

ISLE OF CAPRI CASINOS INC
Form 10-K
June 21, 2016

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

FORM 10-K

(Mark One)

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

For the fiscal year ended April 24, 2016

OR

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

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

ISLE OF CAPRI CASINOS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
600 Emerson Road, Suite 300, St. Louis, Missouri
(Address of principal executive offices)

41-1659606
(I.R.S. Employer
Identification Number)
63141
(Zip Code)

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

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

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

NASDAQ
(Name of each exchange on which registered)

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

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

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

The aggregate market value of the voting and non-voting stock held by non-affiliates¹ of the Company is \$475,736,976, based on the last reported sale price of 19.22 per share on October 23, 2015 on the NASDAQ Stock Market; multiplied by 24,752,184 shares of Common Stock outstanding and held by non-affiliates of the Company on such date.

As of June 17, 2016, the Company had a total of 41,275,288 shares of Common Stock outstanding (which excludes 790,860 shares held by us in treasury).

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

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

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains statements that we believe are, or may be considered to be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this Annual Report regarding the prospects of our industry or our prospects, plans, financial position or business strategy, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as "may," "will," "expect," "intend," "estimate," "foresee," "project," "anticipate," "believe," "plans," "forecasts," "continue" or "could" or the negatives of these terms or variations of them or similar terms. Furthermore, such forward-looking statements may be included in various filings that we make with the SEC or press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these expectations may not prove to be correct and are not guarantees of future performance. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include, but are not limited to, those discussed in the section entitled "Risk Factors" beginning on page 10 of this report. Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Annual Report.

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PART I

ITEM 1. BUSINESS

Overview

We are a developer, owner and operator of branded gaming facilities and related dining, lodging and entertainment facilities in regional markets in the United States. We currently own or operate 14 gaming and entertainment facilities in Colorado, Florida, Iowa, Louisiana, Mississippi, Missouri and Pennsylvania. Collectively, these properties feature over 12,000 slot machines and over 300 table games (including approximately 80 poker tables), approximately 2,200 hotel rooms and more than 40 restaurants. We also operate a harness racing track at our casino in Florida. Our portfolio of properties provides us with a diverse geographic footprint that minimizes geographically concentrated risks caused by weather, regional economic difficulties, gaming tax rates and regulations imposed by local gaming authorities.

We operate under two brands, Isle and Lady Luck. Isle-branded facilities are generally in larger markets with a regional draw and offer expanded amenities, whereas Lady Luck-branded facilities are typically in smaller markets drawing from a more local customer base. Our senior management team has significant gaming experience spanning numerous jurisdictions. We focus on three core principles, (1) exceptional guest experience, (2) targeted allocation of capital, and (3) prudent fiscal management.

1. *Exceptional guest experience* We focus on customer satisfaction and delivering superior guest experiences by providing popular gaming, dining and entertainment experiences designed to exceed customer expectations in a clean, safe, friendly and fun environment. We focus on initiatives to increase length of stay including refreshing several of our casino floors, improving the rewards and benefits of our loyalty program, focusing on guest service and providing high-quality targeted non-gaming amenities at a reasonable value and price point.

These non-gaming amenities have included the development of several proprietary food, beverage and entertainment offerings, including the introduction of Lone Wolf bars and Otis and Henry's restaurants, a buffet concept called Farmer's Pick focused on locally-sourced where possible, fresh food, and live entertainment. Lone Wolf bars and Otis & Henry's restaurants are open in seven of our properties and Farmer's Pick Buffets are open in Pompano, Waterloo, Vicksburg, Boonville and Cape Girardeau.

