) per share - weighted average shares	31,779,100	30,866,687
Effect of dilutive securities Employee stock options	76,001	—
Denominator for diluted loss per share - adjusted weighted average shares and assumed conversions	31,855,101	30,866,687
Basic earnings (loss) per share:		
Income (loss) from continuing operations	$ 0.02	$ (0.09)
Income (loss) from discontinued operations	0.01	(0.03)
Net income (loss)	$ 0.03	$ (0.12)
Diluted earnings (loss) per share:		
Income (loss) from continuing operations	$ 0.02	$ (0.09)
Income (loss) from discontinued operations	0.01	(0.03)
Net income (loss)	$ 0.03	$ (0.12)

Our basic earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of shares outstanding for the period. Stock options representing 1,177,823 shares were excluded from the calculation of earnings per share for the three months ended July 26, 2009 as they were anti-dilutive. Due to the net loss, stock options representing 75,343 shares which are potentially dilutive, and 3,964,472 shares which were anti-dilutive, were excluded from the calculation of common shares for diluted (loss) per share for the three month period ended July 27, 2008.

Stock Based Compensation — Under our amended and restated 2000 Long Term Incentive Plan we have issued stock options and restricted stock.

Stock Options - We have issued incentive stock options and nonqualified stock options which have a maximum term of 10 years and are, generally, vested and exercisable in yearly installments of 20% commencing one year after the date of grant. We currently estimate our forfeiture rates at 39.6% for executives and 56.5% for optionees beneath the executive level. As of July 26, 2009, our unrecognized compensation cost for unvested stock options is $1,764 with a weighted average vesting period of 3.5 years.

Restricted Stock — During the three months ended July 26, 2009, we issued 512,375 shares of restricted common stock with a weighted average grant-date fair value of $13.03 to employees under the 2000 Long Term Incentive Plan. Restricted stock awarded to employees under annual long-term incentive grants 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. Restricted stock awarded under our previous tender offer vest three years from the date of award. Our estimate of forfeitures for restricted stock for employees is 10%. No forfeiture rate is estimated for directors. As of July 26, 2009, our unrecognized compensation cost for unvested restricted stock is $10,354 with a remaining weighted average vesting period of 1.7 years.

6. Write –Offs and Other Charges

During the three months ended July 27, 2008, we reached an agreement terminating our agreement for the potential development of a casino project in Portland, Oregon. As a part of this agreement, we agreed to terminate our rights under a land option and pay a termination fee. As a result of this termination, we recorded a $6,000 charge consisting of a non-cash write-off of $5,000 representing our rights under the land option and a $1,000 termination fee. Under the terms of the agreement, we retain certain rights but no continuing obligations with regard to this development project.

7. Fair Value Measurements

Interest Rate Swap Agreements—We have entered into various interest rate swap agreements pertaining to the Credit Facility for an aggregate notional value of $500,000 with maturity dates ranging from fiscal year 2009 to 2013 in order to manage market risk on variable rate term loans outstanding, as well as comply with, in part, requirements under the Credit Facility.

These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of July 26, 2009, as being fully effective. As a result, there is no impact on our consolidated statement of operations from changes in fair value. As July 26, 2009, the weighted average fixed LIBOR interest rate of our interest rate swap agreements was 4.58%.

The fair value of derivatives included in our consolidated balance sheet and change in our unrealized loss are as follows:

Type of Derivative Instrument	Balance Sheet Location	July 26, 2009	April 26, 2009	Three months ended July 26, 2009, Change in Unrealized Gain
Interest rate swap contracts	Accrued interest	$ 1,663	$ 2,258	
Interest rate swap contracts	Other long-term liabilities	19,751	21,454	
Total		$ 21,414	$ 23,712	$ 2,298

The fair value of our interest swap contracts are measured using Level 3 inputs at the present value of all expected future cash flows based on the LIBOR-based swap yield curve as of the date of the valuation, subject to a credit adjustment to the LIBOR-based yield curve's implied discount rates. The credit adjustment reflects our best estimate as to the inherent credit risk as of our balance sheet date. The fair value of our interest rate swap contracts as recorded in our consolidated balance sheet is recorded net of deferred income tax benefits of $8,019 and $8,879, as of July 26, 2009 and April 26, 2009, respectively.

The amount of the gain (loss) reclassified from Accumulated other comprehensive income (loss) into earnings and its location in the consolidated statements of income is as follows:

Type of Derivative Instrument	Income Statement Location	Three Months Ended July 26, 2009	Three Months Ended July 27, 2008
Interest rate swap contracts	Interest expense	$ (4,485)	$ (2,349)

The amount of gain (loss) recognized in Accumulated other comprehensive income (loss) is as follows:

Type of Derivative Instrument	Three Months Ended July 26, 2009	Three Months Ended July 27, 2008
Interest rate swap contracts	$ 1,437	$ 2,912

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

Type of Derivative Instrument	July 26, 2009	April 26, 2009
Interest rate swap contracts	$ (13,395)	$ (14,832)
Foreign currency translation gain (loss)	82	(359)
	$ (13,313)	$ (15,191)

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

	July 26, 2009		April 26, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 104,784	$ 104,784	$ 96,654	$ 96,654
Marketable securities	18,644	18,644	17,548	17,548
Restricted cash	2,774	2,774	2,774	2,774
Notes receivable	3,000	3,000	3,000	3,000
Financial liabilities:				
Revolver	$ 93,000	$ 93,000	$ 112,000	$ 112,000
Variable rate term loans	823,552	765,903	825,651	652,264
7% Senior subordinated notes	357,275	319,761	357,275	262,597
Other long-term debt	6,040	6,040	6,146	6,146
Other long-term obligations	17,563	17,563	17,314	17,314

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

Marketable securities 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 marketable securities.

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 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. Debt obligations with a short remaining maturity are valued at the carrying amount.

8. Income Taxes

Our effective income tax rates from continuing operations for the three months ended July 26, 2009 and July 27, 2008 were 49.2% and (30.4%), respectively. Our effective rate is based upon statutory rates applied to our income adjusted for permanent differences. Our actual effective rate will fluctuate based upon the amount of our pretax book income, permanent differences and other items used in the calculation of our income tax benefit.

For the three months ended July 26, 2009, our income tax provision included a $230 provision recognized from interest accrued on our FIN 48 liabilities and amended returns.

9. Supplemental Disclosures

Cash Flow — For the three months ended July 26, 2009 and July 27, 2008, we made net cash payments of interest for $12,262 and $14,834, respectively. Additionally, we received income tax refunds of $3,590 and $388 during the three months ended July 26, 2009 and July 27, 2008, respectively.

In fiscal year 2006, we obtained a gaming license for our Waterloo, Iowa property and recorded an intangible asset of $18,547. Annual payments for the license are recorded on a yearly basis and for the three months ended July 26, 2009 and July 27, 2008, we made payments of $4,000 towards the gaming license.

For the three months ended July 26, 2009 and July 27, 2008, construction costs funded through accounts payable were $1,102 and $235, respectively.

For the three months ended July 27, 2008, we purchased property and equipment financed with a long-term obligation of $4,694.

10. Closure of Properties due to Flooding

In connection with flooding in the Midwest during April 2008, our Natchez, Mississippi and Davenport, Iowa, properties closed for a combined total of 34 days during the three months ended July 27, 2008.

11. Contingencies

Legal and Regulatory Proceedings—Lady Luck Gaming Corporation (now our wholly owned subsidiary) 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 not yet been scheduled.

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 July 26, 2009, we have accrued an estimated liability including interest of $9,985.

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.

12. 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% Senior Subordinated Notes.

The following wholly owned subsidiaries of the Company are guarantors, on a joint and several basis, under the 7% Senior Subordinated Notes: Riverboat Corporation of Mississippi; Riverboat Services, Inc.; CSNO, L.L.C.; St. Charles Gaming Company, Inc.; IOC Holdings, L.L.C.; Grand Palais Riverboat, Inc.; LRGP Holdings, L.L.C.; P.P.I, Inc.; Isle of Capri Casino Colorado, Inc.; IOC-Coahoma, Inc.; IOC-Natchez, Inc.; IOC-Lula, Inc.; IOC-Boonville, Inc.; IOC-Kansas City, Inc.; Isle of Capri Bettendorf, L.C.; Isle of Capri Marquette, Inc.; IOC-Davenport, Inc.; IOC-Black Hawk County, Inc.; IOC-Manufacturing, Inc.; Riverboat Corporation of Mississippi—Vicksburg; Isle of Capri Black Hawk, L.L.C.; Isle of Capri Black Hawk Capital Corp.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; IOC-Black Hawk Distribution Company, L.L.C.; Casino America of Colorado, Inc.; Black Hawk Holdings, L.L.C.; Louisiana Riverboat Gaming Partnership; Isle of Capri UK Holdings, Inc.; Isle of Capri Bahamas Holdings, Inc.; and IOC-Caruthersville, L.L.C. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

Consolidating condensed balance sheets as of July 26, 2009 and April 26, 2009 are as follows (in thousands):

	As of July 26, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 66,614	$ 88,292	$ 45,949	$ (7,199)	$ 193,656
Intercompany receivables	1,066,535	(301,506)	15,240	(780,269)	—
Investments in subsidiaries	383,361	—	—	(383,361)	—
Property and equipment, net	9,140	1,137,628	8,388	—	1,155,156
Other assets	11,765	413,805	153	—	425,723
Total assets	$ 1,537,415	$ 1,338,219	$ 69,730	$ (1,170,829)	$ 1,774,535
Current liabilities	$ 47,862	$ 95,212	$ 39,882	$ (7,199)	$ 175,757
Intercompany payables	7,200	773,100	(31)	(780,269)	—
Long-term debt, less current maturities	1,265,427	4,429	203	—	1,270,059
Other accrued liabilities	(15,573)	107,699	4,094	—	96,220
Stockholders' equity	232,499	357,779	25,582	(383,361)	232,499
Total liabilities and stockholders' equity	$ 1,537,415	$ 1,338,219	$ 69,730	$ (1,170,829)	$ 1,774,535

	As of April 26, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 38,145	$ 93,538	$ 46,013	$ (103)	$ 177,593
Intercompany receivables	1,141,189	(316,376)	(33,920)	(790,893)	—
Investments in subsidiaries	337,218	—	—	(337,218)	—
Property and equipment, net	10,158	1,158,839	8,543	—	1,177,540
Other assets	12,363	415,013	153	—	427,529
Total assets	$ 1,539,073	$ 1,351,014	$ 20,789	$ (1,128,214)	$ 1,782,662
Current liabilities	$ 40,440	$ 94,935	$ 32,721	$ (103)	$ 167,993
Intercompany payables	—	790,563	330	(790,893)	—
Long-term debt, less current maturities	1,286,526	4,650	208	—	1,291,384
Other accrued liabilities	(16,319)	107,301	3,877	—	94,859
Stockholders' equity	228,426	353,565	(16,347)	(337,218)	228,426
Total liabilities and stockholders' equity	$ 1,539,073	$ 1,351,014	$ 20,789	$ (1,128,214)	$ 1,782,662

Consolidating condensed statements of operations for the three months ended July 26, 2009 and July 27, 2008 are as follows (in thousands):

	For the Three Months Ended July 26, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 262,263	$ 1,693	$ —	$ 263,956
Pari-mutuel, rooms, food, beverage and other	111	46,438	3,085	(2,503)	47,131
Gross revenues	111	308,701	4,778	(2,503)	311,087
Less promotional allowances	—	(51,011)	(134)	—	(51,145)
Net revenues	111	257,690	4,644	(2,503)	259,942
Operating expenses:					
Casino	—	39,327	667	—	39,994
Gaming taxes	—	66,304	124	—	66,428
Other operating expenses	11,055	93,474	3,129	(2,503)	105,155
Management fee expense (revenue)	(6,686)	8,903	(2,217)	—	—
Depreciation and amortization	1,183	27,491	155	—	28,829
Total operating expenses	5,552	235,499	1,858	(2,503)	240,406
Operating income (loss)	(5,441)	22,191	2,786	—	19,536
Interest expense, net	(1,711)	(16,200)	(67)	—	(17,978)
Equity in income (loss) of subsidiaries	5,804	—	—	(5,804)	—
Income (loss) from continuing operations before income taxes	(1,348)	5,991	2,719	(5,804)	1,558
Income tax (provision) benefit	2,139	(1,966)	(940)	—	(767)
Income (loss) from continuing operations	791	4,025	1,779	(5,804)	791
Income (loss) from discontinued operations, net of tax	—	—	114	—	114
Equity in income (loss) of discontinued operations	114	—	—	(114)	—
Income (loss) from discontinued operations, net of tax	114	—	114	(114)	114
Net income (loss)	$ 905	$ 4,025	$ 1,893	$ (5,918)	$ 905

For the Three Months Ended July 27, 2008	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 273,339	$ 3,447	$ —	$ 276,786
Pari-mutuel, rooms, food, beverage and other	150	49,748	2,817	(2,463)	50,253
Gross revenues	150	323,087	6,264	(2,463)	327,039
Less promotional allowances	—	(49,423)	(221)	—	(49,644)
Net revenues	150	273,664	6,043	(2,463)	277,395
Operating expenses:					
Casino	—	37,777	763	—	38,541
Gaming taxes	—	70,399	259	—	70,658
Other operating expenses	17,044	96,177	4,445	(2,463)	115,204
Management fee expense (revenue)	(7,475)	9,737	(2,262)	—	—
Depreciation and amortization	1,229	30,217	120	—	31,566
Total operating expenses	10,798	244,307	3,325	(2,463)	255,969
Operating income (loss)	(10,648)	29,357	2,718	—	21,426
Interest expense, net	(2,673)	(17,687)	(3,091)	—	(23,451)
Equity in income (loss) of subsidiaries	6,231	—	—	(6,231)	—
Income (loss) from continiuing operations before income taxes	(7,090)	11,670	(373)	(6,231)	(2,025)
Income tax (provision) benefit	4,450	(4,484)	(582)	—	(615)
Income (loss) from continuing operations	(2,640)	7,186	(955)	(6,231)	(2,640)
Income (loss) from discontinued operations, net of tax	—	—	(986)	—	(986)
Equity in income (loss) of discontinued operations	(986)	—	—	986	—
Income (loss) from discontinued operations, net of tax	(986)	—	(986)	986	(986)
Net income (loss)	$ (3,626)	$ 7,186	$ (1,941)	$ (5,245)	$ (3,626)

Consolidating condensed statements of cash flows for the three months ended July 26, 2009 and July 27, 2008 are as follows (in thousands):

	Three Months Ended July 26, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (4,497)	$ 37,825	$ 10,668	$ (5,988)	$ 38,008
Net cash provided by (used in) investing activities	36,174	(6,286)	(541)	(37,938)	(8,591)
Net cash provided by (used in) financing activities	(21,096)	(34,481)	(9,666)	43,926	(21,317)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	30	—	30
Net increase (decrease) in cash and cash equivalents	10,581	(2,942)	491	—	8,130
Cash and cash equivalents at beginning of the period	8,776	68,864	19,014	—	96,654
Cash and cash equivalents at end of the period	$ 19,357	$ 65,922	$ 19,505	$ —	$ 104,784

	Three Months Ended July 27, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (10,492)	$ 46,538	$ 338	$ —	$ 36,384
Net cash provided by (used in) investing activities	31,823	(11,862)	(329)	(30,129)	(10,497)
Net cash provided by (used in) financing activities	(7,189)	(28,218)	(2,037)	30,129	(7,315)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	100	—	100
Net increase (decrease) in cash and cash equivalents	14,142	6,458	(1,928)	—	18,672
Cash and cash equivalents at beginning of the period	5,359	67,544	18,887	—	91,790
Cash and cash equivalents at end of the period	$ 19,501	$ 74,002	$ 16,959	$ —	$ 110,462

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This 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 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. 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 report.

For a more complete description of the risks that may affect our business, see our Annual Report on Form 10-K for the year ended April 26, 2009.

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 intentionally sought geographic diversity to limit the risks caused by weather, regional economic difficulties and local gaming authorities and regulations. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. We also operate a harness racing track at our casino in Florida. Internationally we operate casinos in Dudley and Wolverhampton, England, which are classified as discontinued operations, and in Freeport, Grand Bahamas.

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. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K for the year ended April 26, 2009 and by giving consideration to the following:

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.

Colorado and Missouri Gaming Law Changes — During early July 2009, gaming law changes became effective in Colorado which extended the hours of operations, expanded the types of allowable table games and increased the betting limit from \$5 to \$100 per bet. During November 2008, gaming law changes became effective in Missouri which repealed the \$500 loss limit. Our gaming revenues reflect the favorable impact of these changes in state gaming laws.

Write-offs and Other Charges — We recorded charges of \$6.0 million during the three months ended July 27, 2008, following our agreement to terminate the development of a potential casino project in Portland, Oregon.

Corporate and Development — During Fiscal Year 2010 we awarded our long term incentive plan awards during the first quarter, as opposed to Fiscal Year 2009 when we made those awards during second quarter. As a result, our corporate expense for the three months ended July 26, 2009 includes $2.2 million of expenses related to the cash awards under of our long-term incentive plan compared to no expense in the three months ended July 27, 2008. Additionally, noncash stock compensation expense included in corporate expense was reduced by $1.0 million from $2.1 million for the three months ended July 27, 2008 to $1.1 million for the three months ended July 26, 2009, reflecting the impact of our October 2008 tender offer.

Flooding — As a result of flooding conditions on the Mississippi River, our Davenport and Natchez properties were closed for 20 and 14 days, respectively, during the three months ended July 27, 2008.

Discontinued Operations — Discontinued operations include the results of our Blue Chip and Coventry casino operations. Our Blue Chip casino operations are classified as discontinued operations with assets held for sale as of the end of fiscal year 2009. We continue to operate the Blue Chip casinos during the period prior to our expected sales of such assets. Our Coventry casino operations were discontinued during the fourth quarter of fiscal year 2009.

Increased Competition - The introduction of table games and expansion of Class III gaming at competing Native American casinos, beginning July 2008, has had a negative impact on our Pompano property's net revenues and operating results. The opening of a competing land-based facility, which replaced a riverboat operation in the Quad Cities area during December 2008, has had a negative impact on net revenues and operating results at our Bettendorf and Davenport, Iowa properties.

Revenues

Revenues for the three months ended July 26, 2009 and July 27, 2008 are as follows:

	Three Months Ended			
(in thousands)	July 27, 2008	July 29, 2007	Variance	Percentage Variance
Revenues:				
Casino	$ 263,956	$ 276,786	$ (12,830)	-4.6%
Rooms	12,261	13,706	(1,445)	-10.5%
Pari-mutuel, food, beverage and other	34,870	36,547	(1,677)	-4.6%
Gross revenues	311,087	327,039	(15,952)	-4.9%
Less promotional allowances	(51,145)	(49,644)	(1,501)	3.0%
Net revenues	$ 259,942	$ 277,395	(17,453)	-6.3%

Casino Revenues - Casino revenues decreased $12.8 million, or 4.6%, for the three months ended July 26, 2009, compared to the three months ended July 27, 2008. Decreases in our casino revenues are reflective of competitive and economic conditions in our markets.. The majority of the decline in our casino revenues included; Pompano $3.9 million; Quad Cities $3.0 million; Biloxi $2.6 million; Lake Charles $2.0 million; and Lucaya of $1.8 million. Our Black Hawk properties experienced an increase in casino revenues of $0.8 million as compared to the first three months of fiscal 2009, reflecting the impact of new gaming laws in early July 2009.

Rooms Revenue - Rooms revenue decreased $1.4 million, or 10.5%, for the three months ended July 26, 2009, compared to the three months ended July 27, 2008. The majority this decrease was at our Biloxi property and reflects a highly competitive market with heavily discounted hotel room rates.

Pari-mutuel, Food, Beverage and Other Revenues — Pari-mutuel, food, beverage and other revenues decreased $1.7 million, or 4.6% for the three months ended July 26, 2009, compared to the three months ended July 27, 2008. The majority of this decrease was a $1.3 million decrease in pari-mutuel revenues following our decision to reduce our number of live racing days at our Pompano property. During the three months ended July 26, 2009, we offered only simulcast wagering while during the three months ended July 27, 2008, we offered both simulcast and live race wagering. We plan to continue to hold live racing on scheduled days during the balance of our fiscal year.

Promotional Allowances - Promotional allowances increased $1.5 million, or 3.0%, for the three months ended July 26, 2009, compared to the three months ended July 27, 2008. We experienced decreased promotional allowances at our Kansas City and Boonville properties resulting from an increase in our retail play following the repeal of the loss limit and at our Bettendorf and Pompano properties reflecting reductions in gaming revenues. However, increased promotional spending, primarily at our southern properties, in response to competition and the economy, as well as increased promotional spending at our Black Hawk properties reflecting the impact of the gaming law changes effective in early July 2009, resulted in increased year over year promotional allowances.

Operating Expenses

Operating expenses for the three months ended July 26, 2009 and July 27, 2008 are as follows:

(in thousands)	Three Months Ended July 26, 2009	Three Months Ended July 27, 2008	Variance	Percentage Variance
Operating expenses:				
Casino	$ 39,994	$ 38,541	$ 1,453	3.8%
Gaming taxes	66,428	70,658	(4,230)	-6.0%
Rooms	2,981	3,389	(408)	-12.0%
Pari-mutuel, food, beverage and other	11,158	13,661	(2,503)	-18.3%
Marine and facilities	15,954	16,470	(516)	-3.1%
Marketing and administrative	65,117	65,354	(237)	-0.4%
Corporate and development	9,945	10,330	(385)	-3.7%
Valuation charges	—	6,000	(6,000)	-100.0%
Depreciation and amortization	28,829	31,566	(2,737)	-8.7%
Total operating expenses	$ 240,406	$ 255,969	(15,563)	-6.1%

Casino - Casino operating expenses increased $1.4 million, or 3.8%, in the three months ended July 26, 2009, compared to the same period in the prior year. The majority of this increase in casino operating expense was incurred at our Black Hawk properties in advance of and after the effectiveness of new gaming laws.

Gaming Taxes - State and local gaming taxes decreased $4.2 million, or 6.0%, for three months ended July 26, 2009, as compared to the same period in the prior fiscal year. The effective rate for gaming taxes as a percentage of gaming revenue decreased from 25.5% to 25.2% for the three months ended July 26, 2009 as compared to the three months ended July 27, 2008, due to a decrease in the mix of gaming revenues derived from states with higher gaming tax rates, primarily Florida.

Rooms - Rooms expense decreased $0.4 million, or 12.0%, for the three months ended July 26, 2009, compared to the same period in the prior fiscal year. These expenses directly relate to the cost of providing hotel rooms. This is reflective of a 10.5% reduction in our hotel revenues.

Pari-mutuel, Food, Beverage and Other — Pari-mutuel, food, beverage and other expenses decreased $2.5 million, or 18.3%, in the three months ended July 26, 2009, compared to the same period in the prior fiscal year. The majority of this decrease is a result of our decision to not conduct live racing during the quarter ended July 26, 2009, reducing expense for pari-mutuel, food beverage and other at our Pompano property by $2.0 million.

Marine and Facilities - These expenses include salaries, wages and benefits of the marine and facilities departments, operating expenses of the marine crews, insurance, maintenance of public areas, housekeeping and general maintenance of the riverboats and pavilions. Marine and facilities expenses decreased $0.5 million, or 3.1%, in the three months ended July 26, 2009. This decrease is primarily reflective of reductions in facility costs at our Pompano property as a result of our decision not to conduct live racing during the quarter ended July 26, 2009.

Marketing and Administrative - These expenses include salaries, wages and benefits of the marketing and sales departments, as well as promotions, direct mail, advertising, special events and entertainment. Administrative expenses include administration and human resource department expenses, rent, professional fees and property taxes. Marketing and administrative expenses were comparable to the prior year with a decrease of $0.2 million, or 0.4%, in the three months ended July 26, 2009, compared to the same period in the prior year.

Corporate and Development - During the three months ended July 26, 2009, our corporate and development expenses were $9.9 million compared to $10.3 million for the three months ended July 27, 2008. The three months ended July 26, 2009 included $2.2 million of expenses related to the cash awards under our long-term incentive plan compared to no expense in the three months ended July 27, 2008 as such awards were made during the first quarter of fiscal 2010 and during the second quarter of fiscal year 2009. Additionally, non-cash stock compensation expense included in corporate expense was reduced by $1.0 million from $2.1 million for the three months ended July 27, 2008 to $1.1 million for the three months ended July 26, 2009, reflecting the impact of our October 2008 tender offer.

Depreciation and Amortization - Depreciation and amortization expense for the three months ended July 26, 2009 decreased $2.7 million, as compared to the three months ended July 27, 2008, primarily due to certain of our assets becoming fully depreciated.

Other Income (Expense), Income Taxes, and Discontinued Operations

Interest expense, interest income, income tax (provision) benefit, and income (loss) from discontinued operations, net of income taxes for the three months ended July 29, 2009 and July 27, 2008 are as follows:

	Three Months Ended			
(in thousands)	July 26, 2009	July 27, 2008	Variance	Percentage Variance
Interest expense	$ (18,347)	$ (23,897)	$ 5,550	-23.2%
Interest income	369	446	(77)	-17.3%
Income tax provision	(767)	(615)	(152)	24.7%
Income (loss) from discontinued operations, net of income taxes	114	(986)	1,100	-111.6%

Interest Expense - Interest expense decreased $5.5 million for the three months ended July 26, 2009 compared to the same period in the prior fiscal year. This decrease is primarily attributable to a lower average debt balance resulting from the pay down of $142.7 million of our senior subordinated 7% notes as a result of our tender offer and a $35.0 million repayment on our senior secured credit facility debt in February and March 2009, respectively, and a decrease in the interest rate on the variable interest rate components of our debt.

Interest Income - During the three months ended July 26, 2009 and July 27, 2008, our interest income was $0.4 million. Invested balances and rates remained relatively unchanged.

Income Tax Provision — Our income tax provision from continuing operations and our effective income tax rate has been impacted by our estimate of annual taxable income for financial statement purposes as well as our percentage of permanent items in relation to such estimated income or loss. Effective income tax rates were as follows:

	Three Months Ended	
	July 26, 2009	July 27, 2008
Total	49.2%	30.4%

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the three months ended July 26, 2009, we generated \$38.0 million in cash flows from operating activities compared to generating \$36.4 million during the three months ended July 27, 2008. Our current year net income compared to last year's net loss and current year cash flows from working capital changes compared to last year's working capital usages of cash, offset year over year reductions in non cash adjustments to improve our operating cash flows by \$1.6 million.

Cash Flows used in Investing Activities - During the three months ended July 26, 2009, we used \$8.6 million for investing activities compared to using \$10.5 million during the three months ended July 27, 2008. Significant investing activities for the three months ended July 26, 2009 included the purchases of property and equipment of \$4.4 million and payment towards our Waterloo gaming license of \$4.0 million.

For the three months ended July 27, 2008, significant investing activities included the purchase of property and equipment for \$8.2 million and payments towards our Waterloo gaming license of \$4.0 million.

Cash Flows from Financing Activities - During the three months ended July 26, 2009 and July 27, 2008, our net cash flows from financing activities were used to repay our outstanding long term debt of \$21.3 million and \$7.3 million, respectively.

Availability of Cash and Additional Capital - At July 26, 2009, we had cash and cash equivalents and marketable securities of \$123.4 million. As of July 26, 2009, we had \$93.0 million in revolving credit and \$823.5 million in term loans outstanding under the senior secured credit facility. Our net line of credit availability at July 26, 2009 was approximately \$364 million.

Capital Expenditures and Development Activities - 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. Our current planned capital expenditures include \$35 million in maintenance capital expenditures for the balance of fiscal year 2010.

We have also identified approximately \$60 million in projects primarily focused on refreshing our hotel room inventory as well as additional improvements to our Black Hawk and Lake Charles properties. The timing and amount of these capital expenditures will be determined as we gain more clarity as to improvement of economic and local market conditions, cash flows from our continuing operations and availability of cash under our senior secured credit facility.

The timing and amount of our capital expenditures is subject to the availability of cash under our senior secured credit facility, improvement in economic and local market conditions and cash flows from our continuing operations.

Historically, 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 existing cash, cash flow from operations, and available borrowings under our senior secured 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 our planned reduced levels of 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 senior secured 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.

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 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.

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.

For a discussion of our significant accounting policies and estimates, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements presented in our 2009 Annual Report on Form 10-K. There were no newly identified significant accounting estimates in the first quarter of fiscal 2010, nor were there any material changes to the critical accounting policies and estimates set forth in our 2009 Annual Report.

ITEM 3. 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 Isle of Capri Casinos, Inc. senior secured credit facility ("July 2007 Credit Facility").

We have entered into six interest rate swap arrangements with aggregate notional value of $500.0 million as of July 26, 2009. The swap agreements effectively convert portions of the July 2007 Credit Facility variable debt to a fixed-rate basis until the respective swap agreements terminate, which occurs during fiscal years 2010, 2011 and 2012. These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of July 26, 2009, as being fully effective.

We are also exposed to market risks relating to fluctuations in currency exchange rates related to our ownership interests in the UK classified as discontinued operations as of July 26, 2009. We finance a portion of our UK investments in the local currency of the UK and due to the limited scope and nature of our UK operations, our market risks are immaterial.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the evaluation, management has concluded that the design and operation of our disclosure controls and procedures are effective as of July 26, 2009.

Because of its inherent limitations, systems of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting during the fiscal quarter ended July 26, 2009, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A reference is made to the information contained in Footnote 11 of our unaudited condensed consolidated financial statements included herein, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There are no material changes to the disclosure regarding risk factors presented in our Annual Report on Form 10-K for the fiscal year ended April 26, 2009.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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 our common stock under these programs. These programs have no approved dollar amount, nor expiration dates. No purchases were made during the three months ended July 26, 2009.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS SUBJECT TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Index to Exhibits following the signature page hereto for a list of the exhibits filed pursuant to Item 601 of Regulation S-K.

SIGNATURE

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

ISLE OF CAPRI CASINOS, INC.

Dated: September 1, 2009

/s/ DALE R. BLACK
Dale R. Black
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

EXHIBIT NUMBER	DESCRIPTION
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.

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

I, James B. Perry, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 most recent 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: September 1, 2009

/s/ James B. Perry
James B. Perry
Chief Executive Officer

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 quarterly report on Form 10-Q 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 most recent 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: September 1, 2009

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended July 26, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, James B. Perry, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 1, 2009

/s/ James B. Perry
James B. Perry
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended July 26, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Dale R. Black, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 1, 2009

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

FORM 10-Q

ISLE OF CAPRI CASINOS INC - isle

Filed: December 04, 2009 (period: October 25, 2009)

Quarterly report which provides a continuing view of a company's financial position

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 25, 2009

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.

Delaware (State or other jurisdiction of incorporation or organization)	**41-1659606** (I.R.S. Employer Identification Number)
600 Emerson Road, Suite 300, Saint Louis, Missouri (Address of principal executive offices)	**63141** (Zip Code)

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

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

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

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

Large accelerated ☐	Accelerated filer ☒
Non-accelerated filer ☐	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 ☒

As of December 3, 2009, the Company had a total of 32,441,491 shares of Common Stock outstanding (which excludes 4,326,242 shares held by us in treasury).

PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	October 25, 2009 (unaudited)	April 26, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 76,056	$ 96,654
Marketable securities	18,624	17,548
Accounts receivable, net	9,189	11,935
Income taxes receivable	2,312	7,744
Deferred income taxes	16,295	16,295
Prepaid expenses and other assets	32,908	23,234
Assets held for sale	4,525	4,183
Total current assets	159,909	177,593
Property and equipment, net	1,137,534	1,177,540
Other assets:		
Goodwill	313,136	313,136
Other intangible assets, net	81,631	83,588
Deferred financing costs, net	8,150	9,314
Restricted cash	2,774	2,774
Prepaid deposits and other	23,219	18,717
Total assets	$ 1,726,353	$ 1,782,662
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 9,806	$ 9,688
Accounts payable	20,307	16,246
Accrued liabilities:		
Interest	14,933	9,280
Payroll and related	43,712	47,209
Property and other taxes	36,914	31,487
Other	44,411	52,195
Liabilities related to assets held for sale	2,177	1,888
Total current liabilities	172,260	167,993
Long-term debt, less current maturities	1,228,919	1,291,384
Deferred income taxes	27,043	24,970
Other accrued liabilities	42,255	52,575
Other long-term liabilities	17,242	17,314
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; none issued	—	—
Common stock, $.01 par value; 45,000,000 shares authorized; shares issued: 36,753,733 at October 25, 2009 and 36,111,089 at April 26, 2009	367	361
Class B common stock, $.01 par value; 3,000,000 shares authorized; none issued	—	—
Additional paid-in capital	197,877	193,827
Retained earnings	104,295	101,828
Accumulated other comprehensive (loss) income	(11,798)	(15,191)
	290,741	280,825
Treasury stock, 4,326,242 shares at October 25, 2009 and 4,340,436 shares at April 26, 2009	(52,107)	(52,399)
Total stockholders' equity	238,634	228,426
Total liabilities and stockholders' equity	$ 1,726,353	$ 1,782,662

See notes to unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended October 25, 2009	Three Months Ended October 26, 2008	Six Months Ended October 25, 2009	Six Months Ended October 26, 2008
Revenues:				
Casino	$ 252,192	$ 251,828	$ 516,148	$ 528,614
Rooms	11,803	12,774	24,064	26,480
Pari-mutuel, food, beverage and other	33,786	32,981	68,656	69,528
Gross revenues	297,781	297,583	608,868	624,622
Less promotional allowances	(50,415)	(48,005)	(101,560)	(97,649)
Net revenues	247,366	249,578	507,308	526,973
Operating expenses:				
Casino	40,289	37,791	80,283	76,332
Gaming taxes	64,509	63,318	130,937	133,976
Rooms	2,766	3,193	5,747	6,582
Pari-mutuel, food, beverage and other	11,569	12,473	22,727	26,134
Marine and facilities	16,417	17,027	32,371	33,497
Marketing and administrative	64,947	65,872	130,064	131,226
Corporate and development	12,340	13,201	22,285	23,531
Expense recoveries and other charges	(6,762)	—	(6,762)	6,000
Depreciation and amortization	28,437	30,935	57,266	62,501
Total operating expenses	234,512	243,810	474,918	499,779
Operating income	12,854	5,768	32,390	27,194
Interest expense	(17,883)	(24,225)	(36,230)	(48,122)
Interest income	400	450	769	896
Loss from continuing operations before income taxes	(4,629)	(18,007)	(3,071)	(20,032)
Income tax benefit	6,411	7,337	5,644	6,722
Income (loss) from continuing operations	1,782	(10,670)	2,573	(13,310)
Loss from discontinued operations, net of income taxes	(220)	(2,830)	(106)	(3,816)
Net income (loss)	$ 1,562	$ (13,500)	$ 2,467	$ (17,126)
Earnings (loss) per common share-basic:				
Income (loss) from continuing operations	$ 0.06	$ (0.34)	$ 0.08	$ (0.43)
Loss from discontinued operations, net of income taxes	(0.01)	(0.09)	—	(0.12)
Net income (loss)	$ 0.05	$ (0.43)	$ 0.08	$ (0.55)
Earnings (loss) per common share-diluted:				
Income (loss) from continuing operations	$ 0.06	$ (0.34)	$ 0.08	$ (0.43)
Loss from discontinued operatons, net of income taxes	(0.01)	(0.09)	—	(0.12)
Net income (loss)	$ 0.05	$ (0.43)	$ 0.08	$ (0.55)
Weighted average basic shares	32,319,789	31,171,903	32,049,444	31,019,289
Weighted average diluted shares	32,511,462	31,171,903	32,251,102	31,019,289

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data)
(Unaudited)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accum. Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, April 26, 2009	36,111,089	$ 361	$ 193,827	$ 101,828	$ (15,191)	$ (52,399)	$ 228,426
Net income	—	—	—	2,467	—	—	2,467
Unrealized gain on interest rate swap contracts net of income taxes of $1,782	—	—	—	—	2,977	—	2,977
Foreign currency translation adjustments	—	—	—	—	416	—	416
Comprehensive income							5,860
Issuance of restricted stock, net of forfeitures	625,042	6	(6)	—	—	—	—
Exercise of stock options	17,602	—	178	—	—	—	178
Issuance of deferred bonus shares from treasury stock	—	—	(292)	—	—	292	—
Stock compensation expense	—	—	4,108	—	—	—	4,108
Other	—	—	62	—	—	—	62
Balance, October 25, 2009	36,753,733	$ 367	$ 197,877	$ 104,295	$ (11,798)	$ (52,107)	$ 238,634

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended October 25, 2009	Six Months Ended October 26, 2008
Operating activities:		
Net income (loss)	$ 2,467	$ (17,126)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	57,266	65,007
Amortization of deferred financing costs	1,164	1,279
Expense recoveries and other charges	(6,762)	5,000
Deferred income taxes	292	
Stock compensation expense	4,108	6,475
Deferred compensation expense	48	(47)
Loss (gain) on disposal of assets	61	(214)
Changes in operating assets and liabilities, net of dispositions:		
Purchases of trading securities	(1,076)	(694)
Accounts receivable	3,083	6,310
Income tax receivable	5,432	(8,876)
Prepaid expenses and other assets	(7,413)	(6,799)
Accounts payable and accrued liabilities	2,053	(1,518)
Net cash provided by operating activities	60,723	48,797
Investing activities:		
Purchase of property and equipment	(15,269)	(30,808)
Payments towards gaming license	(4,000)	(4,000)
Decrease in restricted cash	189	1,841
Net cash used in investing activities	(19,080)	(32,967)
Financing activities:		
Principal payments on debt	(4,454)	(5,180)
Net payments on line of credit	(58,000)	(16,552)
Proceeds from exercise of stock options	178	110
Net cash used in financing activities	(62,276)	(21,622)
Effect of foreign currency exchange rates on cash	35	(501)
Net decrease in cash and cash equivalents	(20,598)	(6,293)
Cash and cash equivalents, beginning of period	96,654	91,790
Cash and cash equivalents, end of period	$ 76,056	$ 85,497

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
Notes to Unaudited Consolidated Financial Statements
(amounts in thousands, except share and per share amounts)

1. Nature of Operations

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 thirteen casino gaming facilities in the United States located in Black Hawk, Colorado; Lake Charles, Louisiana; Lula, Biloxi and Natchez, Mississippi; Kansas City, Caruthersville and Boonville, Missouri; Bettendorf, Davenport, Waterloo and Marquette, Iowa; and Pompano Beach, Florida. Our international gaming interests include wholly owned casinos in Freeport, Grand Bahamas and in Dudley and Wolverhampton, England.

2. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with accounting principles generally accepted in the United States of America for interim financial reporting. Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States ("GAAP") have been condensed or omitted. The accompanying interim consolidated financial statements have been prepared without audit. In the opinion of management, all adjustments, including normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended April 26, 2009 as filed with the SEC and all of our other filings, including Current Reports on Form 8-K, filed with the SEC after such date and through the date of this report, which are available on the SEC's website at *www.sec.gov* or our website at *www.islecorp.com*.

Discontinued operations include our remaining casino operations in England held for sale and our formerly wholly owned casino in Coventry, England sold in fiscal year 2009.

The condensed consolidated financial statements include our accounts and those of our subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period financial statements to conform to the current period presentation. We view each property as an operating segment and all such operating segments have been aggregated into one reporting segment.

Our fiscal year ends on the last Sunday in April. Periodically, this system necessitates a 53-week year. Fiscal 2010 and 2009 are both 52-week years, which commenced on April 27, 2009 and April 28, 2008, respectively.

The Company evaluated all subsequent events through December 3, 2009, which is the date that the consolidated financial statements were issued. We completed the exit from our casino property in Freeport, Grand Bahamas during November 2009, and as a result, this operation will be reclassified to discontinued operations in subsequent consolidated financial statements. In addition, we completed the sale of our Dudley and Wolverhampton, England casinos on November 30, 2009, which were classified as held for sale in the accompanying consolidated balance sheets and are included as discontinued operations in the accompanying consolidated statements of operations.

Recently Issued Accounting Standards - In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 168, "The *FASB Accounting Standards*

Codification™ and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162" ("ASC"), which identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP in the United States (the GAAP hierarchy). SFAS 168 establishes the *FASB Accounting Standards Codification* ™ as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. SFAS 168 is effective for most financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this guidance has changed how we reference various elements of GAAP when preparing our financial statement disclosures, but did not have an impact on our consolidated financial statements.

3. Discontinued Operations

Discontinued operations include the results of our former casino property in Coventry, England, which was sold on April 23, 2009, and our Blue Chip casino properties in England, which are currently classified as held for sale.

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

	October 25, 2009	April 26, 2009
Current assets:		
Accounts receivable, net	$ 91	$ 260
Prepaid expenses and other assets	231	146
Total current assets	322	406
Property and equipment, net	4,203	3,777
Total assets	4,525	4,183
Current liabilities:		
Accounts payable	633	540
Other accrued liabilities	1,544	1,348
Total current liabilities	2,177	1,888
Net assets	$ 2,348	$ 2,295

The results of our discontinued operations are summarized as follows:

	Three Months Ended		Six Months Ended	
	October 25, 2009	October 26, 2008	October 25, 2009	October 26, 2008
Net revenues	$ 1,306	$ 4,562	$ 2,746	$ 9,472
Pretax loss from discontinued operations	(400)	(2,916)	(218)	(6,351)
Income tax benefit from discontinued operations	180	86	112	2,535
Loss from discontinued operations	(220)	(2,830)	(106)	(3,816)

Net interest expense of $1 and $2 for the three and six months ended October 25, 2009 and $563 and $1,211 for the three and six months ended October 26, 2008, respectively, has been allocated to discontinued operations and was based on long-term debt and other long-term obligations specific to our UK operations as our UK entities are not guarantors under our senior secured credit facility.

4. Long-Term Debt

Long-term debt consists of the following:

	October 25, 2009	April 26, 2009
Senior Secured Credit Facility:		
Credit Facility:		
Revolving line of credit, expires July 26, 2012, interest payable at least quarterly at either LIBOR and/or prime plus a margin	$ 154,000	$ 112,000
Variable rate term loans, mature November 25, 2013, principal and interest payments due quarterly at either LIBOR and/or prime plus a margin	821,454	825,651
Senior Subordinated Notes:		
7% Senior Subordinated Notes, interest payable semi-annually March 1 and September 1	357,275	357,275
Other	5,996	6,146
	1,238,725	1,301,072
Less current maturities	9,806	9,688
Long-term debt	$ 1,228,919	$ 1,291,384

Credit Facility - During 2007, we entered into a $1,350,000 senior secured credit facility ("Credit Facility"), which is secured on a first priority basis by substantially all of our assets and guaranteed by all of our significant domestic subsidiaries. The Credit Facility consists of a $475,000 five-year revolving line of credit and an $875,000 term loan facility.