Both our Isle-branded and Lady Luck-branded properties share a unified marketing message, which changes from time-to-time; it is currently Play More, Be Happy. Our marketing messages are designed to make our customers feel welcome and comfortable at our properties. In fiscal 2015, we completed the introduction of our enhanced customer loyalty program, Fan Club, which is aimed at attracting new customers and increasing visitation from our current customers. We believe we benefited from this program in fiscal 2016 and we are planning to roll out further enhancements during fiscal 2017. Our marketing teams continuously evaluate and modify our marketing and promotional calendars in order to stimulate guest engagement and generate repeat visitation.

We also focus on hiring friendly, capable employees who will provide great customer service. We enable our employees to own the customer experience and provide continuous training to achieve results. In order to measure our progress, we bonus our property management teams and employees based on their achievement of customer service scores that are based on customer feedback generated through regular surveys.

2. *Targeted Allocation of Capital* We believe that continuous targeted reinvestment of capital into our properties and technology enhances our guest experience and fosters customer loyalty. We plan to continue to focus on refreshing all areas of our business that impact our guest experience. This includes refreshing our casino floors to provide the latest games for our customers to play, renovating

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and refreshing our hotel room product, public areas and food and beverage outlets and strengthening our technology infrastructure.

In fiscal 2016, we continued to refresh our casino floors, spending approximately \$19 million on games and casino floor equipment. In fiscal 2016, we also completed the remodel of the hotel rooms in the south tower in Bettendorf and the hotel and most of the remaining non-gaming areas in Boonville. We also added new parking in Caruthersville, renovated the casino floor in Kansas City and renovated a restaurant at Pompano among other projects.

In May 2015, we began construction of a land-based gaming and entertainment facility in Bettendorf, with a current estimated cost of approximately \$60 million to replace our current riverboat casino. The new facility includes all new restaurants, a single consolidated hotel check-in, new entrance and new casino. We expect to open the facility in late June 2016.

In fiscal 2017, we plan to remodel and rebrand our buffets in Black Hawk and Kansas City among other projects.

We also continuously update and enhance our information technology (including our legacy systems) to facilitate efficiencies in our operations, help our employees do their jobs better, enhance our security and improve guest experience. In fiscal 2016, we upgraded the casino management systems at Bettendorf and Lula and upgraded our hotel management systems across our enterprise, which included enhanced online booking engines among other projects. We are currently developing our social gaming platform under the Lady Luck brand that will include a full suite of play for fun games. We expect to launch the site in late summer 2016.

We also believe our long-term success will depend upon increasing the quality, reach and scope of our operating portfolio, including targeted development projects, rebranding projects, and identifying profitable growth and/or expansion and acquisition opportunities.

3. *Prudent fiscal management* We believe that our business benefits from a cost-effective approach to creating valuable customer experiences and a stronger balance sheet.

We continually strive to find ways to make our business processes more efficient and focus on reducing our operating costs while maintaining or improving customer service levels. In fiscal 2014, we undertook a company-wide effort to identify a variety of cost savings measures to improve our operating performance and implemented measures that we believe reduced our costs by over \$12 million annually.

We have also monetized non-core assets, including the sale and closure of certain assets in Natchez in October 2015, the sale of our casino in Davenport in February 2014, the sale of our casino and hotel in Biloxi in November 2012 and the sale of one of our two riverboat casinos in Lake Charles in February 2012. Generally, we used proceeds from these sales to reduce our debt and/or reinvest into our existing business.

Over the past five years, we reduced debt by approximately \$270 million, or 23%, which includes \$70 million paid off in fiscal 2016, through the disciplined application of our free cash flow, asset sales and a series of financing transactions. We plan to maintain this discipline through continued efforts to further reduce our cost structure, applying discipline in the evaluation and execution of future capital projects and actively managing our capital structure to lower our cost of capital.