Our net line of credit availability at October 25, 2009 is approximately $404,500 after consideration of $16,500 in outstanding letters of credit. We have an annual commitment fee related to the unused portion of the Credit Facility of up to 0.5% which is included in interest expense in the accompanying consolidated statements of operations. The weighted average effective interest rate of the Credit Facility for the three and six months ended October 25, 2009 was 4.42%.

The Credit Facility includes a number of affirmative and negative covenants. Additionally, we must comply with certain financial covenants including maintenance of a leverage ratio and minimum interest coverage ratio. The Credit Facility also restricts our ability to make certain investments or distributions. We are in compliance with the covenants as of October 25, 2009.

Senior Subordinated Notes - Our 7% Senior Subordinated Notes are due 2014 ("Senior Subordinated Notes") and are guaranteed, on a joint and several basis, by all of our significant domestic subsidiaries and certain other subsidiaries as described in Note 12. All of the guarantor subsidiaries are wholly owned by us. The Senior Subordinated Notes are general unsecured obligations and rank junior to all senior indebtedness. The 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 Senior Subordinated Notes.

The indenture governing the 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 or pay dividends on 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.

5. Common Stock

Earnings per Share of Common Stock - The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended October 25, 2009	Three Months Ended October 26, 2008	Six Months Ended October 25, 2009	Six Months Ended October 26, 2008
Numerator:				
Income (loss) applicable to common shares:				
Income (loss) from continuing operations	$ 1,782	$ (10,670)	$ 2,573	$ (13,310)
Loss from discontinued operations	(220)	(2,830)	(106)	(3,816)
Net income (loss)	$ 1,562	$ (13,500)	$ 2,467	$ (17,126)
Denominator:				
Denominator for basic earnings (loss) per share - weighted average shares	32,319,789	31,171,903	32,049,444	31,019,289
Effect of dilutive securities				
Employee stock options	191,673		201,658	
Denominator for diluted loss per share - adjusted weighted average shares and assumed conversions	32,511,462	31,171,903	32,251,102	31,019,289
Basic earnings (loss) per share:				
Income (loss) from continuing operations	$ 0.06	$ (0.34)	$ 0.08	$ (0.43)
Loss from discontinued operations	(0.01)	(0.09)	—	(0.12)
Net income (loss)	$ 0.05	$ (0.43)	$ 0.08	$ (0.55)
Diluted earnings (loss) per share:				
Income (loss) from continuing operations	$ 0.06	$ (0.34)	$ 0.08	$ (0.43)
Loss from discontinued operations	(0.01)	(0.09)		(0.12)
Net income (loss)	$ 0.05	$ (0.43)	$ 0.08	$ (0.55)

Our basic earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of shares outstanding for the period. Stock options representing 544,604 and 523,175 shares were excluded from the calculation of earnings per share for the three and six months ended October 25, 2009, respectively as they were anti-dilutive. Due to the net loss, stock options representing 20,208 and 17,221 shares which are potentially dilutive, and 1,593,746 and 1,703,746 shares which were anti-dilutive, were excluded from the calculation of common shares for diluted (loss) per share for the three and six month periods ended October 26, 2008, respectively.

Stock Based Compensation — Under our Long Term Incentive Plan we have issued restricted stock and stock options.

Restricted Stock — During the six months ended October 25, 2009, we issued 512,375 shares of restricted common stock with a weighted average grant-date fair value of $13.03 to employees and 122,153 shares of restricted stock with a weighted average grant-date fair value of $11.38 to directors under the Long Term Incentive Plans. Restricted stock awarded to employees under annual long-term incentive grants 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. Restricted stock awarded under our previous tender offer vest three years from the date of award. Our estimate of forfeitures for restricted stock for employees is 10%. No forfeiture rate is estimated for directors. As of October 25, 2009, our unrecognized compensation cost for unvested restricted stock is $9,215 with a remaining weighted average vesting period of 1.6 years.

Stock Options - We have issued incentive stock options and nonqualified stock options which have a maximum term of 10 years and are, generally, vested and exercisable in yearly installments of 20% commencing one year after the date of grant. During the six months ended October 25, 2009 we issued 100,000 stock options with a grant date fair value of $7.53 per option. We currently estimate our aggregate forfeiture rates at 39.6% for executives and 56.5% for optionees beneath the executive level. As of October 25, 2009, our unrecognized compensation cost for unvested stock options is $2,147 with a weighted average vesting period of 3.5 years.

6. Expense Recoveries and Other Charges

During the three months ended October 25, 2009, we recorded an expense recovery of $6,762 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.

During the six months ended October 26, 2008, we reached an agreement terminating our agreement for the potential development of a casino project in Portland, Oregon. As a part of this agreement, we agreed to terminate our rights under a land option and pay a termination fee. As a result of this termination, we recorded a $6,000 charge consisting of a non-cash write-off of $5,000 representing our rights under the land option and a $1,000 termination fee. Under the terms of the agreement, we retain certain rights but no continuing obligations with regard to this development project.

7. Fair Value Measurements

Interest Rate Swap Agreements—We have entered into various interest rate swap agreements pertaining to the Credit Facility for an aggregate notional value of $500,000 with maturity dates ranging from fiscal year 2009 to 2013 in order to manage market risk on variable rate term loans outstanding, as well as comply with, in part, requirements under the Credit Facility.

These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of October 25, 2009, as being fully effective. As a result, there is no impact on our consolidated statement of operations from changes in fair value. As October 25, 2009, the weighted average fixed LIBOR interest rate of our interest rate swap agreements was 4.58%.

The fair value of derivatives included in our consolidated balance sheet and change in our unrealized loss are as follows:

Type of Derivative Instrument	Balance Sheet Location	October 25, 2009	April 26, 2009	Six months ended October 25, 2009, Change in Unrealized Loss
Interest rate swap contracts	Accrued interest	$ 8,292	$ 2,258	
Interest rate swap contracts	Other long-term liabilities	10,660	21,454	
Total		$ 18,952	$ 23,712	$ 4,760

The fair value of our interest swap contracts are measured using Level 3 inputs at the present value of all expected future cash flows based on the LIBOR-based swap yield curve as of the date of the valuation, subject to a credit adjustment to the LIBOR-based yield curve's implied discount rates. The credit adjustment reflects our best estimate as to the inherent credit risk as of our balance sheet date. The fair value of our interest rate swap contracts as recorded in our consolidated balance sheet is recorded net of deferred income tax benefits of $7,098 and $8,879, as of October 25, 2009 and April 26, 2009, respectively.

The amount of the gain (loss) reclassified from Accumulated other comprehensive income (loss) into earnings and its location in the consolidated statements of income is as follows:

		Three Months Ended		Six Months Ended	
Type of Derivative Instrument	**Income Statement Location**	**October 25, 2009**	**October 26, 2008**	**October 25, 2009**	**October 26, 2008**
Interest rate swap contracts	Interest expense	$ 5,158	$ 1,905	$ 9,643	$ 4,254

The amount of gain (loss) recognized in Accumulated other comprehensive income (loss) is as follows:

	Three Months Ended		Six Months Ended	
Type of Derivative Instrument	**October 25, 2009**	**October 26, 2008**	**October 25, 2009**	**October 26, 2008**
Interest rate swap contracts	$ 1,540	$ (4,740)	$ 2,977	$ (1,828)

The amount of Accumulated other comprehensive income (loss) related to interest rate swap contracts maturing in the next twelve months was $(5,187) as of October 25, 2009.

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

Type of Derivative Instrument	**October 25, 2009**	**April 26, 2009**
Interest rate swap contracts	$ (11,855)	$ (14,832)
Foreign currency translation gain (loss)	57	(359)
	$ (11,798)	$ (15,191)

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

	October 25, 2009		April 26, 2009	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets:				
Cash and cash equivalents	$ 76,056	$ 76,056	$ 96,654	$ 96,654
Marketable securities	18,624	18,624	17,548	17,548
Restricted cash	2,774	2,774	2,774	2,774
Notes receivable	9,610	9,610	3,000	3,000
Financial liabilities:				
Revolver	$ 54,000	$ 54,000	$ 112,000	$ 112,000
Variable rate term loans	821,454	768,060	825,651	652,264
7% Senior subordinated notes	357,275	319,761	357,275	262,597
Other long-term debt	5,996	5,996	6,146	6,146
Other long-term obligations	17,242	17,242	17,314	17,314

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

Marketable securities 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 marketable securities.

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 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. Debt obligations with a short remaining maturity are valued at the carrying amount.

8. Income Taxes

During the quarter ended October 25, 2009, we settled certain Louisiana income tax examinations for open years from April 2001 through April 2008. As a result of the actual taxes and interest due for these years being less than our previously accrued amounts, we recognized a benefit of $4,727 in our income tax provision.

We believe that it is reasonably possible that an amount up to $7,800 of our liability for unrecognized tax positions may be recognized by the end of the fiscal year ending April 25, 2010. These amounts relate to positions taken or to be taken on the federal and Mississippi income tax returns for the fiscal years ending April 2004 through April 2008. These amounts are expected to be resolved as a result of the anticipated completion of the federal and Mississippi income tax examinations.

Our effective income tax rates from continuing operations for the three and six months ended October 25, 2009 were 138.5% and 183.8%, respectively. Without the impact of the settlement of our Louisiana income tax matters discussed above, our effective tax rate for the three and six months ended October 25, 2009, would have been 36.4% and 29.9%, respectively. Our effective income tax rates from continuing operations for the three and six months ended October 26, 2008 were 40.7% and 33.6%, respectively. Our effective rate is based on statutory rates applied to our income adjusted for permanent differences. Our actual effective rate will fluctuate based upon the amount of our pretax book income, permanent differences and other items used in the calculation of our income tax benefit.

Related to our unrecognized tax benefits, we accrued gross interest expense of $157 and $408 respectively, for the three and six months ended October 25, 2009 as a component of our income tax benefit. As of October 25, 2009, we have recognized a liability of $2,512 for interest.

9. Supplemental Disclosures

Cash Flow – For the six months ended October 25, 2009 and October 26, 2008, we made net cash payments of interest for $29,417 and $46,541, respectively. Additionally, we received income tax refunds of $4,480 and paid income taxes, net of refunds, of $409 during the six months ended October 25, 2009 and October 26, 2008, respectively.

For the six months ended October 25, 2009 and October 26, 2008, construction costs funded through accounts payable were $91 and $415, respectively.

For the six months ended October 26, 2008, we purchased property and equipment financed with a long-term obligation of $8,455.

10. Closure of Properties due to Flooding

As a result of Hurricane Gustav in September 2008, our Biloxi, Mississippi, Lake Charles, Louisiana and Natchez, Mississippi properties were closed for three days and as a result of Hurricane Ike in September 2008 our Lake Charles property closed for an additional five days during the three and six months ended October 26, 2008. In connection with flooding in the Midwest during April 2008, our Natchez, Mississippi and Davenport, Iowa, properties closed for a combined total of 34 days during the six months ended October 26, 2008.

11. Contingencies

Legal and Regulatory Proceedings—Lady Luck Gaming Corporation (now our wholly owned subsidiary) 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 not yet been scheduled.

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 October 25, 2009, we have accrued an estimated liability including interest of $10,215.

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.

12. 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 Senior Subordinated Notes.

The following wholly owned subsidiaries of the Company are guarantors, on a joint and several basis, under the Senior Subordinated Notes: Riverboat Corporation of Mississippi; Riverboat Services, Inc.; CSNO, L.L.C.; St. Charles Gaming Company, Inc.; IOC Holdings, L.L.C.; Grand Palais Riverboat, Inc.; LRGP Holdings, L.L.C.; P.P.I, Inc.; Isle of Capri Casino Colorado, Inc.; IOC-Coahoma, Inc.; IOC-Natchez, Inc.; IOC-Lula, Inc.; IOC-Boonville, Inc.; IOC-Kansas City, Inc.; Isle of Capri Bettendorf, L.C.; Isle of Capri Marquette, Inc.; IOC-Davenport, Inc.; IOC-Black Hawk County, Inc.; IOC-Manufacturing, Inc.; Riverboat Corporation of Mississippi—Vicksburg; Isle of Capri Black Hawk, L.L.C.; Isle of Capri Black Hawk Capital Corp.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; IOC-Black Hawk Distribution Company, L.L.C.; Casino America of Colorado, Inc.; Black Hawk Holdings, L.L.C.; Louisiana Riverboat Gaming Partnership; Isle of Capri UK

Holdings, Inc.; Isle of Capri Bahamas Holdings, Inc.; and IOC-Caruthersville, L.L.C. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

Consolidating condensed balance sheets as of October 25, 2009 and April 26, 2009 are as follows (in thousands):

	As of October 25, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 42,109	$ 77,627	$ 44,973	$ (4,800)	$ 159,909
Intercompany receivables	1,042,247	(295,351)	12,692	(759,588)	—
Investments in subsidiaries	390,195	—	—	(390,195)	—
Property and equipment, net	8,693	1,120,606	8,235	—	1,137,534
Other assets	11,195	412,885	4,830	—	428,910
Total assets	$ 1,494,439	$ 1,315,767	$ 70,730	$ (1,154,583)	$ 1,726,353
Current liabilities	$ 51,514	$ 88,794	$ 36,752	$ (4,800)	$ 172,260
Intercompany payables	4,800	754,768	20	(759,588)	—
Long-term debt, less current maturities	1,224,329	4,392	198	—	1,228,919
Other accrued liabilities	(24,838)	107,061	4,317	—	86,540
Stockholders' equity	238,634	360,752	29,443	(390,195)	238,634
Total liabilities and stockholders' equity	$ 1,494,439	$ 1,315,767	$ 70,730	$ (1,154,583)	$ 1,726,353

	As of April 26, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 38,145	$ 93,538	$ 46,013	$ (103)	$ 177,593
Intercompany receivables	1,141,189	(316,376)	(33,920)	(790,893)	—
Investments in subsidiaries	337,218	—	—	(337,218)	—
Property and equipment, net	10,158	1,158,839	8,543	—	1,177,540
Other assets	12,363	415,013	153	—	427,529
Total assets	$ 1,539,073	$ 1,351,014	$ 20,789	$ (1,128,214)	$ 1,782,662
Current liabilities	$ 40,440	$ 94,935	$ 32,721	$ (103)	$ 167,993
Intercompany payables	—	790,563	330	(790,893)	—
Long-term debt, less current maturities	1,286,526	4,650	208	—	1,291,384
Other accrued liabilities	(16,319)	107,301	3,877	—	94,859
Stockholders' equity	228,426	353,565	(16,347)	(337,218)	228,426
Total liabilities and stockholders' equity	$ 1,539,073	$ 1,351,014	$ 20,789	$ (1,128,214)	$ 1,782,662

Consolidating condensed statements of operations for the three and six months ended October 25, 2009 and October 26, 2008 are as follows (in thousands):

	For the Three Months Ended October 25, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 251,173	$ 1,019	$ —	$ 252,192
Pari-mutuel, rooms, food, beverage and other	253	44,829	2,908	(2,401)	45,589
Gross revenues	253	296,002	3,927	(2,401)	297,781
Less promotional allowances	—	(50,315)	(100)	—	(50,415)
Net revenues	253	245,687	3,827	(2,401)	247,366
Operating expenses:					
Casino	—	39,673	616	—	40,289
Gaming taxes	—	64,224	285	—	64,509
Other operating expenses	11,373	94,224	(1,919)	(2,401)	101,277
Management fee expense (revenue)	(6,313)	8,495	(2,182)	—	—
Depreciation and amortization	1,103	27,182	152	—	28,437
Total operating expenses	6,163	233,798	(3,048)	(2,401)	234,512
Operating income (loss)	(5,910)	11,889	6,875	—	12,854
Interest expense, net	(1,662)	(15,804)	(17)	—	(17,483)
Equity in income (loss) of subsidiaries	7,019	—	—	(7,019)	—
Income (loss) from continuing operations before income taxes	(553)	(3,915)	6,858	(7,019)	(4,629)
Income tax (provision) benefit	2,335	6,648	(2,572)	—	6,411
Income (loss) from continuing operations	1,782	2,733	4,286	(7,019)	1,782
Income (loss) from discontinued operations, net of tax	—	—	(220)	—	(220)
Equity in income (loss) of discontinued operations	(220)	—	—	220	—
Income (loss) from discontinued operations, net of tax	(220)	—	(220)	220	(220)
Net income (loss)	$ 1,562	$ 2,733	$ 4,066	$ (6,799)	$ 1,562

	For the Three Months Ended October 26, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 249,875	$ 1,953	$ —	$ 251,828
Pari-mutuel, rooms, food, beverage and other	32	45,431	2,647	(2,355)	45,755
Gross revenues	32	295,306	4,600	(2,355)	297,583
Less promotional allowances	—	(47,851)	(154)		(48,005)
Net revenues	32	247,455	4,446	(2,355)	249,578
Operating expenses:					
Casino	—	37,210	581	—	37,791
Gaming taxes	—	63,105	213	—	63,318
Other operating expenses	11,004	96,372	6,745	(2,355)	111,766
Management fee expense (revenue)	(6,035)	8,348	(2,313)	—	—
Depreciation and amortization	1,209	29,613	113	—	30,935
Total operating expenses	6,178	234,648	5,339	(2,355)	243,810
Operating income (loss)	(6,146)	12,807	(893)	—	5,768
Interest expense, net	(3,086)	(17,663)	(3,026)	—	(23,775)
Equity in income (loss) of subsidiaries	(6,424)	—	—	6,424	—
Income (loss) from continuing operations before income taxes	(15,656)	(4,856)	(3,919)	6,424	(18,007)
Income tax (provision) benefit	4,986	1,683	668	—	7,337
Income (loss) from continuing operations	(10,670)	(3,173)	(3,251)	6,424	(10,670)
Income (loss) from discontinued operations, net of tax	—	—	(2,830)	—	(2,830)
Equity in income (loss) of discontinued operations	(2,830)	—	—	2,830	—
Income (loss) from discontinued operations, net of tax	(2,830)	—	(2,830)	2,830	(2,830)
Net income (loss)	$ (13,500)	$ (3,173)	$ (6,081)	$ 9,254	$ (13,500)

	For the Six Months Ended October 25, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 513,436	$ 2,712	$ —	$ 516,148
Pari-mutuel, rooms, food, beverage and other	364	91,267	5,993	(4,904)	92,720
Gross revenues	364	604,703	8,705	(4,904)	608,868
Less promotional allowances	—	(101,326)	(234)	—	(101,560)
Net revenues	364	503,377	8,471	(4,904)	507,308
Operating expenses:					
Casino	—	79,000	1,283	—	80,283
Gaming taxes	—	130,528	409	—	130,937
Other operating expenses	22,428	187,698	1,210	(4,904)	206,432
Management fee expense (revenue)	(12,999)	17,398	(4,399)	—	—
Depreciation and amortization	2,286	54,673	307	—	57,266
Total operating expenses	11,715	469,297	(1,190)	(4,904)	474,918
Operating income (loss)	(11,351)	34,080	9,661	—	32,390
Interest expense, net	(3,373)	(32,004)	(84)	—	(35,461)
Equity in income (loss) of subsidiaries	12,823	—	—	(12,823)	—
Income (loss) from continiuing operations before income taxes	(1,901)	2,076	9,577	(12,823)	(3,071)
Income tax (provision) benefit	4,474	4,682	(3,512)	—	5,644
Income (loss) from continuing operations	2,573	6,758	6,065	(12,823)	2,573
Income (loss) from discontinued operations, net of tax	—	—	(106)	—	(106)
Equity in income (loss) of discontinued operations	(106)	—	—	106	—
Income (loss) from discontinued operations, net of tax	(106)	—	(106)	106	(106)
Net income (loss)	$ 2,467	$ 6,758	$ 5,959	$ (12,717)	$ 2,467

	For the Six Months Ended October 26, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Operations					
Revenues:					
Casino	$ —	$ 523,214	$ 5,400	$ —	$ 528,614
Pari-mutuel, rooms, food, beverage and other	182	95,180	5,464	(4,818)	96,008
Gross revenues	182	618,394	10,864	(4,818)	624,622
Less promotional allowances	—	(97,274)	(375)		(97,649)
Net revenues	182	521,120	10,489	(4,818)	526,973
Operating expenses:					
Casino	—	74,988	1,344	—	76,332
Gaming taxes	—	133,504	472	—	133,976
Other operating expenses	28,022	192,552	11,214	(4,818)	226,970
Management fee expense (revenue)	(13,510)	18,085	(4,575)	—	—
Depreciation and amortization	2,438	59,830	233	—	62,501
Total operating expenses	16,950	478,959	8,688	(4,818)	499,779
Operating income (loss)	(16,768)	42,161	1,801	—	27,194
Interest expense, net	(5,758)	(35,350)	(6,118)	—	(47,226)
Equity in income (loss) of subsidiaries	(2,670)	—	—	2,670	—
Income (loss) from continuing operations before income taxes	(25,196)	6,811	(4,317)	2,670	(20,032)
Income tax (provision) benefit	11,886	(2,801)	(2,363)	—	6,722
Income (loss) from continuing operations	(13,310)	4,010	(6,680)	2,670	(13,310)
Income (loss) from discontinued operations, net of tax	—	—	(3,816)	—	(3,816)
Equity in income (loss) of discontinued operations	(3,816)	—	—	3,816	—
Income (loss) from discontinued operations, net of tax	(3,816)	—	(3,816)	3,816	(3,816)
Net income (loss)	$ (17,126)	$ 4,010	$ (10,496)	$ 6,486	$ (17,126)

Consolidating condensed statements of cash flows for the six months ended October 25, 2009 and October 26, 2008 are as follows (in thousands):

	Six Months Ended October 25, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ 6,976	$ 60,314	$ 6,153	$ (12,720)	$ 60,723
Net cash provided by (used in) investing activities	50,790	(14,298)	(1,094)	(54,478)	(19,080)
Net cash provided by (used in) financing activities	(62,020)	(61,141)	(6,313)	67,198	(62,276)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	35	—	35
Net increase (decrease) in cash and cash equivalents	(4,254)	(15,125)	(1,219)	—	(20,598)
Cash and cash equivalents at beginning of the period	8,776	68,864	19,014	—	96,654
Cash and cash equivalents at end of the period	$ 4,522	$ 53,739	$ 17,795	$ —	$ 76,056

	Six Months Ended October 26, 2008				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (22,526)	$ 75,769	$ (4,446)	$ —	$ 48,797
Net cash provided by (used in) investing activities	41,552	(32,640)	(1,562)	(40,317)	(32,967)
Net cash provided by (used in) financing activities	(20,765)	(45,562)	4,388	40,317	(21,622)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(501)	—	(501)
Net increase (decrease) in cash and cash equivalents	(1,739)	(2,433)	(2,121)	—	(6,293)
Cash and cash equivalents at beginning of the period	5,363	67,540	18,887	—	91,790
Cash and cash equivalents at end of the period	$ 3,624	$ 65,107	$ 16,766	$ —	$ 85,497

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This 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 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. 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 report.