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The following is an overview of our casino properties as of April 24, 2016:

Property	Date Acquired or Opened	Slot Machines	Table Games	Hotel Rooms	Parking Spaces
<i>Colorado</i>					
Isle Casino Hotel Black Hawk	December 1998	1,074	34	238	1,100
Lady Luck Casino Black Hawk	April 2003	454	15	164	1,200
<i>Florida</i>					
Pompano Park	July 1995/April 2007	1,446	42		3,800
<i>Iowa</i>					
Bettendorf	March 2000	963	17	509	2,057
Marquette	March 2000	534	8		475
Waterloo	June 2007	941	26	195	1,500
<i>Louisiana</i>					
Lake Charles	July 1995	1,157	49	493	2,539
<i>Mississippi</i>					
Lula	March 2000	871	20	451	1,611
Vicksburg	June 2010	616	7		977
<i>Missouri</i>					
Boonville	December 2001	914	20	140	1,100
Cape Girardeau	October 2012	923	26		1,049
Caruthersville	June 2007	557	9		1,151
Kansas City	June 2000	979	18		1,426
<i>Pennsylvania</i>					
Nemacolin	July 2013	597	29		766
		12,026	320	2,190	20,751

Colorado*Isle Casino Hotel-Black Hawk*

Isle Casino Hotel-Black Hawk commenced operations in December 1998, is located on an approximately 10-acre site and is one of the first gaming facilities reached by customers arriving from Denver via Highway 119, the main thoroughfare connecting Denver to Black Hawk. The property includes a land-based casino with 1,074 slot machines, 25 standard table games, a nine table poker room, a 238-room hotel and 1,100 parking spaces in an attached parking garage. Isle Casino Hotel-Black Hawk also offers customers three restaurants, including a 128-seat Farradays restaurant, a 270-seat Calypso's buffet and a 42-seat Tradewinds Marketplace. The property also has approximately 5,000 square feet of flex space that can be used for meetings and special events.

Lady Luck Casino-Black Hawk

Lady Luck Casino-Black Hawk, which we acquired in April 2003 and rebranded in June 2009, is located across the intersection of Main Street and Mill Street from the Isle Casino Hotel-Black Hawk. The property consists of a land-based casino with 454 slot machines, 10 standard table games, five poker tables, a 164-room hotel that opened in December 2005 and 1,200 parking spaces in our parking structure connecting Isle Casino Hotel-Black Hawk and Lady Luck Casino-Black Hawk. The property also offers guests dining in a 93-seat Otis & Henry's restaurant as well as a grab-and-go fast serve food cart that is located in the main level of the facility. The property also has approximately 2,250 square

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feet of flex space that can be used for meetings and special events. Our Black Hawk sites are connected via sky bridges.

When casinos having multiple gaming licenses in the same building are combined, the Black Hawk/Central City market consists of 23 gaming facilities (seven of which have more than 500 slot machines), which in aggregate, generated gaming revenues of approximately \$674 million in the twelve months ended April 2016. Our Black Hawk properties generated casino revenues for fiscal 2016 of approximately \$136 million. Black Hawk is the closest gaming market to the Denver, Colorado metropolitan area, which has a population of approximately 3.1 million and is located approximately 40 miles east of Black Hawk and serves as the primary feeder market for Black Hawk.

Florida

Pompano

In 1995, we acquired Pompano Park, a harness racing track located in Pompano Beach, Florida and opened the casino in April 2007. Pompano Park is located off of Interstate 95 and the Florida Turnpike on a 223-acre owned site, near Fort Lauderdale, midway between Miami and West Palm Beach. Pompano Park is the only racetrack licensed to conduct harness racing in Florida.

Our Pompano facility includes 1,446 slot machines, a 42-table poker room, a 120-seat Farraddays restaurant, a 110-seat Bragozzos Italian restaurant, a 280-seat Farmer's Pick buffet, a newly renovated 120-seat Myron's Deli, a 12-seat express grab-and-go food outlet, a feature bar, a sports bar, an outdoor trackside food truck and bar and 3,800 parking spaces.

Approximately 2.8 million people reside within a 25-mile radius of our Pompano facility, which competes with seven other pari-mutuels and three Native American gaming facilities in the market. The Pompano facility generated approximately \$179 million in casino revenues for fiscal 2016. While casino revenues are not available for all market competitors, we estimate that we operate approximately 10% of the slot machines in the market.

Iowa

Bettendorf

Our Bettendorf property was acquired in March 2000 and is located off of Interstate 74, an interstate highway serving the Quad Cities metropolitan area, which consists of Bettendorf and Davenport, Iowa and Moline and Rock Island, Illinois. The property currently consists of a dockside casino offering 963 slot machines and 17 table games. The property includes two hotel towers (the North Tower and South Tower) with 509 hotel rooms, of which the 259 rooms in the South Tower were renovated in fiscal 2016. In addition, the property contains 40,000 square feet of flexible convention/banquet space, a 142-seat Farraddays' restaurant, a 262-seat Calypso's buffet, a 26-seat Tradewinds Marketplace and 2,057 parking spaces. We have agreements with the City of Bettendorf, Iowa under which we manage and provide financial and operating support for the QC Waterfront Convention Center that is adjacent to our hotel. The QC Waterfront Convention Center opened in January 2009.

We expect to open our new land-based casino on June 24, 2016, on the current Bettendorf property between our two hotel towers. Our estimated investment in this project is approximately \$60 million. The new 35,000 square foot facility will include approximately 1,000 slot machines and 20 table games, a consolidated single hotel check-in, a grand new entrance and valet drop off. The property will replace its current food offerings with a Farmer's Pick Buffet, a Keller's American Grill Restaurant and a Keller's Express. Other new amenities include the Lone Wolf Bar located directly on the gaming floor, as well as a new fitness center and VIP lounge.

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The Quad Cities metropolitan area currently has three gaming operations, including our gaming facility in Bettendorf and the Rhythm City facility in Davenport, which we sold during February 2014. The three casinos in the Quad Cities generated total gaming revenues of approximately \$189 million for the twelve months ended April 2016. Our Bettendorf property generated casino revenues for fiscal 2016 of approximately \$69 million. Bettendorf also competes with other gaming operations in Illinois and Iowa and a competitor will be moving the Rhythm City casino to a new land-based location in June 2016. Approximately 905,000 people reside within 60 miles of our Bettendorf property.

Marquette

Our Marquette, Iowa property, which we acquired in March 2000, is approximately 60 miles north of Dubuque, Iowa. The property consists of a dockside casino offering 534 slot machines and 8 table games, a marina and 475 parking spaces. The facility operates as a Lady Luck casino and includes a 132-seat buffet restaurant, a 22-seat Otis and Henry's Express food outlet and a 155-seat Lone Wolf restaurant and bar.

Our Marquette property is the only gaming facility in the Marquette, Iowa market and generated casino revenues of approximately \$27 million in fiscal 2016. We believe most of our Marquette customers are from northeast Iowa and Wisconsin, which includes approximately 490,000 people within 60 miles of our property. We compete for those customers with other gaming facilities in Dubuque, Iowa and Native American casinos in southwestern Wisconsin.

Waterloo

Our Waterloo, Iowa property opened in June 2007 and is located adjacent to Highway 218 and US 20. The property consists of a single-level casino offering 941 slot machines, 22 table games and four poker tables. The property also offers a wide variety of non-gaming amenities, including a 96-seat Otis & Henry's restaurant, a 218-seat Farmer's Pick buffet, 65-seat Lone Wolf restaurant and bar, 5,000 square feet of meeting space, 1,500 parking spaces and a 195-room hotel, which includes 27 suites.

Our Waterloo property is the only gaming facility in the Waterloo, Iowa market and approximately 685,000 people live within 60 miles of the property. We compete with other casinos in eastern Iowa. We generated casino revenues of approximately \$89 million in fiscal 2016.