For a more complete description of the risks that may affect our business, see our Annual Report on Form 10-K for the year ended April 26, 2009.

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 intentionally sought geographic diversity to limit the risks caused by weather, regional economic difficulties and local gaming authorities and regulations. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. We also operate a harness racing track at our casino in Florida. Internationally we operate casinos in Dudley and Wolverhampton, England, which are classified as discontinued operations, and in Freeport, Grand Bahamas.

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. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K for the year ended April 26, 2009 and by giving consideration to the following:

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.

Colorado and Missouri Gaming Law Changes — In early July 2009, gaming law changes became effective in Colorado which allowed extended hours of operations, expanded the types of allowable table games and increased the betting limit from $5 to $100 per bet. During November 2008, gaming law changes became effective in Missouri which repealed the $500 loss limit. Our gaming revenues reflect the favorable impact of these changes in state gaming laws.

Provision for Income Taxes — During the period ended October 25, 2009, we elected to settle certain state income tax matters. As a result of our actual settlement being less than our estimated accrued liability, we recognized a benefit of $4.7 million in our income tax provision.

Hurricanes and Flooding — As a result of Hurricane Gustav in September 2008, our Biloxi, Mississippi, Lake Charles, Louisiana and Natchez, Mississippi properties were closed for 3 days and as a result of Hurricane Ike in

September 2008 our Lake Charles property closed for an additional five days during the three and six months ended October 26, 2008. As a result of flooding conditions on the Mississippi River in April 2008, our Davenport and Natchez properties were closed for 20 and 14 days, respectively, during the early portion of the six months ended October 26, 2008.

Expense Recoveries and Other Charges — During the three months ended October 25, 2009 we recorded an other expense recovery 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 current assessment of collectability. During the six months ended October 26, 2008, we recorded charges of $6.0 million following our agreement to terminate the development of a potential casino project in Portland, Oregon.

Discontinued Operations — Discontinued operations include the results of our Blue Chip and Coventry casino operations. Our Blue Chip casino operations are classified as discontinued operations with assets held for sale as of the end of fiscal year 2009. We continue to operate the Blue Chip casinos during the period prior to our expected sales of such assets. Our Coventry casino operations were discontinued during the fourth quarter of fiscal year 2009.

Increased Competition - The introduction of table games and expansion of Class III gaming at competing Native American casinos, beginning July 2008, has had a negative impact on our Pompano property's net revenues and operating results. The opening of a competing land-based facility, which replaced a riverboat operation in the Quad Cities area during December 2008, has had a negative impact on net revenues and operating results at our Bettendorf and Davenport, Iowa properties.

Revenues

Revenues for the three and six months ended October 25, 2009 and October 26, 2008 are as follows:

	Three Months Ended			
(in thousands)	October 25, 2009	October 26, 2008	Variance	Percentage Variance
Revenues:				
Casino	$ 252,192	$ 251,828	$ 364	0.1%
Rooms	11,803	12,774	(971)	-7.6%
Pari-mutuel, food, beverage and other	33,786	32,981	805	2.4%
Gross revenues	297,781	297,583	198	0.1%
Less promotional allowances	(50,415)	(48,005)	(2,410)	5.0%
Net revenues	$ 247,366	$ 249,578	(2,212)	-0.9%

	Six Months Ended			
(in thousands)	October 25, 2009	October 26, 2008	Variance	Percentage Variance
Revenues:				
Casino	$ 516,148	$ 528,614	$ (12,466)	-2.4%
Rooms	24,064	26,480	(2,416)	-9.1%
Pari-mutuel, food, beverage and other	68,656	69,528	(872)	-1.3%
Gross revenues	608,868	624,622	(15,754)	-2.5%
Less promotional allowances	(101,560)	(97,649)	(3,911)	4.0%
Net revenues	$ 507,308	$ 526,973	(19,665)	-3.7%

Casino Revenues - Casino revenues increased $0.4 million, or 0.1%, and decreased $12.5 million or 2.4% for the three and six months ended October 25 2009, as compared to the same periods in the prior fiscal year. For the three months ended October 25, 2009, casino revenues: increased by $6.0 million at our Missouri and Colorado properties reflecting the benefit of regulatory changes; increased by $3.6 million at our Lake Charles property reflecting the prior year closure due to hurricanes; decreased by $6.2 million at our Quad Cities and Pompano properties reflecting the impact of competition; and decreased by $3.0 million at other properties primarily due to current economic conditions. For the six months ended October 25, 2009, casino revenues: increased by $7.6 million at our Missouri and Colorado properties reflecting the benefit of regulatory changes; increased by $1.5 million at our Lake Charles property reflecting the prior year closure due to hurricanes; decreased by $13.2 million at our Quad Cities and Pompano properties reflecting the impact of competition; and decreased by $8.4 million at other properties primarily due to current economic conditions.

Rooms Revenue - Rooms revenue decreased $1.0 million, or 7.6%, and $2.4 million, or 9.1% for the three and six months ended October 25, 2009, as compared to the same periods in the prior fiscal year. The majority of this decrease has occurred at our Lake Charles property where we have experienced declines in both room rates and occupancy due to economic conditions and market competition and at our Biloxi property due to reduction in room rates resulting from a highly competitive market.

Pari-mutuel, Food, Beverage and Other Revenues — Pari-mutuel, food, beverage and other revenues increased $0.8 million, or 2.4%, and decreased $0.9 million or 1.3% for the three and six months ended October 25, 2009, as compared to the same periods in the prior fiscal year. The increase in these revenues for the three months ended October 25, 2009, reflects an overall increase in food, beverage and other revenues of $1.6 million offset by decreased pari-mutuel revenues. The decrease in these revenues for the six months ended October 25, 2009, reflects a $2.1 million decrease in pari-mutuel revenues offset by an increase of $1.2 million in food, beverage and other revenues. The reduction in pari-mutuel revenues is a result of a reduction in live racing days during the first half of our current fiscal year.

Promotional Allowances - Promotional allowances increased $2.4 million, or 5.0%, and $3.9 million or 4.0% for the three and six months ended October 25, 2009, as compared to the same periods in the prior fiscal year. Changes in our promotional allowances reflect revisions to our marketing plans as a result of changes in competition, economic conditions and regulations.

Operating Expenses

Operating expenses for the three and six months ended October 25, 2009 and October 26, 2008 are as follows:

	Three Months Ended			
(in thousands)	October 25, 2009	October 26, 2008	Variance	Percentage Variance
Operating expenses:				
Casino	$ 40,289	$ 37,791	$ 2,498	6.6%
Gaming taxes	64,509	63,318	1,191	1.9%
Rooms	2,766	3,193	(427)	-13.4%
Pari-mutuel, food, beverage and other	11,569	12,473	(904)	-7.2%
Marine and facilities	16,417	17,027	(610)	-3.6%
Marketing and administrative	64,947	65,872	(925)	-1.4%
Corporate and development	12,340	13,201	(861)	-6.5%
Expense recoveries and other charges	(6,762)		(6,762)	100.0%
Depreciation and amortization	28,437	30,935	(2,498)	-8.1%
Total operating expenses	$ 234,512	$ 243,810	(9,298)	-3.8%

(in thousands)	Six Months Ended October 25, 2009	October 26, 2008	Variance	Percentage Variance
Operating expenses:				
Casino	$ 80,283	$ 76,332	$ 3,951	5.2%
Gaming taxes	130,937	133,976	(3,039)	-2.3%
Rooms	5,747	6,582	(835)	-12.7%
Pari-mutuel, food, beverage and other	22,727	26,134	(3,407)	-13.0%
Marine and facilities	32,371	33,497	(1,126)	-3.4%
Marketing and administrative	130,064	131,226	(1,162)	-0.9%
Corporate and development	22,285	23,531	(1,246)	-5.3%
Expense recoveries and other charges	(6,762)	6,000	(12,762)	-212.7%
Depreciation and amortization	57,266	62,501	(5,235)	-8.4%
Total operating expenses	$ 474,918	$ 499,779	(24,861)	-5.0%

Casino - Casino operating expenses increased $2.5 million, or 6.6%, in the three months ended October 25, 2009, and increased $4.0 million or 5.2% for the six months ended October 25, 2009, as compared to the same period in the prior fiscal year. The majority of this increase in casino operating expense was incurred at our Black Hawk properties in advance of and after the new gaming laws became effective and at our Lake Charles property as our prior fiscal year expenses were reduced by the impact of hurricane closures.

Gaming Taxes - State and local gaming taxes increased $1.2 million, or 1.9% for the three months October 25, 2009, and decreased $3.0 million or 2.3% for the six months ended October 25, 2009, as compared to the same periods in the prior fiscal year. The change in our gaming tax expense reflects the change in the proportion of our gaming revenues derived from states with different gaming tax rates. Our overall effective gaming tax rates were as follows:

Three Months Ended October 25, 2009	October 26, 2008	Six Months Ended October 25, 2009	October 26, 2008
25.6%	25.1%	25.4%	25.3%

Rooms - Rooms expense decreased $0.4 million or 13.4%, and $0.8 million or 12.7% for the three and six months ended October 25, 2009, as compared to the same periods in the prior fiscal year. This decrease in rooms expense is reflective of a 7.6% and 9.1% reduction in our hotel revenues for the three and six months October 25, 2009, compared to the same periods in the prior fiscal year.

Pari-mutuel, Food, Beverage and Other — Pari-mutuel, food, beverage and other expenses decreased $0.9 million or 7.2% and $3.4 million of 13.0%, in the three and six months ended October 25, 2009, as compared to the same periods in the prior fiscal year. The majority of this decrease is a result of our decision to not conduct live racing at our Pompano property during portions of the first six months of our current fiscal year.

Marine and Facilities - These expenses include salaries, wages and benefits of the marine and facilities departments, operating expenses of the marine crews, insurance, maintenance of public areas, housekeeping and general maintenance of the riverboats and pavilions. Marine and facilities expenses decreased $0.6 million, or 3.6% and $1.1 million or 3.4%, in the three and six months ended October 25, 2009 as compared to the same periods in the prior fiscal year. This decrease is primarily reflective of reductions in facility costs at our Pompano property as a result of our decision not to conduct live racing during portions of the first six months of our current fiscal year.

Marketing and Administrative - These expenses include salaries, wages and benefits of the marketing and sales departments, as well as promotions, direct mail, advertising, special events and entertainment. Administrative expenses include administration and human resource department expenses, rent, professional fees and property taxes. Marketing and administrative expenses were similar to the prior year periods with decreases of $0.9

million, or 1.4% and $1.2 million or 0.9%, in the three and six months ended October 25, 2009, as compared to the same periods in the prior year.

Corporate and Development - During the three months ended October 25, 2009, our corporate and development expenses were $12.3 million compared to $13.2 million for the three months ended October 26, 2008, and were $22.3 million for the six months ended October 25, 2009 as compared to $23.5 million for the six months ended October 26, 2008. Reductions in corporate expenses for the three and six months ended October 25, 2009 primarily reflect a reduction in non-cash stock compensation expense.

Depreciation and Amortization - Depreciation and amortization expense for the three and six months ended October 25, 2009 decreased $2.5 million and $5.2 million, as compared to the same periods in the prior fiscal year, primarily due to certain of our assets becoming fully depreciated.

Other Income (Expense), Income Taxes, and Discontinued Operations

Interest expense, interest income, income tax (provision) benefit, and loss from discontinued operations, net of income taxes for the three and six months ended October 25, 2009 and October 26, 2008 are as follows:

	Three Months Ended			
(in thousands)	October 25, 2009	October 26, 2008	Variance	Percentage Variance
Interest expense	$ (17,883)	$ (24,225)	$ 6,342	-26.2%
Interest income	400	450	(50)	-11.1%
Income tax benefit	6,411	7,337	(926)	-12.6%
Loss from discontinued operations, net of income taxes	(220)	(2,830)	2,610	-92.2%

	Six Months Ended			
(in thousands)	October 25, 2009	October 26, 2008	Variance	Percentage Variance
Interest expense	$ (36,230)	$ (48,122)	$ 11,892	-24.7%
Interest income	769	896	(127)	-14.2%
Income tax benefit	5,644	6,722	(1,078)	-16.0%
Loss from discontinued operations, net of income taxes	(106)	(3,816)	3,710	-97.2%

Interest Expense - Interest expense decreased $6.3 million and $11.9 million for the three and six months ended October 25, 2009 compared to the same periods in the prior fiscal year. This decrease is primarily attributable to a lower average debt balance due to the pay down of $142.7 million of our senior subordinated notes as a result of our tender offer and repayment on our senior secured credit facility debt with insurance proceeds and cash flows from operations, and a decrease in the interest rate on the variable interest rate components of our debt.

Income Tax Provision — Our income tax provision from continuing operations and our effective income tax rate has been impacted by our settlement of certain tax liabilities for $4.7 million less than our estimated accrual, our estimate of annual taxable income for financial statement purposes as well as our percentage of permanent items in relation to such estimated income or loss. Effective income tax rates were as follows:

	Three Months Ended		Six Months Ended	
	October 25, 2009	October 26, 2008	October 25, 2009	October 26, 2008
Total	138.5%	40.7%	183.8%	33.6%

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the six months ended October 25, 2009, we generated $60.7 million in cash flows from operating activities compared to generating $48.8 million during the six months ended October 26, 2008. Our current year net income compared to last year's net loss, current year cash flows from working capital changes compared to last year's working capital usages of cash and reductions in year over year non cash adjustments improved our cash flow from operations by $11.9 million.

Cash Flows used in Investing Activities - During the six months ended October 25, 2009, we used $19.1 million for investing activities compared to using $33.0 million during the six months ended October 26, 2008. Significant investing activities for the six months ended October 25, 2009 primarily included the purchases of property and equipment of $15.3 million and payment towards our Waterloo gaming license of $4.0 million.

For the six months ended October 26, 2008, significant investing activities included the purchase of property and equipment for $30.8 million and payment of $4.0 million towards our Waterloo gaming license.

Cash Flows from Financing Activities - During the six months ended October 25, 2009 and October 26, 2008, our net cash flows from financing activities were used primarily to repay our outstanding long term debt of $62.5 million and $21.7 million, respectively.

Availability of Cash and Additional Capital - At October 25, 2009, we had cash and cash equivalents and marketable securities of $94.7 million. As of October 25, 2009, we had $54.0 million in revolving credit and $821.5 million in term loans outstanding under the senior secured credit facility ("Credit Facility"). Our net line of credit availability at October 25, 2009 was approximately $404 million.

Capital Expenditures and Development Activities - We have made significant investments in property and equipment and expect that our operations will demand ongoing investments to keep our properties competitive. Our current planned capital expenditures include $25 million in maintenance capital expenditures for the balance of fiscal year 2010.

We have also identified approximately $60 million in projects primarily focused on refreshing our hotel room inventory as well as additional improvements to our Black Hawk and Lake Charles properties. The timing and amount of these capital expenditures will be determined as we gain more clarity as to improvement of economic and local market conditions, cash flows from our continuing operations and availability of cash under our Credit Facility.

Historically, 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. Availabile credit under our Credit Facility is subject to compliance with a number of affirmative and negative covenants including maintenance of a leverage ratio and a minimum interest coverage ratio. The permitted leverage allowed under the Credit Facility becomes more restrictive periodically beginning with the next quarterly measurement period. Depending on the level of our future operating performance, we may need to seek amendments to the Credit Facility or consider other sources of additional debt or equity financing in order to remain in compliance with our covenants in future periods. We are highly leveraged and may be unable to amend our Credit Facility, or 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 at such locations.

There is no assurance that these sources will in fact provide adequate funding for our planned and necessary expenditures or that our planned reduced levels of capital investments will be sufficient to allow us to remain competitive in our existing markets.

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 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.

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.

For a discussion of our significant accounting policies and estimates, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements presented in our 2009 Annual Report on Form 10-K. There were no newly identified significant accounting estimates in the second quarter of fiscal 2010, nor were there any material changes to the critical accounting policies and estimates set forth in our 2009 Annual Report.

ITEM 3. 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 Isle of Capri Casinos, Inc. senior secured credit facility ("July 2007 Credit Facility").

We have entered into six interest rate swap arrangements with aggregate notional value of $500.0 million as of October 25, 2009. The swap agreements effectively convert portions of the July 2007 Credit Facility variable debt to a fixed-rate basis until the respective swap agreements terminate, which occurs during fiscal years 2010, 2011 and 2012. These swap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of October 25, 2009, as being fully effective.

We are also exposed to market risks relating to fluctuations in currency exchange rates related to our ownership interests in the UK classified as discontinued operations as of October 25, 2009. We finance a portion of our UK investments in the local currency of the UK and due to the limited scope and nature of our UK operations, our market risks are immaterial.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the evaluation, management has concluded that the design and operation of our disclosure controls and procedures are effective as of October 25, 2009.

Because of its inherent limitations, systems of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting during the fiscal quarter ended October 25, 2009, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A reference is made to the information contained in Footnote 11 of our unaudited condensed consolidated financial statements included herein, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There are no material changes to the disclosure regarding risk factors presented in our Annual Report on Form 10-K for the fiscal year ended April 26, 2009.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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 our common stock under these programs. These programs have no approved dollar amount, nor expiration dates. No purchases were made during the three months ended October 25, 2009.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS SUBJECT TO A VOTE OF SECURITY HOLDERS

Our Annual Meeting of Stockholders was held on October 6, 2009. The stockholders elected nine members to our Board of Directors to serve until the next Annual Meeting of Stockholders or until their respective successors have been duly elected and qualified. In addition, the stockholders approved the adoption of the Isle of Capri Casinos, Inc. 2009 Long-Term Incentive Plan and ratified the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending April 25, 2010.

The number of shares voting as to the above issues is set forth below:

	Votes	
Election of Directors	**For**	**Withheld**
James B. Perry	25,348,748	4,974,428
Robert S. Goldstein	25,240,551	5,082,625
W. Randolph Baker	23,740,662	6,582,514
John G. Brackenbury	23,497,906	6,825,270
Alan J. Glazer	23,740,460	6,582,716
Jeffrey D. Goldstein	25,240,272	5,082,904
Shaun R. Hayes	23,736,993	6,586,183
Lee S. Wielansky	23,497,748	6,825,428
Richard A. Goldstein	29,732,718	590,458

The stockholders approved the adoption of the Isle of Capri Casinos, Inc. 2009 Long-Term Incentive Plan, with voting as follows: 21,459,837 for, 5,833,899 against, 10,695 abstaining.

The stockholders ratified the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending April 25, 2010, with voting as follows: 30,119,064 for, 110,796 against, 93,316 abstaining.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Index to Exhibits following the signature page hereto for a list of the exhibits filed pursuant to Item 601 of Regulation S-K.

SIGNATURE

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

ISLE OF CAPRI CASINOS, INC.

Dated: December 3, 2009

/s/ Dale R. Black
Dale R. Black
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

EXHIBIT NUMBER	DESCRIPTION
10.1	Isle of Capri Casinos, Inc. 2009 Long-Term Stock Incentive Plan
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.

Exhibit 10.1

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

SECTION 1

GENERAL

1.1. *Purpose and History.* The Isle of Capri Casinos, Inc. 2009 Long-Term Stock Incentive Plan (the "Plan") has been established effective as of the Effective Date by Isle of Capri Casinos, Inc. (the "Company") to (a) attract and retain persons eligible to participate in the Plan; (b) motivate Participants, by means of appropriate incentives, to achieve long-range goals; (c) provide incentive compensation opportunities that are competitive with those of other similar companies; and (d) further identify Participants' interests with those of the Company's other stockholders through compensation that is based on the Company's common stock, and thereby promote the long-term financial interest of the Company and its Affiliates, including the growth in value of the Company's equity and enhancement of long-term stockholder return. The Plan replaces the Isle of Capri Casinos, Inc. Amended and Restated 2000 Long-Term Stock Incentive Plan (the "Prior Plan"). The Plan was adopted by the Board on August 20, 2009 and shall become effective upon approval by the Company's stockholders. No awards shall be made under the Plan unless and until it is approved by the Company's stockholders.