Louisiana

Lake Charles

Our Lake Charles property commenced operations in July 1995 and is located on a 19-acre site along Interstate 10, the main thoroughfare connecting Houston, Texas to Lake Charles, Louisiana. In February 2012, we consolidated our gaming operations onto one gaming vessel offering 1,157 slot machines, 36 table games, including 13 poker tables, two hotels offering 493 rooms, a 96,000 square foot land-based pavilion and entertainment center, and 2,539 parking spaces, including approximately 1,160 spaces in an attached parking garage. The pavilion and entertainment center offer customers a wide variety of non-gaming amenities, including a 100-seat Otis & Henry's restaurant and a 240-seat Farmers' Pick buffet. During fiscal 2016, we remodeled and rebranded the fast casual restaurant to a Lone Wolf Express, which features American favorites and a selection of Asian items. In addition, we updated and rebranded the bar to a Lone Wolf, which features free live entertainment and can accommodate 171 guests. The pavilion also has a 14,750 square foot entertainment center comprised of a 1,142-seat special events center designed for concerts, banquets and other events, meeting facilities and administrative offices.

The Lake Charles market consists of three dockside gaming facilities, the newest of which opened in December 2014, a Native American casino and a pari-mutuel facility/racino. In addition, a Native

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American electronic bingo hall recently opened approximately 100 miles north of Houston. The market includes approximately 8,800 slot machines and approximately 280 table games. For the twelve months ended April 2016, the three gaming facilities and one racino, in the aggregate, generated gaming revenues of approximately \$895 million. Revenues for the Native American property are not published. Casino revenues for our Lake Charles property for fiscal 2016 were approximately \$131 million. Lake Charles is the closest gaming market to the Houston metropolitan area, which has a population of approximately 6.2 million and is located approximately 140 miles west of Lake Charles. We believe that our Lake Charles property attracts customers primarily from southeast Texas, including Houston, Beaumont, Galveston, Orange and Port Arthur and from local area residents. Approximately 500,000 and 1.7 million people reside within 50 and 100 miles, respectively, of the Lake Charles property.

Mississippi

Lula

Our Lula property, which we acquired in March 2000, is located off of Highway 49, the only road crossing the Mississippi River between Mississippi and Arkansas for more than 50 miles in either direction. The property consists of two dockside casinos containing 871 slot machines and 20 table games, two on-site hotels with a total of 451 rooms, a land-based pavilion and entertainment center, 1,611 parking spaces and a 28-space RV Park. The pavilion and entertainment center offer a wide variety of non-gaming amenities, including a 130-seat Otis & Henry's restaurant, a 240-seat Calypso's buffet and a 57-seat Otis & Henry's Express.

Our Lula property is the only gaming facility in Coahoma County, Mississippi and generated casino revenues of approximately \$57 million in fiscal 2016. Lula draws a significant amount of business from the Little Rock, Arkansas metropolitan area, which has a population of approximately 725,000 and is located approximately 120 miles west of the property. Coahoma County is also located approximately 60 miles southwest of Memphis, Tennessee, which is primarily served by eight casinos in Tunica County, Mississippi. Lula also competes with Native American casinos in Oklahoma and racinos in West Memphis, Arkansas and Hot Springs, Arkansas. Approximately 65,000 and 1.0 million people reside within 25 and 60 miles, respectively, of our Lula property.

Vicksburg

Our Vicksburg property, which we acquired in June 2010, is located off Interstate 20 and Highway 61 in western Mississippi, approximately 50 miles west of Jackson, Mississippi. The property consists of a dockside casino offering 616 slot machines and seven table games. During fiscal 2013, the property was rebranded to a Lady Luck, which involved significant changes in appearance and renovation of all restaurants. The property offers a 200-seat Farmer's Pick buffet, a 48-seat Otis & Henry's, a 64-seat Lone Wolf bar and an 18-seat Otis & Henry's Express. The property has 977 parking spaces.

The Vicksburg market consists of five dockside casinos which generated total gaming revenues of approximately \$233 million for the twelve months ended April 2016. Our Vicksburg property generated casino revenues of approximately \$39 million in fiscal 2016. Approximately 700,000 people reside within 60 miles of the property.

Missouri

Boonville

Our Boonville property, which opened in December 2001, is located three miles off Interstate 70, approximately halfway between Kansas City and St. Louis. The property consists of a single level dockside casino offering 914 slot machines, 20 table games, a 140-room hotel, a 32,400 square foot

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pavilion and entertainment center and 1,100 parking spaces. The pavilion and entertainment center offer customers a wide variety of non-gaming amenities, including a 202-seat Farmer's Pick Buffet, a 94-seat Farradays' restaurant, a 26-seat Tradewinds Marketplace, an 850-seat ballroom and a 200 seat event center.

Our Boonville property is the only gaming facility in central Missouri and generated casino revenues of approximately \$82 million in fiscal 2016. We believe that our Boonville casino attracts customers primarily from the approximately 615,000 people who reside within 60 miles of the property which includes the Columbia and Jefferson City areas.

Cape Girardeau

Our Cape Girardeau property, which opened in October 2012, is located three and a half miles from Interstate 55 in Southeast Missouri, approximately 120 miles south of St. Louis, Missouri. The dockside casino offers 923 slot machines, 22 table games and 4 poker tables. The pavilion and entertainment center offer a wide variety of non-gaming amenities, which includes a 110-seat Lone Wolf bar and lounge, a 230-seat Farmer's Pick buffet, a 122-seat Farradays' restaurant, a 12-seat Lone Wolf Express and a 59-seat Keller's restaurant and bar that overlooks the Mississippi river. The property also operates a 7,725 square foot event center with seating for up to 600 patrons and has 1,049 parking spaces.

Our Cape Girardeau property is the only gaming facility in the Cape Girardeau, Missouri market and generated casino revenues of approximately \$64 million in fiscal 2016. Our operations primarily compete with other gaming operations in Southwest Illinois and Southeast Missouri. Approximately 640,000 people reside within 60 miles of our property, which includes Carbondale and Marion, Illinois, Paducah, Kentucky and Sikeston, Missouri.

Caruthersville

Our Caruthersville property was acquired in June 2007 and is a riverboat casino located along the Mississippi River in Southeast Missouri. The dockside casino offers 557 slot machines and nine table games. The property offers a 40,000 square foot pavilion, which includes a 147-seat Lone Wolf bar and lounge and a 232-seat Otis & Henry's restaurant. The property has 1,151 parking spaces.

Our Caruthersville facility generated casino revenues of approximately \$37 million in fiscal year 2016. Approximately 610,000 people reside within 60 miles of the property. Our casino in Cape Girardeau is located approximately 85 miles north of our Caruthersville casino.

Kansas City

Our Kansas City property, which we acquired in June 2000, is the closest gaming facility to downtown Kansas City and consists of a dockside casino offering 979 slot machines and 18 table games, a 172-seat Calypso's buffet, a 162-seat Lone Wolf restaurant and bar, a 44-seat Tradewinds Marketplace and 1,426 parking spaces.

The Kansas City market consists of four dockside gaming facilities, a land-based facility which opened in February 2012 and a Native American casino. Operating statistics for the Native American casino are not published. The four dockside gaming facilities and the land-based facility generated gaming revenues of approximately \$748 million for the twelve months ended April 2016. Our Kansas City property generated casino revenues of approximately \$77 million during fiscal 2016. We believe that our Kansas City casino attracts customers primarily from the Kansas City metropolitan area, which has approximately 2.0 million residents.