1.2. *Operation, Administration, and Definitions.* The operation and administration of the Plan, including the Awards made under the Plan, shall be subject to the provisions of Section 4 (relating to operation and administration). Capitalized terms used in the Plan are defined in Section 8.

1.3. *Participation.* Subject to the terms and conditions of the Plan, the Committee shall determine and designate, from time to time, from among the Eligible Persons those persons who will be granted one or more Awards under the Plan and thereby become Participants in the Plan.

SECTION 2

OPTIONS AND SARS

2.1. *Definitions.*

(a) The grant of an "Option" under the Plan entitles the Participant to purchase shares of Stock at an Exercise Price established by the Committee at the time the Option is granted. Any Option granted under this Section 2 may be either an incentive stock option (an "ISO") or a non-qualified stock option (an "NQSO"), as determined in the discretion of the Committee, provided that only employees of the Company or an Affiliate may receive a grant of ISOs. An "ISO" is an Option that is intended to satisfy the requirements applicable to an "incentive stock option" described in section 422(b) of the Code. An "NQSO" is an Option that is not intended to be an "incentive stock option" as that term is described in section 422(b) of the Code.

(b) The grant of a stock appreciation right (an "SAR") under the Plan entitles the Participant to receive, in cash or Stock (as determined in accordance with the terms of the Plan), value equal to (or otherwise based on) the excess of: (a) the Fair Market Value of a specified number of shares of Stock at the time of exercise; over (b) the Exercise Price established by the Committee at the time the SAR is granted.

2.2. *Exercise Price.* The "Exercise Price" of each Option and SAR granted under this Section 2 shall be established by the Committee, or shall be determined by a method established by the Committee, at the time the Option or SAR is granted; provided, however, that the Exercise Price shall not be less than 100% of the Fair Market Value of a share of Stock on the date of grant (or, if greater, the par value of a share of Stock).

2.3. *Exercise/Vesting.* Except as otherwise expressly provided in the Plan, Options and SARs shall become vested and exercisable in accordance with such terms and conditions and during such periods as may be established by the Committee as set forth in the Award Agreement; provided, however, that notwithstanding any vesting dates set by the Committee in such Award Agreement, the Committee may, in its sole discretion, accelerate the exercisability of any Option or SAR, which acceleration shall not affect the terms and conditions of such Option or SAR other than with respect to exercisability. No Option or SAR may be exercised after the Expiration Date applicable to that Option or SAR.

2.4. *Payment of Option Exercise Price.* The payment of the Exercise Price of an Option granted under this Section 2 shall be subject to the following:

(a) Subject to the following provisions of this subsection 2.4, the full Exercise Price for shares of Stock purchased upon the exercise of any Option shall be paid at the time of such exercise (except that, in the case of an exercise arrangement approved by the Committee and described in paragraph 2.4(c), payment may be made as soon as practicable after the exercise).

(b) Subject to applicable law, the Exercise Price shall be payable (i) in cash or cash equivalents, (ii) by tendering, by either actual delivery or by attestation, shares of Stock acceptable to the Committee, and valued at Fair Market Value as of the day of exercise, or (iii) in any combination of (i) and (ii), as determined by the Committee.

(c) Subject to applicable law and procedures established by the Committee, the Committee may permit a Participant to elect to pay the Exercise Price upon the exercise of an Option by irrevocably authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise.

2.5. *Settlement of Award.* Settlement of Options and SARs is subject to subsection 4.8.

2.6. *Post-Exercise Limitations.* The Committee, in its discretion, may impose such restrictions on shares of Stock acquired pursuant to the exercise of an Option or SAR as it determines to be desirable, including, without limitation, restrictions relating to the disposition of the shares and forfeiture restrictions based on service, performance, Stock ownership by the Participant and such other factors as the Committee determines to be appropriate.

2.7. *No Repricing.* Except for either adjustments pursuant to subsection 4.3 (relating to the adjustment of shares), or reductions of the Exercise Price approved by the Company's stockholders, the Exercise Price for any outstanding Option or SAR may not be decreased after the date of grant nor may an outstanding Option or SAR granted under the Plan be surrendered to the Company for cash (other than pursuant to subsection 4.5), other Awards, or as consideration for the grant of a replacement Option or SAR with a lower exercise price. In addition, no repricing of an Option or SAR shall be permitted without the approval of the Company's stockholders if such approval is required under the rules of any stock exchange on which such shares of Stock are listed.

2.8. *Required Notice of ISO Share Disposition.* Each Participant who is awarded an ISO under the Plan shall notify the Company in writing immediately after the date he or she makes a disqualifying disposition of any Stock acquired pursuant to the exercise of such ISO. A disqualifying disposition is any disposition (including any sale) of such Stock before the later of (a) two years after the date of grant of the ISO or (b) one year after the date the Participant acquired the Stock upon exercise of the ISO.

2.9. *Limits on ISOs.* Notwithstanding anything to the contrary in this Section 2, if an ISO is granted to a Participant who owns stock representing more than ten percent of the voting power of all classes of stock of the Company or of an Affiliate, the Expiration Date shall not be later than the fifth anniversary of the date on which the ISO was granted and the Exercise Price shall be at least 110 percent of the Fair Market Value of the Stock subject to the ISO (determined on the date of grant). To the extent that the aggregate fair market value of shares of Stock with respect to which ISOs are exercisable for the first time by any individual during any calendar year (under all plans of the Company and all Affiliates) exceeds $100,000, such Options shall be treated as NQSOs to the extent required by section 422 of the Code.

2.10. *Expiration Date.* The "Expiration Date" with respect to an Option or SAR means the date established as the Expiration Date by the Committee at the time of grant. In no event shall the Expiration Date of an Option or SAR be later than the ten-year anniversary of the date on which the Option or SAR is granted.

SECTION 3

FULL VALUE AWARDS

3.1. *Definition.* A "Full Value Award" is a grant of one or more shares of Stock or a right to receive one or more shares of Stock in the future (other than the grant of an Option or SAR), with such grant subject to one or more of the following, as determined by the Committee:

(a) The grant shall be in consideration of a Participant's previously performed services or surrender of other compensation that may be due.

(b) The grant shall be contingent on the achievement of performance or other objectives during a specified period.

(c) The grant shall be subject to a risk of forfeiture or other restrictions that will lapse upon the achievement of one or more goals relating to completion of service by the Participant, or achievement of performance or other objectives.

(d) The grant of Full Value Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee, including dividend or dividend equivalent rights and deferred payment or settlement.

3.2. *Special Vesting Rules.* If an employee's right to become vested in a Full Value Award is conditioned on the completion of a specified period of service with the Company or the Affiliates, without achievement of performance targets or other performance objectives (whether or not related to Performance Measures) being required as a condition of vesting, and without it being granted in lieu of other compensation, then the required period of service for full vesting shall be not less than one year (subject, to the extent provided by the Committee, to pro rated vesting over the course of such one year period and to acceleration of vesting in the event of the Participant's death, disability, retirement, Change in Control or involuntary termination). The foregoing requirements shall not apply to (a) grants made to newly eligible Participants to replace awards from a prior employer and (b) grants that are a form of payment of earned performance awards or other incentive compensation.

3.3. *Performance-Based Compensation.* The Committee may designate a Full Value Award granted to any Participant as "Performance-Based Compensation" within the meaning of section 162(m) of the Code and regulations thereunder. To the extent required by section 162(m) of the Code, any such Award so designated shall be conditioned on the achievement of one or more performance targets and Performance Measures as determined by the Committee and the following additional requirements shall apply:

(a) The performance targets established for the performance period established by the Committee shall be objective (as that term is described in regulations under section 162(m) of the Code), and shall be established in writing by the Committee not later than 90 days after the beginning of the performance period (but in no event after 25% of the performance period has elapsed), and while the outcome as to the performance targets is substantially uncertain. The performance targets established by the Committee may be with respect to corporate performance, operating group or sub-group performance, individual company performance, other group or individual performance, or division performance.

(b) A Participant otherwise entitled to receive a Full Value Award for any performance period shall not receive a settlement or payment of the Award until the Committee has determined that the applicable performance target(s) have been attained. To the extent that the Committee exercises discretion in making the determination required by this paragraph 3.3(b), such exercise of discretion may not result in an increase in the amount of the payment.

(c) To the extent provided by the Committee, if a Participant's employment terminates because of death or disability, or if a Change in Control occurs prior to the Participant's termination date, the Participant's Full Value Award may become vested without regard to whether the Full Value Award would be Performance-Based Compensation.

Nothing in this Section 3 shall preclude the Committee from granting Full Value Awards under the Plan that are not intended to be Performance-Based Compensation; provided, however, that, at the time of grant of Full Value Awards by the Committee, the Committee shall designate whether such Awards are intended to constitute Performance-Based Compensation. To the extent that the provisions of this Section 3 reflect the requirements applicable to Performance-Based Compensation, such provisions shall not apply to the portion of the Award, if any, that is not intended to constitute Performance-Based Compensation.

SECTION 4

OPERATION AND ADMINISTRATION

4.1. *Duration.* The Plan shall be unlimited in duration and, in the event of Plan termination, shall remain in effect as long as any Awards under it are outstanding; provided, however, that no Awards may be granted under the Plan after the ten-year anniversary of the Effective Date.

4.2. *Shares Subject to Plan.* The shares of Stock for which Awards may be granted under the Plan shall be subject to the following:

(a) The shares of Stock with respect to which Awards may be made under the Plan shall be shares currently authorized but unissued or, to the extent permitted by applicable law, currently held or subsequently acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions.

(b) Subject to the provisions of subsection 4.3, the maximum number of shares of Stock that may be delivered to Participants and their beneficiaries under the Plan shall be equal to the sum of: (i) 1,000,000 shares of Stock; (ii) any shares of Stock available for future awards under the Prior Plan as of the Effective Date (including any shares added back to the Prior Plan, pursuant to the terms of the Prior Plan, from a plan other than the Prior Plan), and (iii) any shares of Stock that would have been available for awards granted under the Prior Plan due to forfeiture, expiration or cancellation of such awards without delivery of shares of Stock or which result in the forfeiture of the shares of Stock back to the Company (including any such shares which would have been available under the Prior Plan, pursuant to the terms of the Prior Plan, due to forfeiture, expiration or cancellation of awards made under a plan other than the Prior Plan).

(c) Except as expressly provided by the terms of this Plan, the issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property or for labor or services, either upon direct sale, upon the exercise of rights or warrants to subscribe therefor or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof, shall be made with respect to Awards then outstanding hereunder.

(d) To the extent provided by the Committee, any Award may be settled in cash rather than Stock. To the extent any shares of Stock covered by an Award are not delivered to a Participant or beneficiary because the Award is forfeited or canceled, or the shares of Stock are not delivered because the Award is settled in cash or used to satisfy the applicable tax withholding obligation, such shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan.

(e) If the exercise price of an Option granted under the Plan is satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation), only the number of shares of Stock issued net of the shares of Stock tendered shall be deemed delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan.

(f) Subject to the provisions of subsection 4.3, the following additional maximums are imposed under the Plan:

(i) The maximum number of shares of Stock that may be issued by Options intended to be ISOs shall be 1,000,000.

(ii) For Awards of Options or SARs that are intended to be Performance-Based Compensation, no more than 500,000 shares of Stock may be subject to such Awards granted to any one individual during any one fiscal year period. If an Option is in tandem with an SAR, such that the exercise of the Option or SAR with respect to a share of Stock cancels the tandem SAR or Option right, respectively, with respect to such share, the tandem Option and SAR rights with respect to each share of Stock shall be counted as covering but one share of Stock for purposes of applying the limitations of this subparagraph (ii).

(iii) For Full Value Awards that are intended to be Performance-Based Compensation, no more than 500,000 shares of Stock may be subject to such Awards granted to any one individual during any one fiscal year period. If, after shares have been earned, the delivery is deferred, any additional shares attributable to dividends during the deferral period shall be disregarded. For Full Value Awards that are intended to be Performance-Based Compensation and that are denominated in cash, no more than $1,500,000 may be subject to such Awards granted to any one individual during any one fiscal year period.

(1) If the Awards are denominated in Stock but an equivalent amount of cash is delivered in lieu of delivery of shares of Stock, the foregoing limit shall be applied based on the methodology used by the Committee to convert the number of shares of Stock into cash.

(2) If the Awards are denominated in cash but an equivalent amount of Stock is delivered in lieu of delivery of cash, the foregoing limit shall be applied to the cash based on the methodology used by the Committee to convert the cash into shares of Stock.

(3) Any adjustment in the number of shares of Stock or amount of cash delivered to reflect actual or deemed investment experience shall be disregarded.

4.3. *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 Awards to preserve the benefits or potential benefits of the Awards. Action by the Committee may include. in its sole discretion: (a) adjustment of the number and kind of shares which may be delivered under the Plan (including adjustments to the number and kind of shares that may be granted to an individual during any specified time as described in subsection 4.2); (b) adjustment of the number and kind of shares subject to outstanding Awards; (c) adjustment of the Exercise Price of outstanding Options and SARs; and (d) any other adjustments that the Committee determines to be equitable (which may include. without limitation, (i) replacement of Awards with other Awards which the Committee determines have comparable value and which are based on stock of a company resulting from the transaction, and (ii) cancellation of the Award in return for cash payment of the current value of the Award, determined as though the Award is fully vested at the time of payment, provided that in the case of an Option or SAR, the amount of such payment may be the excess of value of the Stock subject to the Option or SAR at the time of the transaction over the Exercise Price).

4.4. *General Restrictions.* Delivery of shares of Stock or other amounts under the Plan shall be subject to the following:

(a) Notwithstanding any other provision of the Plan, neither the Company nor any Affiliate shall have any obligation to deliver any shares of Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.

(b) In the case of a Participant who 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 Award to such Participant, or any feature of any such Award, as the Committee, in its sole discretion, deems necessary or desirable to comply with Section 16(a) or 16(b) and the rules and regulations thereunder or to obtain any exemption therefrom.

(c) To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.

4.5. *Tax Withholding.* All Awards and other payments and distributions under the Plan are subject to withholding of all applicable taxes, and the Committee may condition the delivery of any shares or other payments or benefits under the Plan on satisfaction of the applicable withholding obligations. The Committee, in its discretion, and subject to such requirements as the Committee may impose prior to the occurrence of such withholding, may permit such withholding obligations to be satisfied through (a) cash payment by the Participant, (b) through the surrender of shares of Stock acceptable to the Committee which the Participant already owns, or (c) through the surrender of shares of Stock to which the Participant is otherwise entitled under the Plan; provided, however, that previously-owned shares of Stock that have been held by the Participant or to which the Participant is entitled under the Plan may only be used to satisfy the minimum tax withholding required by applicable law (or other rates that will not have a negative accounting impact).

4.6. *Grant and Use of Awards.* In the discretion of the Committee, a Participant may be granted any Award permitted under the provisions of the Plan, and more than one

Award may be granted to a Participant. Subject to subsection 2.7 (relating to repricing) Awards may be granted as alternatives to or replacement of awards granted or outstanding under the Plan, or any other plan or arrangement of the Company or an Affiliate (including a plan or arrangement of a business or entity, all or a portion of which is acquired by the Company or an Affiliate). Subject to the overall limitation on the number of shares of Stock that may be delivered under the Plan, the Committee may use available shares of Stock as the form of payment for compensation, grants or rights earned or due under any other compensation plans or arrangements of the Company or an Affiliate, including the plans and arrangements of the Company or an Affiliate assumed in business combinations. Notwithstanding the provisions of subsection 2.2, Options and SARs granted under the Plan in replacement for awards under plans and arrangements of the Company or an Affiliate assumed in business combinations may provide for Exercise Prices that are less than the Fair Market Value of the Stock at the time of the replacement grants, if the Committee determines that such Exercise Price is appropriate to preserve the economic benefit of the award and provided that all requirements of section 409A of the Code are satisfied.

4.7. *Dividends and Dividend Equivalents*. An Award (other than an Option or SAR Award) may provide the Participant with the right to receive dividend payments or dividend equivalent payments with respect to Stock subject to the Award (both before and after the Stock subject to the Award is earned, vested, or acquired), which payments may be either made currently or credited to an account for the Participant, and may be settled in cash or Stock, as determined by the Committee. Any such settlements, and any such crediting of dividends or dividend equivalents or reinvestment in shares of Stock, may be subject to such conditions, restrictions and contingencies as the Committee shall establish, including the reinvestment of such credited amounts in Stock equivalents

4.8. *Settlement of Awards*. The obligation to make payments and distributions with respect to Awards may be satisfied through cash payments, the delivery of shares of Stock, the granting of replacement Awards, or combination thereof as the Committee shall determine. Satisfaction of any such obligations under an Award, which is sometimes referred to as "settlement" of the Award, may be subject to such conditions, restrictions and contingencies as the Committee shall determine. The Committee may permit or require the deferral of any Award payment, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or dividend equivalents may include converting such credits into deferred Stock equivalents; provided, however, that dividend equivalents may not be granted with respect to Options or SARs and neither Options nor SARs may be converted to Stock equivalents. Each Affiliate shall be liable for payment of cash due under the Plan with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Affiliate by the Participant. Any disputes relating to liability of an Affiliate for cash payments shall be resolved by the Committee.

4.9. *Transferability*. Except as otherwise provided by the Committee, Awards under the Plan are not transferable except as designated by the Participant by will or by the laws of descent and distribution. In no event, however, shall any Award be transferred for value. To the extent that the Participant who receives an Award under the Plan has the right to exercise such Award, the Award may be exercised during the lifetime of the Participant only by the Participant.

4.10. *Form and Time of Elections*. Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification, or revocation thereof, shall be in writing filed with the

Committee at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee shall require.

4.11. *Agreement With Company.* An Award under the Plan shall be subject to such terms and conditions, not inconsistent with the Plan, as the Committee shall, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in an Award Agreement. A copy of the Award Agreement shall be provided to the Participant and the Committee may, but need not, require that the Participant sign a copy thereof.

4.12. *Action by Company or Affiliate.* Any action required or permitted to be taken by the Company or any Affiliate shall be by resolution of its board of directors, or by action of one or more members of the board (including a committee of the board) who are duly authorized to act for the board, or (except to the extent prohibited by applicable law or applicable rules of any stock exchange) by a duly authorized officer of such company. Any action required or permitted to be taken by an Affiliate which is a partnership shall be by a general partner of such partnership or by a duly authorized officer thereof.

4.13. *Gender and Number.* Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

4.14. *Limitation of Implied Rights.*

(a) Neither a Participant nor any other person shall, by reason of participation in the Plan, acquire any right in or title to any assets, funds or property of the Company or any Affiliate whatsoever, including, without limitation, any specific funds, assets, or other property which the Company or any Affiliate, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Company or any Affiliate, and nothing contained in the Plan shall constitute a guarantee that the assets of the Company or any Affiliate shall be sufficient to pay any benefits to any person.

(b) The Plan does not constitute a contract of employment or continued service, and selection as a Participant will not give any participating employee the right to be retained in the employ or continued service of the Company or any Affiliate, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Except as otherwise provided in the Plan, no Award under the Plan shall confer upon the holder thereof any rights as a stockholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights and shares of Stock are registered in his name.

4.15. *Evidence.* Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

4.16. *Payments to Persons Other Than Participants.* If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his spouse, child, relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

4.17. *Governing Law.* The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware.

4.18. *Severability.* If any provision of the Plan or any Award agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

SECTION 5

CHANGE IN CONTROL

Subject to the provisions of subsection 4.3 (relating to the adjustment of shares), and except as otherwise provided in the Plan or the Award Agreement reflecting the applicable Award, upon the occurrence of a Change in Control:

(a) All outstanding Options (regardless of whether in tandem with SARs) shall become fully exercisable.

(b) All outstanding SARs (regardless of whether in tandem with Options) shall become fully exercisable.

(c) All Full Value Awards shall become fully vested.

SECTION 6

COMMITTEE

6.1. *Administration.* The authority to control and manage the operation and administration of the Plan shall be vested in the Stock Option and Compensation Committee of the Board (the "Committee") in accordance with this Section 6. So long as the Company is subject to Section 16 of the Exchange Act, the Committee shall be selected by the Board and shall consist of not fewer than two members of the Board or such greater number as may be required for compliance with Rule 16b-3 issued under the Exchange Act and shall be comprised of persons who are independent for purposes of applicable stock exchange listing requirements. Any Award granted under the Plan which is intended to constitute Performance-Based Compensation (including Options and SARs) shall be granted by a

Committee consisting solely of two or more "outside directors" within the meaning of section 162(m) of the Code and applicable regulations. If the Committee does not exist, or for any other reason determined by the Board, and to the extent not prohibited by applicable law or the applicable rules of any stock exchange, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee.

6.2. *Powers of Committee*. The Committee's administration of the Plan shall be subject to the following:

(a) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the Eligible Persons those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such Awards, and (subject to the restrictions imposed by Section 7) to amend, cancel or suspend Awards.

(b) To the extent that the Committee determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States, the Committee will have the authority and discretion to modify those restrictions as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.

(c) Subject to the provisions of the Plan, the Committee will have the authority and discretion to determine the extent to which Awards under the Plan will be structured to conform to the requirements applicable to Performance-Based Compensation, and to take such action, establish such procedures, and impose such restrictions at the time such Awards are granted as the Committee determines to be necessary or appropriate to conform to such requirements.

(d) Subject to the terms and conditions of the Plan, the Committee will have the authority and discretion to conclusively interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any Award Agreement made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.

(e) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.

(f) In controlling and managing the operation and administration of the Plan, the Committee shall take action in a manner that conforms to the certificate of incorporation and by-laws of the Company, and applicable state corporate law.