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Pennsylvania

Nemacolin

Lady Luck Nemacolin opened July 1, 2013. The property is located on the 2,000 acre Nemacolin Woodlands Resort in Western Pennsylvania. The casino property includes 597 slot machines, 29 table games, a 133-seat Otis & Henry's restaurant, a 83-seat Lone Wolf restaurant, bar and lounge and 766 parking spots. The Nemacolin Woodlands Resort includes over 300 rooms, suites, townhouses and luxury homes for the property guests, as well as numerous activities for the outdoor enthusiast.

Our Nemacolin property is the only casino in Fayette County, Pennsylvania and generated \$41 million of gaming revenues during fiscal year 2016. We believe that our casino attracts customers staying at the Nemacolin Woodlands Resort as well as from the 2.5 million people who reside within 60 miles of the property. The closest competing casino to Nemacolin is approximately 60 miles away. The Nemacolin facility competes primarily with a casino and a racino in the Pittsburgh, Pennsylvania area and a casino in Rocky Gap, Maryland.

Marketing

We continue to focus on profitable revenue growth through our strategic initiatives: optimizing customer reinvestment, innovating revenue channels and improving our customers' experience. Our targeted promotions, direct mail and fun entertainment options reflect our strong dedication to lifecycle management. We strive to deliver the right message to each of our customers at the right time and through the right channel.

Our marketing programs and initiatives are focused on the following areas:

Channel Optimization: In the highly-competitive markets in which we operate, it is critical for us to stay in-tune with our customers and offer relevant and competitive services and programs in the right channel. Our marketing strategies will continue to be refined as technology, media preferences and communication channels evolve.

Database Marketing and Analytics: We have compiled an extensive database of customer information over time. This information is being used in new ways, including predictive modeling, which allows us to maximize customer profitability and improve targeting within our programming.

Regional Marketing Management Model: The conversion to a regional management model in marketing operations in fiscal 2015 has improved our sharing of best practices and time-to-market. This approach allows us to maximize the effect of our most talented employees, yielding best practices on profitability, marketing and operations.

Fan Club®: Fan Club, our customer loyalty program, provides customers the opportunity to earn same-day benefits based on their level of play. The five-tier program provides customers with unique rewards based on individual tier. In fiscal 2015, we moved the last four properties using legacy loyalty programs to Fan Club so that each property in the enterprise now offers Fan Club benefits to its guests. As with all marketing strategies, we will continually reevaluate the benefits of Fan Club and make adjustments to improve the experience for our guests and the efficient of our marketing.

Retail Development: We continue our commitment to retail customers via enhanced food & beverage quality, engaging entertainment and fun promotions. Our current communication strategy is fully-integrated, using digital, social and traditional media to reach customers in a variety of ways. By diversifying our communication channels, we ensure that retail guests remain engaged with us regardless of their individual media consumption preferences. Our focus on new and more

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effective mass communication strategies will improve the return on investment of our buys and yield a better understanding of how our media strategy drives revenues.

Brand: Our brands are a reflection of our culture, our customers and who we are. Our service culture and commitment to providing an exceptional, casual, come as you are experience, is manifested in every aspect of our marketing and property experience.

Employees

As of April 24, 2016, we employed approximately 6,600 full and part-time people. We have a collective bargaining agreement with UNITE HERE covering approximately 470 employees at our Pompano property which was renewed in June 2015 and expires on May 31, 2018. We believe that our relationship with our employees is satisfactory.

Governmental Regulations

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

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

Available Information

Our web site is www.isleofcapricasinos.com. Our electronic filings with the U.S. Securities and Exchange Commission (including all annual reports on Form 10-K, quarter reports on Form 10-Q, and current reports on Form 8-K, and any amendments to these reports), including the exhibits, are available free of charge through our web site as soon as reasonably practicable after we electronically file them with or furnish them to the U.S. Securities and Exchange Commission. The information found on our website is not part of this or any other report we file with, or furnish to, the U.S. Securities and Exchange Commission.

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ITEM 1A. RISK FACTORS

An investment in our securities is subject to risks inherent to our business. We have described below what we currently believe to be the material risks