6.3. *Delegation by Committee*. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

6.4. *Information to be Furnished to Committee*. The Company and the Affiliates shall furnish the Committee with such data and information as it determines may be required for it to discharge its duties. The records of the Company and the Affiliates as to an employee's or Participant's employment, termination of employment, leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan.

SECTION 7

AMENDMENT AND TERMINATION

The Board may, at any time, amend or terminate the Plan, provided, however, that:

(a) no amendment or termination may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the Plan prior to the date such amendment is adopted by the Board;

(b) adjustments pursuant to subsection 4.3 shall not be subject to the foregoing limitations of this Section 7;

(c) the provisions of subsection 2.6 (relating to repricing) cannot be amended unless the amendment is approved by the Company's stockholders; and

(d) no such amendment or termination shall be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan (including as necessary to comply with any applicable stock exchange listing requirement or to prevent the Company from being denied a tax deduction on account of section 162(m) of the Code).

SECTION 8

DEFINED TERMS

In addition to the other definitions contained herein, the following definitions shall apply:

(a) Affiliate. The term "Affiliate" means any corporation, partnership, joint venture or other entity during any period in which (i) the Company, directly or indirectly, owns at least 50% of the combined voting power of all classes of stock of such entity or at least 50% of the ownership interests in such entity or (ii) such entity, directly or indirectly, owns at least 50% of the combined voting power of all classes of stock of the Company; provided, however, for purposes of ISOs, an "Affiliate" means an entity that satisfies the definition of a "parent corporation" (as defined in section 424(e) of the Code) or a "subsidiary corporation" (as defined in section 424(f) of the Code).

(b) Award. The term "Award" shall mean, individually or collectively, any award or benefit granted under the Plan, including, without limitation, the grant of Options, SARs, or Full Value Awards.

(c) Award Agreement. The term "Award Agreement" means the written agreement (including electronic) evidencing the grant of Awards under the Plan, which agreement shall be in the form specified by the Committee. The document evidencing an Award under the Plan shall constitute an "Award Agreement" regardless of whether any Participant signature is required.

(d) Board. The term "Board" shall mean the Board of Directors of the Company.

(e) Change in Control. The term "Change of Control" means the occurrence of any of the following: (i) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Affiliates taken as a whole to any person (as such term is used in Section 13(d) of the Exchange Act) other than the Company and its Affiliates; (ii) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as such term is used in Section 13(d) of the Exchange Act) who is not a Permitted Equity Holder becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of the Company's voting stock; (iii) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that (A) any person (as such term is used in Section 13(d) of the Exchange Act), regardless of that person's direct or indirect beneficial ownership interest prior to such transaction, becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of the Company's voting stock and (B) the Company's voting stock ceases to be traded on any national securities exchange; or (iv) the first day on which a majority of the members of the Board are not Continuing Directors.

(f) Code. The term "Code" shall mean the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provision of the Code.

(g) Committee. The term "Committee" is defined in subsection 6.1.

(h) Company. The term "Company" is defined in subsection 1.1 of the Plan.

(i) Continuing Directors. The term "Continuing Directors" means, as of any date of determination, any member of the Board who (i) was a member of the Board on the Effective Date; or (ii) was nominated for election or elected to the Board with the approval of a majority of the Continuing Directors who were members of the Board at such date.

(j) Effective Date. The term "Effective Date" means the date the Plan is approved by the Company's stockholders.

(k) Eligible Person. The term "Eligible Person" shall mean any person employed within the meaning of section 3401(c) of the Code and the regulations promulgated thereunder by the Company or an Affiliate; and any officer or director of the Company or an Affiliate even if he or she is not an employee within the meaning of section 3401(c) of the Code.

(l) Exchange Act. The term "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(m) Exercise Price. The term "Exercise Price" is defined in subsection 2.2 of the Plan.

(n) Expiration Date. The term "Expiration Date" is defined in subsection 2.10 of the Plan.

(o) Fair Market Value. The term "Fair Market Value" shall mean: (i) if the Stock is traded in a market in which actual transactions are reported, the mean of the high and low prices at which the Stock is reported to have traded on the relevant date in all markets on which trading in the Stock is reported or, if there is no reported sale of the Stock on the relevant date, the mean of the highest reported bid price and lowest reported asked price for the Stock on the relevant date; (ii) if the Stock is publicly traded but only in markets in which there is no reporting of actual transactions, the mean of the highest reported bid price and the lowest reported asked price for the Stock on the relevant date; or (iii) if the Stock is not publicly traded, the value of a share of Stock as determined by the most recent valuation prepared by an independent expert at the request of the Committee. With respect to Options and SARs, Fair Market Value shall be determined in accordance with section 409A of the Code.

(p) Full Value Award. The term "Full Value Award" is defined in subsection 3.1 of the Plan.

(q) ISO. The term "ISO" is defined in subsection 2.1(a) of the Plan.

(r) NQSO. The term "NQSO" is defined in subsection 2.1(a) of the Plan.

(s) Option. The term "Option" is defined in subsection 2.1(a) of the Plan.

(t) Participant. The term "Participant" shall mean any Eligible Person who has been granted an Award under the Plan.

(u) Performance-Based Compensation. The term "Performance-Based Compensation" is defined in subsection 3.3 of the Plan.

(v) Performance Measures. For purposes of the Plan, the term "Performance Measures" shall mean performance targets based on one or more of the following criteria: revenue; increases in stock price; market share; primary or fully diluted earnings per share; earnings before interest, taxes, depreciation and/or amortization; free cash flow; cash flow from operations; total cash flow; return on equity; return on capital; return on assets; management staffing; or any combination thereof.

(w) Permitted Equity Holder. The term "Permitted Equity Holder" means Bernard Goldstein, Irene Goldstein and their lineal descendants (including adopted children and their lineal descendants) and any entity the equity interests of which are owned by only such persons or which was established for the exclusive benefit of, or the estate of, any of the foregoing.

(x) Plan. The term "Plan" is defined in subsection 1.1 of the Plan.

(y) Prior Plan. The term "Prior Plan" is defined in subsection 1.1 of the Plan.

(z) SAR. The term "SAR" is defined in subsection 2.1(b) of the Plan.

(aa) Stock. The term "Stock" shall mean common stock, par value $. 01 per share, of the Company.

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

I, James B. Perry, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 most recent 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: December 3, 2009

/s/ James B. Perry
James B. Perry
Chief Executive Officer

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 quarterly report on Form 10-Q 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 most recent 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: December 3, 2009

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended October 25, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, James B. Perry, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 3, 2009

/s/ James B. Perry
James B. Perry
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended October 25, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Dale R. Black, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 3, 2009

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

FORM 10-Q

ISLE OF CAPRI CASINOS INC - isle

Filed: March 05, 2010 (period: January 24, 2010)

Quarterly report which provides a continuing view of a company's financial position

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 24, 2010

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.

Delaware (State or other jurisdiction of incorporation or organization)	**41-1659606** (I.R.S. Employer Identification Number)
600 Emerson Road, Suite 300, Saint Louis, Missouri (Address of principal executive offices)	**63141** (Zip Code)

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

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

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

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

Large accelerated ☐	Accelerated filer ☒
Non-accelerated filer ☐	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 ☒

As of March 3, 2010, the Company had a total of 32,445,488 shares of Common Stock outstanding (which excludes 4,326,242 shares held by us in treasury).

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	January 24, 2010 (unaudited)	April 26, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 72,536	$ 96,654
Marketable securities	20,050	17,548
Accounts receivable, net	18,462	11,935
Income taxes receivable	5,141	7,744
Deferred income taxes	13,233	16,295
Prepaid expenses and other assets	29,772	23,234
Assets held for sale	—	4,183
Total current assets	149,194	177,593
Property and equipment, net	1,117,227	1,177,540
Other assets:		
Goodwill	313,136	313,136
Other intangible assets, net	80,653	83,588
Deferred financing costs, net	7,579	9,314
Restricted cash	2,774	2,774
Prepaid deposits and other	22,605	18,717
Total assets	$ 1,693,168	$ 1,782,662
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 8,750	$ 9,688
Accounts payable	24,643	16,246
Accrued liabilities:		
Interest	22,208	9,280
Payroll and related	41,600	47,209
Property and other taxes	21,015	31,487
Other	43,708	52,195
Liabilities related to assets held for sale	—	1,888
Total current liabilities	161,924	167,993
Long-term debt, less current maturities	1,223,277	1,291,384
Deferred income taxes	20,232	24,970
Other accrued liabilities	38,729	52,575
Other long-term liabilities	17,486	17,314
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; none issued	—	—
Common stock, $.01 par value; 45,000,000 shares authorized; shares issued: 36,768,397 at January 24, 2010 and 36,111,089 at April 26, 2009	368	361
Class B common stock, $.01 par value; 3,000,000 shares authorized; none issued	—	—
Additional paid-in capital	199,862	193,827
Retained earnings	93,670	101,828
Accumulated other comprehensive (loss) income	(10,273)	(15,191)
	283,627	280,825
Treasury stock, 4,326,242 shares at Janaury 24, 2010 and 4,340,436 shares at April 26, 2009	(52,107)	(52,399)
Total stockholders' equity	231,520	228,426
Total liabilities and stockholders' equity	$ 1,693,168	$ 1,782,662

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	January 24, 2010	January 25, 2009	January 24, 2010	January 25, 2009
Revenues:				
Casino	$ 229,520	$ 246,717	$ 742,957	$ 769,931
Rooms	8,424	9,216	32,488	35,696
Pari-mutuel, food, beverage and other	31,240	32,240	98,821	101,147
Hurricane insurance recoveries	—	60,000	—	60,000
Gross revenues	269,184	348,173	874,266	966,774
Less promotional allowances	(42,199)	(46,354)	(143,525)	(143,628)
Net revenues	226,985	301,819	730,741	823,146
Operating expenses:				
Casino	36,472	37,382	115,474	112,370
Gaming taxes	60,529	63,335	191,056	196,839
Rooms	2,192	2,624	7,939	9,206
Pari-mutuel, food, beverage and other	10,717	12,011	33,126	37,903
Marine and facilities	14,392	15,319	46,148	48,202
Marketing and administrative	62,082	62,457	189,849	189,633
Corporate and development	11,127	9,039	33,412	32,570
Hurricane insurance recoveries	—	(32,179)	—	(32,179)
Expense recoveries and other charges, net	—	—	(6,762)	6,000
Depreciation and amortization	26,798	29,847	84,062	92,339
Total operating expenses	224,309	199,835	694,304	692,883
Operating income	2,676	101,984	36,437	130,263
Interest expense	(17,452)	(24,400)	(53,682)	(72,522)
Interest income	454	725	1,218	1,620
Income (loss) from continuing operations before income taxes	(14,322)	78,309	(16,027)	59,361
Income tax benefit (provision)	2,922	(30,044)	8,056	(23,682)
Income (loss) from continuing operations	(11,400)	48,265	(7,971)	35,679
Income (loss) from discontinued operations, including loss on sale, net of income taxes	775	(2,152)	(187)	(6,692)
Net income (loss)	$ (10,625)	$ 46,113	$ (8,158)	$ 28,987
Earnings (loss) per common share-basic:				
Income (loss) from continuing operations	$ (0.35)	$ 1.52	$ (0.25)	$ 1.14
Income (loss) from discontinued operations, including loss on sale, net of income taxes	0.02	(0.07)	—	(0.21)
Net income (loss)	$ (0.33)	$ 1.45	$ (0.25)	$ 0.93
Earnings (loss) per common share-diluted:				
Income (loss) from continuing operations	$ (0.35)	$ 1.52	$ (0.25)	$ 1.14
Income (loss) from discontinued operations, including loss on sale, net of income taxes	0.02	(0.07)	—	(0.21)
Net income (loss)	$ (0.33)	$ 1.45	$ (0.25)	$ 0.93
Weighted average basic shares	32,438,809	31,765,365	32,179,233	31,240,008
Weighted average diluted shares	32,438,809	31,765,365	32,179,233	31,248,402

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)
(Unaudited)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accum. Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, April 26, 2009	36,111,089	$ 361	$ 193,827	$ 101,828	$ (15,191)	$ (52,399)	$ 228,426
Net loss	—	—	—	(8,158)	—	—	(8,158)
Unrealized gain on interest rate swap contracts, net of income taxes of $2,735	—	—	—	—	4,569	—	4,569
Foreign currency translation adjustments	—	—	—	—	349	—	349
Comprehensive loss							(3,240)
Issuance of restricted stock, net of forfeitures	635,042	7	(7)	—	—	—	—
Exercise of stock options	21,602	—	204	—	—	—	204
Issuance of deferred bonus shares	664	—	(292)	—	—	292	—
Stock compensation expense	—	—	6,055	—	—	—	6,055
Other	—	—	75	—	—	—	75
Balance, January 24, 2010	36,768,397	$ 368	$ 199,862	$ 93,670	$ (10,273)	$ (52,107)	$ 231,520

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended January 24, 2010	Nine Months Ended January 25, 2009
Operating activities:		
Net income (loss)	$ (8,158)	$ 28,987
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	84,062	95,988
Amortization of deferred financing costs	1,735	1,922
Property insurance proceeds - Hurricane Katrina, net	—	(32,179)
Valuation charges and other	(6,762)	5,000
Deferred income taxes	(4,409)	23,709
Stock compensation expense	6,055	7,840
Deferred compensation expense	72	(851)
Loss (gain) on disposal of assets	696	(144)
Changes in operating assets and liabilities, net of dispositions:		
Sales (purchases) of trading securities	(2,502)	2,562
Accounts receivable	6,608	8,969
Income tax receivable	2,603	18,675
Prepaid expenses and other assets	(3,123)	500
Accounts payable and accrued liabilities	(7,103)	(10,035)
Net cash provided by operating activities	69,774	150,943
Investing activities:		
Purchase of property and equipment	(21,577)	(45,626)
Payments towards gaming license	(4,000)	(4,000)
Proceeds from sale of assets held for sale	653	—
Property insurance proceeds - Hurricane Katrina, net	—	32,179
Decrease in restricted cash	(12)	(33,159)
Net cash used in investing activities	(24,936)	(50,606)
Financing activities:		
Principal payments on debt	(6,591)	(7,403)
Net payments on line of credit	(62,558)	(2,453)
Proceeds from exercise of stock options	204	110
Net cash used in financing activities	(68,945)	(9,746)
Effect of foreign currency exchange rates on cash	(11)	(668)
Net increase (decrease) in cash and cash equivalents	(24,118)	89,923
Cash and cash equivalents, beginning of period	96,654	91,790
Cash and cash equivalents, end of the period	$ 72,536	$ 181,713

See notes to the condensed consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
Notes to Condensed Consolidated Financial Statements
(amounts in thousands, except share and per share amounts)
(Unaudited)

1. Nature of Operations

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 thirteen casino gaming facilities in the United States located in Black Hawk, Colorado; Lake Charles, Louisiana; Lula, Biloxi and Natchez, Mississippi; Kansas City, Caruthersville and Boonville, Missouri; Bettendorf, Davenport, Waterloo and Marquette, Iowa; and Pompano Beach, Florida. Our international gaming interests include discontinued operations of wholly owned casinos in Freeport, Grand Bahamas, Coventry, England and Dudley and Wolverhampton, England.

2. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with accounting principles generally accepted in the United States of America for interim financial reporting. Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States have been condensed or omitted. The accompanying interim consolidated financial statements have been prepared without audit. In the opinion of management, all adjustments, including normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended April 26, 2009 as filed with the SEC and all of our other filings, including Current Reports on Form 8-K, filed with the SEC after such date and through the date of this report, which are available on the SEC's website at *www.sec.gov* or our website at *www.islecorp.com*.

Our fiscal year ends on the last Sunday in April. Periodically, this system necessitates a 53-week year. Fiscal 2010 and 2009 are both 52-week years, which commenced on April 27, 2009 and April 28, 2008, respectively.

Discontinued operations include our former Blue Chip casinos in Dudley and Wolverhampton, England, sold in November 2009, our former casino in Freeport, Grand Bahamas, exited in November 2009 and our former casino in Coventry, England sold in fiscal year 2009.

The condensed consolidated financial statements include our accounts and those of our subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period financial statements to conform to the current period presentation. We view each property as an operating segment and all such operating segments have been aggregated into one reporting segment.

The Company evaluated all subsequent events through the date the consolidated financial statements were issued. On February 17, 2010, we entered into a First Amendment to our Credit Agreement as described in Note 4. No other material subsequent events have occurred since January 24, 2010 that required recognition or disclosure in the consolidated financial statements.

3. Discontinued Operations

Discontinued operations include the results of our Blue Chip casino properties in Dudley and Wolverhampton, England sold in November 2009, our Freeport, Grand Bahamas casino property exited in November 2009, and our Coventry, England, sold in April 2009.

The results of our discontinued operations are summarized as follows:

	Three Months Ended		Nine Months Ended	
	January 24, 2010	January 25, 2009	January 24, 2010	January 25, 2009
Net revenues	$ 1,106	$ 16,357	$ 7,403	$ 21,475
Pretax loss from discontinued operations	(716)	(2,754)	(2,300)	(10,189)
Income tax benefit from discontinued operations	1,491	602	2,113	3,497
Income (loss) from discontinued operations	775	(2,152)	(187)	(6,692)

Net interest income of $4 and $6 for the three and nine months ended January 24, 2010, respectively, and net interest expense of $445 and $1,655 for the three and nine months ended January 25, 2009, respectively, has been allocated to discontinued operations and was based on long-term debt and other long-term obligations specific to our discontinued operations as such entities are not guarantors under our senior secured credit facility. During the third quarter ended January 24, 2010, we recorded a loss on sale of discontinued operations of $624.

4. Long-Term Debt

Long-term debt consists of the following:

	January 24, 2010	April 26, 2009
Senior Secured Credit Facilities:		
July 2007 Credit Facility:		
Revolving line of credit, expires July 26, 2012, interest payable at least quarterly at either LIBOR and/or prime plus a margin	$ 50,500	$ 112,000
Variable rate term loans, mature November 25, 2013, principal and interest payments due quarterly at either LIBOR and/or prime plus a margin	819,355	825,651
Senior Subordinated Notes:		
7% Senior Subordinated Notes, interest payable semi-annually March 1 and September 1	357,275	357,275
Other	4,897	6,146
	1,232,027	1,301,072
Less current maturities	8,750	9,688
Long-term debt	$ 1,223,277	$ 1,291,384

July 2007 Credit Facility - During 2007, we entered into a $1,350,000 senior secured credit facility ("Credit Facility"), which is secured on a first priority basis by substantially all of our assets and guaranteed by all of our significant domestic subsidiaries. As of January 24, 2010, the Credit Facility consists of a $475,000 five-year revolving line of credit and an $819,355 term loan facility.

Our net line of credit availability at January 24, 2010 is approximately $403,000 after consideration of $21,500 in outstanding letters of credit. We have an annual commitment fee related to the unused portion of the Credit Facility of up to 0.5% which is included in interest expense in the accompanying consolidated statements of operations. The weighted average effective interest rate of the Credit Facility for the three and nine months ended January 24, 2010 were 4.42% and 4.39%, respectively.

The Credit Facility includes a number of affirmative and negative covenants. Additionally, we must comply with certain financial covenants including maintenance of a 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 January 24, 2010.

Subsequent Event — Amendment of our Credit Facility - On February 17, 2010, we entered into an amendment of our Credit Facility which, among other things, (1) modified the leverage ratio and interest coverage ratio to provide for greater flexibility through April 30, 2012, after which date the ratios return to the original levels as outlined in the Credit Facility; (2) reduced the capacity of the revolving line of credit by $100,000 to $375,000; (3) increased the interest rate of both the revolving line of credit and term loan portions to LIBOR + 3.00% with a LIBOR floor of 2.00%; and (4) allows us to issue senior unsecured notes, provided the proceeds are used to repay borrowings under the Credit Facility.

As a result of the amendment to the Credit Facility, we expect to incur a charge of approximately $2.2 million in the fourth quarter of fiscal year 2010 related to fees and the write-off of certain unamortized deferred financing costs, of which approximately $0.3 million is non-cash. Based on current debt levels, we expect our annual interest expense to increase by approximately $15 million to $18 million as a result of the amendment to the Credit Facility. As the interest rate modifications on the Credit Facility include a LIBOR floor of 2.00%, we expect our interest rate swaps to become ineffective. Under the terms of the Credit Facility, the requirement remains to hedge a portion of our variable rate debt.

7% Senior Subordinated Notes - Our 7% Senior Subordinated Notes are due 2014 ("7% Senior Subordinated Notes") and are guaranteed, on a joint and several basis, by all of our significant subsidiaries and certain other subsidiaries as described in Note 13. 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 or pay dividends on 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.

5. **Common Stock**

Earnings per Share of Common Stock - The following table sets forth the computation of basic and diluted income (loss) per share:

	Three Months Ended		Nine Months Ended	
	January 24, 2010	January 25, 2009	January 24, 2010	January 25, 2009
Numerator:				
Income (loss) applicable to common shares:				
Income (loss) from continuing operations	$ (11,400)	$ 48,265	$ (7,971)	$ 35,679
Income (loss) from discontinued operations	775	(2,152)	(187)	(6,692)
Net income (loss)	$ (10,625)	$ 46,113	$ (8,158)	$ 28,987
Denominator:				
Denominator for basic earnings (loss) per share - weighted average shares	32,438,809	31,765,365	32,179,233	31,240,008
Effect of dilutive securities-Employee stock options	—	—	—	8,394
Denominator for diluted loss per share - adjusted weighted average shares and assumed conversions	32,438,809	31,765,365	32,179,233	31,248,402
Basic earnings (loss) per share:				
Income (loss) from continuing operations	$ (0.35)	$ 1.52	$ (0.25)	$ 1.14
Income (loss) from discontinued operations	0.02	(0.07)	—	(0.21)
Net income (loss)	$ (0.33)	$ 1.45	$ (0.25)	$ 0.93
Diluted earnings (loss) per share:				
Income (loss) from continuing operations	$ (0.35)	$ 1.52	$ (0.25)	$ 1.14
Income (loss) from discontinued operations	0.02	(0.07)	—	(0.21)
Net income (loss)	$ (0.33)	$ 1.45	$ (0.25)	$ 0.93

Our basic earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of shares outstanding for the period. Due to the loss from continuing operations, stock options representing 57,756 and 144,386 shares, which are potentially dilutive, and 1,189,028 and 589,028 shares which are anti-dilutive, were excluded from the calculation of common shares for diluted (loss) per share for the three and nine months ended January 24, 2010, respectively. Stock options representing 1,816,521 shares which were anti-dilutive, were excluded from the calculation of common shares for diluted (loss) per share for the three and nine month periods ended January 25, 2009.

Stock Based Compensation — Under our amended and restated 2000 Long Term Incentive Plan we have issued stock options and restricted stock.

Restricted Stock — During the nine months ended January 24, 2010, we issued 522,375 shares of restricted common stock with a weighted average grant-date fair value of $12.95 to employees and 122,153 shares of restricted stock with a weighted average grant-date fair value of $11.38 to directors under the Long Term Incentive Plans. Restricted stock awarded to employees under annual long-term incentive grants 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. Restricted stock previously awarded under our tender offer vests three years from the date of award. Our estimate of forfeitures for restricted stock for employees is 10%. No forfeiture rate is estimated for directors. As of January 24, 2010, our unrecognized compensation cost for unvested restricted stock is $7,683 with a remaining weighted average vesting period of 1.3 years.

Stock Options - We have issued incentive stock options and nonqualified stock options which have a maximum term of 10 years and are, generally, vested and exercisable in yearly installments of 20% commencing one year after the date of grant. During the nine months ended January 24, 2010 we issued 100,000 stock options with a grant date fair value of $7.53 per option. We currently estimate our aggregate forfeiture rates at 39.6% for executives and 56.5% for optionees beneath the executive level. As of January 24, 2010, our unrecognized compensation cost for unvested stock options was $1,817 with a weighted average vesting period of 3.3 years.

6. Expense Recoveries and Other Charges, Net

During the nine months ended January 24, 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 our current assessment of collectability.

During the nine months ended January 25, 2009, we reached an agreement terminating our agreement for the potential development of a casino project in Portland, Oregon. As a part of this agreement, we agreed to terminate our rights under a land option and pay a termination fee. As a result of this termination, we recorded a $6,000 charge consisting of a non-cash write-off of $5,000 representing our rights under the land option and a $1,000 termination fee. Under the terms of the agreement, we retain certain rights but no continuing obligations with regard to this development project.

7. Fair Value Measurements

Interest Rate Hedge Agreements—We have entered into various interest rate swap agreements pertaining to the Credit Facility for an aggregate notional value of $400,000 with maturity dates ranging from fiscal year 2011 to 2013. In addition, during the third quarter of fiscal 2010, we entered into an interest rate cap contract with a notional value of $20,000 having a maturity date in fiscal 2012 and paid a premium of $105 at inception. We entered into these hedging agreements in order to manage market risk on variable rate term loans outstanding, as well as comply with, in part, requirements under the Credit Facility.

These swap and cap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of January 24, 2010, as being fully effective. As a result, there is no impact on our consolidated statement of operations from changes in fair value. As of January 24, 2010, the weighted average fixed LIBOR interest rate of our interest rate swap agreements was 4.58%.

The fair value of derivatives included in our consolidated balance sheet and change in our unrealized loss are as follows:

Type of Derivative Instrument	Balance Sheet Location	January 24, 2010	April 26, 2009	Nine Months Ended January 24, 2010, Change in Unrealized Loss
Interest rate cap contract	Prepaid deposits and other	$ 50	$ —	
Interest rate swap contracts	Accrued interest	9,696	2,258	
Interest rate swap contracts	Other long-term liabilities	6,657	21,454	
Total		$ 16,303	$ 23,712	$ 7,304

The fair value of our interest swap and cap contracts are measured using Level 3 inputs at the present value of all expected future cash flows based on the LIBOR-based swap yield curve as of the date of the valuation, subject to a credit adjustment to the LIBOR-based yield curve's implied discount rates. The credit adjustment reflects our best estimate as to the inherent credit risk as of our balance sheet date. The fair value of our interest rate swap contracts as recorded in our consolidated balance sheet is recorded net of deferred income tax benefits of $6,124 and $8,879, as of January 24, 2010 and April 26, 2009, respectively. The fair value of our interest rate cap contract as recorded in our consolidated balance sheet is recorded net of deferred income tax benefits of $20 as of January 24, 2010.

The amount of the gain (loss) reclassified from Accumulated other comprehensive income (loss) into earnings and its location in the consolidated statements of income is as follows:

		Three Months Ended		Nine Months Ended	
Type of Derivative Instrument	**Income Statement Location**	**January 24, 2010**	**January 25, 2009**	**January 24, 2010**	**January 25, 2009**
Interest rate swap contracts	Interest expense	$ 5,144	$ 1,888	$ 14,787	$ 6,142

The amount of gain (loss) recognized in Accumulated other comprehensive income (loss) is as follows:

	Three Months Ended		Nine Months Ended	
Type of Derivative Instrument	**January 24, 2010**	**January 25, 2009**	**January 24, 2010**	**January 25, 2009**
Interest rate cap contract	$ (35)	$ —	$ (35)	$ —
Interest rate swap contracts	1,627	(7,458)	4,604	(9,286)
	$ 1,592	$ (7,458)	$ 4,569	$ (9,286)

The amount of Accumulated other comprehensive income (loss) related to interest rate swap contracts maturing in the next twelve months was $(6,065) as of January 24, 2010.

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

Type of Derivative Instrument	**January 24, 2010**	**April 26, 2009**
Interest rate cap contract	$ (35)	$ —
Interest rate swap contracts	(10,228)	(14,832)
Foreign currency translation gain (loss)	(10)	(359)
	$ (10,273)	$ (15,191)

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

	January 24, 2010		April 26, 2009	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets:				
Cash and cash equivalents	$ 72,536	$ 72,536	$ 96,654	$ 96,654
Marketable securities	20,050	20,050	17,548	17,548
Restricted cash	2,774	2,774	2,774	2,774
Notes receivable	9,146	9,146	3,000	3,000
Financial liabilities:				
Revolver	$ 50,500	$ 50,500	$ 112,000	$ 112,000
Variable rate term loans	819,355	780,436	825,651	652,264
7% Senior subordinated notes	357,275	316,188	357,275	262,597
Other long-term debt	5,996	5,996	6,146	6,146
Other long-term obligations	17,486	17,486	17,314	17,314

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

Marketable securities 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 marketable securities.

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 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. Debt obligations with a short remaining maturity are valued at the carrying amount.

8. Income Taxes

During the nine months ended January 24, 2010, we settled certain Louisiana income tax examinations for open years from April 2001 through April 2008. As a result of the actual taxes and interest due for these years being less than our previously accrued amounts, we recognized a benefit of $4,727 in our tax provision. Following the closure of these examinations, we believe that it is reasonably possible that an amount up to $1,450 of our currently unrecognized tax positions may be recognized by the end of the fiscal year ending April 25, 2010. These amounts relate to positions taken or to be taken on the federal income tax returns for the fiscal years ending April 2005 through April 2008. These amounts are expected to be resolved as a result of the anticipated completion of the federal income tax examinations.

Our effective income tax rates from continuing operations for the three and nine months ended January 24, 2010 were 20.4% and 50.3%, respectively. Excluding the impact of the settlement of our Louisiana income tax matters and changes to our estimates of annual taxable income and related permanent and other items, offset by various tax credits, our effective tax rate for the three and nine months ended January 24, 2010, would have been 28.8% and 28.2%, respectively. Our effective income tax rates from continuing operations for the three and nine months ended January 25, 2009 were 38.4% and 39.9%, respectively. Our effective rate is based on statutory rates applied to our income adjusted for permanent differences. Our actual effective rate will fluctuate based upon the amount of our pretax book income, permanent differences and other items used in the calculation of our income tax benefit.

Related to our uncertain tax positions, we accrued gross interest expense of $157 and $565 respectively, for the three and nine months ended January 24, 2010 as a component of our income tax benefit. As of January 24, 2010, we have recognized a liability of $2,669 for interest.

9. Supplemental Disclosures

Cash Flow — For the nine months ended January 24, 2010 and January 25, 2009, we made net cash payments for interest of $46,458 and $62,000, respectively. Additionally, we received income tax refunds of $1,515 and $19,653 during the nine months ended January 24, 2010 and January 25, 2009, respectively.

For the nine months ended January 24, 2010 and January 25, 2009, the change in accrued purchases of property and equipment in accounts payable decreased by $695 and $767, respectively.

For the nine months ended January 25, 2009, we purchased property and equipment financed with a long-term obligation of $12,176.

10. Closure of Properties due to Flooding

As a result of Hurricane Gustav in September 2008, our Biloxi, Mississippi, Lake Charles, Louisiana and Natchez, Mississippi properties were closed for 3 days and as a result of Hurricane Ike in September 2008 our Lake Charles property closed for an additional five 5 days during the three and nine months ended January 25, 2009. In connection with flooding in the Midwest during April 2008, our Natchez, Mississippi and Davenport, Iowa, properties closed for a combined total of 34 days during the nine months ended January 25, 2009.

11. Insurance Settlement

During December 2008, we reached an agreement with our insurance carriers fully settling our claim for $225 million related to hurricane Katrina which had damaged our Biloxi, Mississippi property in the fall of 2005. As a result of this settlement, we received an additional $95,000 in insurance proceeds during the quarter ended January 25, 2009. After first applying the proceeds to our remaining insurance receivable, we recognized during our third quarter of fiscal 2009, pretax income of $92,179.

Insurance proceeds of $60,000 relating to business interruption proceeds are included in net revenues and other insurance recoveries of $32,179 are recorded as a reduction of operating expenses in the statement of operations.

12. Contingencies

Legal and Regulatory Proceedings—Lady Luck Gaming Corporation (now our wholly owned subsidiary) 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 not yet been scheduled.

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 January 24, 2010, we have accrued an estimated liability including interest of $10,450. 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.

During January, 2010, we entered into an agreement to provide management services for a potential casino to be located at the Nemacolin Woodlands Resort in Farmington, Pennsylvania, ("The Resort"). The development of this casino is subject to numerous regulatory approvals including obtaining a state gaming license, of which is a competitive award process among several applicants. If The Resort is successful in obtaining a gaming license, we have agreed to complete the build-out of the casino space. We currently estimate the total project cost at approximately $50 million.

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.

13. 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% Senior Subordinated Notes.

The following wholly owned subsidiaries of the Company are guarantors, on a joint and several basis, under the 7% Senior Subordinated Notes: Riverboat Corporation of Mississippi; Riverboat Services, Inc.; CSNO, L.L.C.; St. Charles Gaming Company, Inc.; IOC Holdings, L.L.C.; Grand Palais Riverboat, Inc.; LRGP Holdings, L.L.C.; P.P.I, Inc.; Isle of Capri Casino Colorado, Inc.; IOC-Coahoma, Inc.; IOC-Natchez, Inc.; IOC-Lula, Inc.; IOC-Boonville, Inc.; IOC-Kansas City, Inc.; Isle of Capri Bettendorf, L.C.; Isle of Capri Marquette, Inc.; IOC-Davenport, Inc.; IOC-Black Hawk County, Inc.; IOC-Manufacturing, Inc.; Riverboat Corporation of Mississippi—Vicksburg; Isle of Capri Black Hawk, L.L.C.; Isle of Capri Black Hawk Capital Corp.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; IOC-Black Hawk Distribution Company, L.L.C.; Casino America of Colorado, Inc.; Black Hawk Holdings, L.L.C.; Louisiana Riverboat Gaming Partnership; Isle of Capri UK Holdings, Inc.; Isle of Capri Bahamas Holdings, Inc.; and IOC-Caruthersville, L.L.C. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

Consolidating condensed balance sheets as of January 24, 2010 and April 26, 2009 are as follows (in thousands):

As of January 24, 2010	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 41,270	$ 68,891	$ 41,433	$ (2,400)	$ 149,194
Intercompany receivables	1,027,542	(282,000)	11,710	(757,252)	—
Investments in subsidiaries	378,043	—	—	(378,043)	—
Property and equipment, net	7,919	1,101,225	8,083	—	1,117,227
Other assets	10,674	411,821	4,252	—	426,747
Total assets	$ 1,465,448	$ 1,299,937	$ 65,478	$ (1,137,695)	$ 1,693,168
Current liabilities	$ 52,312	$ 79,639	$ 32,373	$ (2,400)	$ 161,924
Intercompany payables	2,399	754,768	85	(757,252)	—
Long-term debt, less current maturities	1,218,730	4,354	193	—	1,223,277
Other accrued liabilities	(39,513)	111,549	4,411	—	76,447
Stockholders' equity	231,520	349,627	28,416	(378,043)	231,520
Total liabilities and stockholders' equity	$ 1,465,448	$ 1,299,937	$ 65,478	$ (1,137,695)	$ 1,693,168

As of April 26, 2009	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Balance Sheet					
Current assets	$ 38,145	$ 93,538	$ 46,013	$ (103)	$ 177,593
Intercompany receivables	1,141,189	(316,376)	(33,920)	(790,893)	—
Investments in subsidiaries	337,218	—	—	(337,218)	—
Property and equipment, net	10,158	1,158,839	8,543	—	1,177,540
Other assets	12,363	415,013	153	—	427,529
Total assets	$ 1,539,073	$ 1,351,014	$ 20,789	$ (1,128,214)	$ 1,782,662
Current liabilities	$ 40,440	$ 94,935	$ 32,721	$ (103)	$ 167,993
Intercompany payables	—	790,563	330	(790,893)	—
Long-term debt, less current maturities	1,286,526	4,650	208	—	1,291,384
Other accrued liabilities	(16,319)	107,301	3,877	—	94,859
Stockholders' equity	228,426	353,565	(16,347)	(337,218)	228,426
Total liabilities and stockholders' equity	$ 1,539,073	$ 1,351,014	$ 20,789	$ (1,128,214)	$ 1,782,662

Consolidating condensed statements of operations for the three and nine months ended January 24, 2010 and January 25, 2009 are as follows (in thousands):

Statement of Operations	For the Three Months Ended January 24, 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	$ —	$ 229,520	$ —	$ —	$ 229,520
Pari-mutuel, rooms, food, beverage and other	600	39,055	2,409	(2,400)	39,664
Gross revenues	600	268,575	2,409	(2,400)	269,184
Less promotional allowances	—	(42,199)	—	—	(42,199)
Net revenues	600	226,376	2,409	(2,400)	226,985
Operating expenses:					
Casino	—	36,472	—	—	36,472
Gaming taxes	—	60,529	—	—	60,529
Other operating expenses	10,332	89,423	3,155	(2,400)	100,510
Management fee expense (revenue)	(5,589)	7,441	(1,852)	—	—
Depreciation and amortization	1,038	25,608	152	—	26,798
Total operating expenses	5,781	219,473	1,455	(2,400)	224,309
Operating income (loss)	(5,181)	6,903	954	—	2,676
Interest expense, net	(1,574)	(15,499)	75	—	(16,998)
Equity in income (loss) of subsidiaries	(11,554)	—	—	11,554	—
Income (loss) from continiuing operations before income taxes	(18,309)	(8,596)	1,029	11,554	(14,322)
Income tax (provision) benefit	6,909	(2,712)	(1,275)	—	2,922
Income (loss) from continuing operations	(11,400)	(11,308)	(246)	11,554	(11,400)
Income (loss) from discontinued operations, net of tax	—	—	775	—	775
Equity in income (loss) of discontinued operations	775	—	—	(775)	—
Income (loss) from discontinued operations, net of tax	775	—	775	(775)	775
Net income (loss)	$ (10,625)	$ (11,308)	$ 529	$ 10,779	$ (10,625)

Statement of Operations	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
	For the Three Months Ended January 25, 2009				
Revenues:					
Casino	$ —	$ 246,717	$ —	$ —	$ 246,717
Pari-mutuel, rooms, food, beverage and other	93	101,356	2,363	(2,356)	101,456
Gross revenues	93	348,073	2,363	(2,356)	348,173
Less promotional allowances	—	(46,354)	—	—	(46,354)
Net revenues	93	301,719	2,363	(2,356)	301,819
Operating expenses:					
Casino	—	37,382	—	—	37,382
Gaming taxes	—	63,335	—	—	63,335
Other operating expenses	9,967	60,240	1,420	(2,356)	69,271
Management fee expense (revenue)	(9,417)	11,301	(1,884)	—	—
Depreciation and amortization	1,230	28,389	228	—	29,847
Total operating expenses	1,780	200,647	(236)	(2,356)	199,835
Operating income (loss)	(1,687)	101,072	2,599	—	101,984
Interest expense, net	(2,667)	(18,120)	(2,888)	—	(23,675)
Equity in income (loss) of subsidiaries	58,028	—	—	(58,028)	—
Income (loss) from continiuing operations before income taxes	53,674	82,952	(289)	(58,028)	78,309
Income tax (provision) benefit	(5,409)	(23,309)	(1,326)	—	(30,044)
Income (loss) from continuing operations	48,265	59,643	(1,615)	(58,028)	48,265
Income (loss) from discontinued operations, net of tax	—	—	(2,152)	—	(2,152)
Equity in income (loss) of discontinued operations	(2,152)	—	—	2,152	—
Income (loss) from discontinued operations, net of tax	(2,152)	—	(2,152)	2,152	(2,152)
Net income (loss)	$ 46,113	$ 59,643	$ (3,767)	$ (55,876)	$ 46,113

Statement of Operations	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
	For the Nine Months Ended January 24, 2010				
Revenues:					
Casino	$ —	$ 742,957	$ —	$ —	$ 742,957
Pari-mutuel, rooms, food, beverage and other	963	130,322	7,328	(7,304)	131,309
Gross revenues	963	873,279	7,328	(7,304)	874,266
Less promotional allowances	—	(143,525)	—	—	(143,525)
Net revenues	963	729,754	7,328	(7,304)	730,741
Operating expenses:					
Casino	—	115,474	—	—	115,474
Gaming taxes	—	191,056	—	—	191,056
Other operating expenses	32,761	277,123	1,132	(7,304)	303,712
Management fee expense (revenue)	(18,588)	24,839	(6,251)	—	—
Depreciation and amortization	3,324	80,280	458	—	84,062
Total operating expenses	17,497	688,772	(4,661)	(7,304)	694,304
Operating income (loss)	(16,534)	40,982	11,989	—	36,437
Interest expense, net	(4,945)	(47,502)	(17)	—	(52,464)
Equity in income (loss) of subsidiaries	2,635	—	—	(2,635)	—
Income (loss) from continiuing operations before income taxes	(18,844)	(6,520)	11,972	(2,635)	(16,027)
Income tax (provision) benefit	10,873	1,970	(4,787)	—	8,056
Income (loss) from continuing operations	(7,971)	(4,550)	7,185	(2,635)	(7,971)
Income (loss) from discontinued operations, net of tax	—	—	(187)	—	(187)
Equity in income (loss) of discontinued operations	(187)	—	—	187	—
Income (loss) from discontinued operations, net of tax	(187)	—	(187)	187	(187)
Net income (loss)	$ (8,158)	$ (4,550)	$ 6,998	$ (2,448)	$ (8,158)

	For the Nine Months Ended January 25, 2009				
Statement of Operations	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Revenues:					
Casino	$ —	$ 769,931	$ —	$ —	$ 769,931
Pari-mutuel, rooms, food, beverage and other	274	196,537	7,206	(7,174)	196,843
Gross revenues	274	966,468	7,206	(7,174)	966,774
Less promotional allowances	—	(143,628)	—	—	(143,628)
Net revenues	274	822,840	7,206	(7,174)	823,146
Operating expenses:					
Casino	—	112,370	—	—	112,370
Gaming taxes	—	196,839	—	—	196,839
Other operating expenses	37,989	252,793	7,727	(7,174)	291,335
Management fee expense (revenue)	(22,927)	29,386	(6,459)	—	—
Depreciation and amortization	3,667	88,220	452	—	92,339
Total operating expenses	18,729	679,608	1,720	(7,174)	692,883
Operating income (loss)	(18,455)	143,232	5,486	—	130,263
Interest expense, net	(8,426)	(53,468)	(9,008)	—	(70,902)
Equity in income (loss) of subsidiaries	58,978	—	—	(58,978)	—
Income (loss) from continiuing operations before income taxes	32,097	89,764	(3,522)	(58,978)	59,361
Income tax (provision) benefit	3,582	(26,109)	(1,155)	—	(23,682)
Income (loss) from continuing operations	35,679	63,655	(4,677)	(58,978)	35,679
Income (loss) from discontinued operations, net of tax	—	—	(6,692)	—	(6,692)
Equity in income (loss) of discontinued operations	(6,692)	—	—	6,692	—
Income (loss) from discontinued operations, net of tax	(6,692)	—	(6,692)	6,692	(6,692)
Net income (loss)	$ 28,987	$ 63,655	$ (11,369)	$ (52,286)	$ 28,987

Consolidating condensed statements of cash flows for the nine months ended January 24, 2010 and January 25, 2009 are as follows (in thousands):

	Nine Months Ended January 24, 2010				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ (8,717)	$ 74,929	$ 6,013	$ (2,451)	$ 69,774
Net cash provided by (used in) investing activities	75,100	(20,534)	(2,564)	(76,938)	(24,936)
Net cash provided by (used in) financing activities	(67,592)	(74,546)	(6,196)	79,389	(68,945)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(11)	—	(11)
Net increase (decrease) in cash and cash equivalents	(1,209)	(20,151)	(2,758)	—	(24,118)
Cash and cash equivalents at beginning of the period	8,776	68,859	19,019	—	96,654
Cash and cash equivalents at end of the period	$ 7,567	$ 48,708	$ 16,261	$ —	$ 72,536

	Nine Months Ended January 25, 2009				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Statement of Cash Flows					
Net cash provided by (used in) operating activities	$ 11,684	$ 146,130	$ (6,871)	$ —	$ 150,943
Net cash provided by (used in) investing activities	79,704	(15,160)	(1,538)	(113,612)	(50,606)
Net cash provided by (used in) financing activities	(8,952	(124,996)	10,590	113,612	(9,746)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(668)	—	(668)
Net increase (decrease) in cash and cash equivalents	82,436	5,974	1,513	—	89,923
Cash and cash equivalents at beginning of the period	5,363	67,540	18,887	—	91,790
Cash and cash equivalents at end of the period	$ 87,799	$ 73,514	$ 20,400	$ —	$ 181,713

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This 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 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. 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 report.

For a more complete description of the risks that may affect our business, see our Annual Report on Form 10-K for the year ended April 26, 2009.

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 intentionally sought geographic diversity to limit the risks caused by weather, regional economic difficulties and local gaming authorities and regulations. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. We also operate a harness racing track at our casino in Florida.

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 our Annual Report on Form 10-K for the year ended April 26, 2009 and by giving consideration to the following:

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. The opening of a competing land-based facility, which replaced a riverboat operation in the Quad Cities area during December 2008, has had a negative impact on net revenues and operating results at our Bettendorf and Davenport, Iowa properties. The introduction of table games and expansion of Class III gaming at competing Native American casinos, beginning July 2008, has had a negative impact on our Pompano property's net revenues and operating results.

Colorado and Missouri Gaming Law Changes — During early July 2009, gaming law changes became effective in Colorado which extended the hours of operations, expanded the types of allowable table games and increased the betting limit from $5 to $100 per bet. During November 2008, gaming law changes became effective in Missouri which repealed the $500 loss limit. Our gaming revenues reflect the favorable impact of these changes in state gaming laws.

Expense Recoveries and Other Charges, net — During the nine months ended January 24, 2010 we recorded an other expense reduction of $6.8 million 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 our current assessment of collectability.

During the nine months ended January 25, 2009, we recorded charges of $6.0 million following our agreement to terminate the development of a potential casino project in Portland, Oregon.

Hurricane Insurance Recoveries — During December 2008, we reached an agreement with our insurance carriers fully settling our claim related to Hurricane Katrina which had damaged our Biloxi property in the fall of 2005. Insurance proceeds of $60,000 relating to business interruption proceeds are included in Hurricane insurance recoveries, a part of net revenues, and other insurance recoveries of $32,179 are recorded as Expense recoveries in the statement of operations during the three and nine months ended January 25, 2009.

Discontinued Operations — Discontinued operations include the results of our international operations including our former Blue Chip, Grand Bahamas and Coventry casino operations. The sale of our Blue Chip and exit of our Grand Bahamas casino operations were substantially completed during November 2009. Our Coventry casino operations were sold and discontinued during the fourth quarter of fiscal year 2009.

Hurricanes and Flooding — As a result of Hurricane Gustav in September 2008, our Biloxi, Mississippi, Lake Charles, Louisiana and Natchez, Mississippi properties were closed for 3 days and as a result of Hurricane Ike in September 2008 our Lake Charles property closed for an additional five days during the nine months ended January 25, 2009. As a result of flooding conditions on the Mississippi River in April 2008, our Davenport and Natchez properties were closed for 20 and 14 days, respectively, during the early portion of the nine months ended January 25, 2009.

Revenues

Revenues for the three and nine months ended January 24, 2010 and January 25, 2009 are as follows:

	Three Months Ended			
(in thousands)	January 24, 2010	January 25, 2009	Variance	Percentage Variance
Revenues:				
Casino	$ 229,520	$ 246,717	$ (17,197)	-7.0%
Rooms	8,424	9,216	(792)	-8.6%
Pari-mutuel, food, beverage and other	31,240	32,240	(1,000)	-3.1%
Hurricane insurance recoveries	—	60,000	(60,000)	-100.0%
Gross revenues	269,184	348,173	(78,989)	-22.7%
Less promotional allowances	(42,199)	(46,354)	4,155	-9.0%
Net revenues	$ 226,985	$ 301,819	(74,834)	-24.8%

Casino Revenues - Casino revenues decreased $17.2 million, or 7.0%, and $27.0 million, or 3.5%, for the three and nine months ended January 24, 2010, as compared to the same periods in the prior fiscal year. For the three

	Nine Months Ended			
(in thousands)	January 24, 2010	January 25, 2009	Variance	Percentage Variance
Revenues:				
Casino	$ 742,957	$ 769,931	$ (26,974)	-3.5%
Rooms	32,488	35,696	(3,208)	-9.0%
Pari-mutuel, food, beverage and other	98,821	101,147	(2,326)	-2.3%
Hurricane and other insurance recoveries	—	60,000	(60,000)	-100.0%
Gross revenues	874,266	966,774	(92,508)	-9.6%
Less promotional allowances	(143,525)	(143,628)	103	-0.1%
Net revenues	$ 730,741	$ 823,146	(92,405)	-11.2%

months ended January 24, 2010, casino revenues increased \$0.6 million at our Pompano property, decreased by \$4.4 million at our Black Hawk and Quad Cities properties reflecting the impact of competition and decreased by \$13.4 million at other properties primarily due to current economic conditions.

For the nine months ended January 24, 2010, casino revenues increased by \$4.8 million at our Missouri and Colorado properties reflecting the benefit of regulatory changes, decreased by \$15.4 million at our Quad Cities and Pompano properties reflecting the impact of competition and decreased by \$16.4 million at other properties primarily due to current economic conditions.

Rooms Revenue - Rooms revenue decreased \$0.8 million, or 8.6%, and \$3.2 million, or 9.0%, for the three and nine months ended January 24, 2010, as compared to the same periods in the prior fiscal year. The majority of this decrease has occurred at our Lake Charles property where we have experienced decline in both room rates and occupancy due to economic conditions and market competition and at our Biloxi property due to a reduction in room rates resulting from a highly competitive market.

Pari-mutuel, Food, Beverage and Other Revenues — Pari-mutuel, food, beverage and other revenues decreased \$1.0 million, or 3.1%, and \$2.3 million, or 2.3%, for the three and nine months ended January 24, 2010, as compared to the same periods in the prior fiscal year. The decrease in these revenues for the three months ended January 24, 2010, reflects an overall decrease in food, beverage and other revenues of \$0.3 million and a decrease of \$0.7 million in pari-mutuel revenues. The decrease in these revenues for the nine months ended January 24, 2010, reflects a \$2.8 million decrease in pari-mutuel revenues and a \$0.5 million increase in food, beverage and other revenues. The reduction in pari-mutuel revenues is a result of a reduction in live racing days during the early months of our current fiscal year. We plan to continue to hold live racing on scheduled days during the balance of our current fiscal year.

Promotional Allowances - Promotional allowances decreased \$4.2 million, or 9.0%, and \$0.1 million, or 0.1%, for the three and nine months ended January 24, 2010, as compared to the same periods in the prior fiscal year. Changes in our promotional allowances reflect revisions to our marketing plans as a result of changes in competition, economic conditions and regulations.

Operating Expenses
Operating expenses for the three and nine months ended January 24, 2010 and January 25, 2009 are as follows:

	Three Months Ended			
(in thousands)	January 24, 2010	January 25, 2009	Variance	Percentage Variance
Operating expenses:				
Casino	$ 36,472	$ 37,382	$ (910)	-2.4%
Gaming taxes	60,529	63,335	(2,806)	-4.4%
Rooms	2,192	2,624	(432)	-16.5%
Pari-mutuel, food, beverage and other	10,717	12,011	(1,294)	-10.8%
Marine and facilities	14,392	15,319	(927)	-6.1%
Marketing and administrative	62,082	62,457	(375)	-0.6%
Corporate and development	11,127	9,039	2,088	23.1%
Expense recoveries and other charges, net		(32,179)	32,179	-100.0%
Depreciation and amortization	26,798	29,847	(3,049)	-10.2%
Total operating expenses	$ 224,309	$ 199,835	24,474	12.2%

(in thousands)	Nine Months Ended January 24, 2010	January 25, 2009	Variance	Percentage Variance
Operating expenses:				
Casino	$ 115,474	$ 112,370	$ 3,104	2.8%
Gaming taxes	191,056	196,839	(5,783)	-2.9%
Rooms	7,939	9,206	(1,267)	-13.8%
Pari-mutuel, food, beverage and other	33,126	37,903	(4,777)	-12.6%
Marine and facilities	46,148	48,202	(2,054)	-4.3%
Marketing and administrative	189,849	189,633	216	0.1%
Corporate and development	33,412	32,570	842	2.6%
Expense recoveries and other charges, net	(6,762)	(26,179)	19,417	-74.2%
Depreciation and amortization	84,062	92,339	(8,277)	-9.0%
Total operating expenses	$ 694,304	$ 692,883	1,421	0.2%

Casino - Casino operating expenses decreased $0.9 million, or 2.4%, and incrased $3.1 million, or 2.8%, for the three and nine months ended January 24, 2010, as compared to the same period in the prior fiscal year. Reductions in casino expenses for the three months ended January 24, 2010 generally reflect the impact of reduction in expense corresponding to reductions in gaming revenues. For the nine months ended January 24, 2010, the majority of this increase in casino operating expense was incurred at our Black Hawk property in advance of and after the new gaming laws became effective and at our Lake Charles property as our prior fiscal year expenses were reduced by the impact of hurricane closures.

Gaming Taxes - State and local gaming taxes decreased $2.8 million, or 4.4%, for the three months ended January 24, 2010, and decreased $5.8 million, or 2.9%, for the nine months ended January 24, 2010, as compared to the same periods in the prior fiscal year. The reduction in our gaming tax expense reflects the overall decrease in our gaming revenues as well as changes in the mix our gaming revenues were derived from states with different gaming tax rates..Our overall effective gaming tax rates were as follows:

Three Months Ended January 24, 2010	January 25, 2009	Nine Months Ended January 24, 2010	January 25, 2009
26.4%	25.7%	25.7%	25.6%

Rooms - Rooms expense decreased $0.4 million, or 16.5%, and $1.3 million, or 13.8%, for the three and nine months ended January 24, 2010, as compared to the same periods in the prior fiscal year. These expenses directly relate to the cost of providing hotel rooms. This decrease in rooms expense is reflective of an 8.6% and 9.0% reduction in our hotel revenues for the three and nine months ended January 24, 2010, respectively, compared to the same periods in the prior fiscal year.

Pari-mutuel, Food, Beverage and Other — Pari-mutuel, food, beverage and other expenses decreased $1.3 million, or 10.8%, and $4.8 million, or 12.6%, in the three and nine months ended January 24, 2010, as compared to the same periods in the prior fiscal year. The majority of this decrease is a result of our decision to not conduct live racing at our Pompano property during the early months of our current fiscal year as well as declines in food costs corresponding to a reduction in food revenues.

Marine and Facilities - Marine and facilities expenses decreased $0.9 million, or 6.1%, and $2.1 million, or 4.3%, in the three and nine months ended January 24, 2010 as compared to the same periods in the prior fiscal year. This decrease includes reductions in facility costs at our Pompano property as a result of our decision not to conduct live racing during the portions of the early months of our current fiscal year and also includes certain reductions in utility costs.

Corporate and Development - During the three months ended January 24, 2010, our corporate and development expenses were $11.1 million compared to $9.0 million for the three months ended January 25, 2009, and were $33.4 million for the nine months ended January 24, 2010 as compared to $32.6 million for the nine months ended January 25, 2009. The increase in corporate and development expenses for the three months ended January 24, 2010, reflects increased insurance expenses. The decrease in corporate and development expenses for the nine months ended January 24, 2010, reflects a reduction in non-cash stock compensation expense reflecting the impact of our October 2008 tender offer.

Depreciation and Amortization - Depreciation and amortization expense for the three and nine months ended January 24, 2010 decreased $3.0 million and $8.3 million, respectively, as compared to the same periods in the prior fiscal year, primarily due to certain assets becoming fully depreciated.

Other Income (Expense), Income Taxes, and Discontinued Operations
Interest expense, interest income, income tax (provision) benefit, and income (loss) from discontinued operations, net of income taxes for the three and nine months ended January 24, 2010 and January 25, 2009 are as follows:

	Three Months Ended			
(in thousands)	January 24, 2010	January 25, 2009	Variance	Percentage Variance
Interest expense	$ (17,452)	$ (24,400)	$ 6,948	-28.5%
Interest income	454	725	(271)	-37.4%
Income tax benefit (provision)	2,922	(30,044)	32,966	-109.7%
Income (loss) from discontinued operations, net of income taxes	775	(2,152)	2,927	-136.0%

	Nine Months Ended			
(in thousands)	January 24, 2010	January 25, 2009	Variance	Percentage Variance
Interest expense	$ (53,682)	$ (72,522)	$ 18,840	-26.0%
Interest income	1,218	1,620	(402)	-24.8%
Income tax benefit (provision)	8,056	(23,682)	31,738	-134.0%
Loss from discontinued operations, net of income taxes	(187)	(6,692)	6,505	-97.2%

Interest Expense - Interest expense decreased $6.9 million and $18.8 million for the three and nine months ended January 24, 2010, respectively, compared to the same periods in the prior fiscal year. These decreases are primarily attributable to a lower average debt balance due to the pay down of $142.7 million of our senior subordinated 7% notes as a result of our tender offer and repayment of a portion of our senior secured credit facility debt with insurance proceeds and cash flows from operations, and a decrease in the interest rate on the variable interest rate components of our debt.

Income Tax Benefit (Provision) — Our income tax benefit (provision) from continuing operations and our effective income tax rate has been impacted by settlement of certain state tax liabilities during the nine months ended January 24, 2010 for $4.7 million less than our previously accrued amounts, our estimate of annual taxable income for financial statement purposes as well as our percentage of permanent and other items in relation to such estimated income or loss. Effective income tax rates were as follows:

	Three Months Ended		Nine Months Ended	
	January 24, 2010	January 25, 2009	January 24, 2009	January 25, 2008
Total	20.4%	38.4%	50.3%	39.9%

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the nine months ended January 24, 2010, we generated $69.8 million in cash flows from operating activities compared to generating $150.9 million during the nine months ended January 25, 2009. The year over year decrease in cash flows from operating activities primarily results from our prior year cash flows having included $60.0 million in pretax business interruption proceeds from our Hurricane Katrina claim and an $18.7 million reduction in income taxes receivable compared to a $2.6 million reduction in income taxes receivable for the current nine month period.

Cash Flows used in Investing Activities - During the nine months ended January 24, 2010, we used $24.9 million for investing activities compared to using $50.6 million during the nine months ended January 25, 2009. Significant investing activities for the nine months ended January 24, 2010 included the purchases of property and equipment of $21.6 million and payment towards our Waterloo gaming license of $4.0 million. We received $0.7 million in cash from the sale of assets previously classified as held for sale.

For the nine months ended January 25, 2009, significant investing activities included the purchase of property and equipment for $45.6 million, reductions in restricted cash of $33.2 million, primarily related to mandatory term loan repayments, and payment of $4.0 million towards our Waterloo gaming license. Cash provided by investing activities for the nine months ended January 25, 2009, included our Hurricane Katrina insurance settlement for $32.2 million related to property and equipment.

Cash Flows used in Financing Activities - During the nine months ended January 24, 2010 and January 25, 2009, our net cash flows used in financing activities were used primarily to repay our outstanding long term debt of $69.1 million and $9.9 million, respectively.

Availability of Cash and Additional Capital - At January 24, 2010, we had cash and cash equivalents and marketable securities of $92.6 million. As of January 24, 2010, we had $50.5 million in revolving credit and $819.4 million in term loans outstanding under the senior secured credit facility. Our line of credit availability, net of letters of credit, at January 24, 2010 was approximately $403 million before consideration of our credit facility amendment discussed below. Taking into account the amendment of our Credit Facility on a proforma basis, our line of credit availability, net of letters of credit, was approximately $303 million on January 24, 2010.

Amendment of our Credit Facility - On February 17, 2010, we entered into an amendment of our Credit Facility which, among other things, (1) modified the leverage ratio and interest coverage ratio to provide for greater flexibility through April 30, 2012, after which date the ratios return to the original levels as outlined in the Credit Facility; (2) reduced the capacity of the revolving line of credit by $100,000 to $375,000; (3) increased the interest rate of both the revolving line of credit and term loan portions to LIBOR + 3.00% with a LIBOR floor of 2.00%; and (4) allows us to issue senior unsecured notes, provided the proceeds are used to repay borrowings under the Credit Facility.

As a result of the amendment to the Credit Facility, we expect to incur a charge of approximately $2.2 million in the fourth quarter of fiscal year 2010 related to fees and the write-off of certain unamortized deferred financing costs, of which approximately $0.3 million is non-cash. Based on current debt levels, we expect our annual interest expense to increase by approximately $15 million to $18 million as a result of the amendment to the Credit Facility, beginning during the fourth quarter of fiscal year 2010. As the interest rate modifications on the Credit Facility include a LIBOR floor of 2.00%, we expect our interest rate swaps to become ineffective. Under the terms of the amendment to the Credit Facility, the requirement remains to hedge a portion of our variable rate debt.

Capital Expenditures and Development Activities - 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. Our current planned capital expenditures include $10 million in maintenance capital expenditures for the balance of fiscal year 2010.

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 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.

We have also identified approximately $60 million in projects primarily focused on refreshing our hotel room inventory as well as additional improvements to our Black Hawk and Lake Charles properties. The timing and amount of these capital expenditures will be determined as we gain more clarity as to improvement of economic and local market conditions, cash flows from our continuing operations and availability of cash under our Credit Facility.

During January, 2010, we entered into an agreement to provide management services for a potential casino to be located at the Nemacolin Woodlands Resort in Farmington, Pennsylvania, ("The Resort"). The development of this casino is subject to numerous regulatory approvals including obtaining a state gaming license, of which is a competitive award process among several applicants. If The Resort is successful in obtaining a gaming license, we have agreed to complete the build-out of the casino space. We currently estimate the total project cost at approximately $50 million.

The timing and amount of our capital expenditures is subject to the availability of cash under our Credit Facility, improvement in economic and local market conditions and cash flows from our continuing operations. .

Historically, 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 existing cash, cash flow from operations, and available borrowings under our Credit Facility, as recently amended, 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 our planned reduced levels of 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.

For a discussion of our significant accounting policies and estimates, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements presented in our 2009 Annual Report on Form 10-K. There were no newly identified significant accounting estimates in the third quarter of fiscal year 2010, nor were there any material changes to the critical accounting policies and estimates set forth in our 2009 Annual Report.

ITEM 3. 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 Isle of Capri Casinos, Inc. senior secured credit facility ("Credit Facility").

We have entered into interest rate swap and cap arrangements with aggregate notional value of $420.0 million as of January 24, 2010. The swap agreements effectively convert portions of the Credit Facility variable debt to a fixed-rate basis until the respective swap agreements terminate, which occurs during fiscal years 2010, 2011 and 2012. These swap and cap agreements meet the criteria for hedge accounting for cash flow hedges and have been evaluated, as of January 24, 2010, as being fully effective.

We were also exposed to market risks relating to fluctuations in currency exchange rates related to our ownership interests in the UK, which are classified as discontinued operations as of January 24, 2010 and have been sold.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the evaluation, management has concluded that the design and operation of our disclosure controls and procedures are effective as of January 24, 2010.

Because of its inherent limitations, systems of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting during the fiscal quarter ended January 24, 2010, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A reference is made to the information contained in Footnote 12 of our unaudited condensed consolidated financial statements included herein, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There are no material changes to the disclosure regarding risk factors presented in our Annual Report on Form 10-K for the fiscal year ended April 26, 2009.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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 our common stock under these programs. These programs have no approved dollar amount, nor expiration dates. No purchases were made during the three months ended January 24, 2010.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS SUBJECT TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Index to Exhibits following the signature page hereto for a list of the exhibits filed pursuant to Item 601 of Regulation S-K.

SIGNATURE

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

ISLE OF CAPRI CASINOS, INC.

Dated: March 5, 2010

/s/ DALE R. BLACK
Dale R. Black
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

EXHIBIT NUMBER	DESCRIPTION
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.

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

I, James B. Perry, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 most recent 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: March 5, 2010

/s/ James B. Perry
James B. Perry
Chief Executive Officer

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 quarterly report on Form 10-Q 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 most recent 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: March 5, 2010

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended January 24, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, James B. Perry, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 5, 2010

/s/ James B. Perry
James B. Perry
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-Q for the period ended January 24, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Dale R. Black, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 5, 2010

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer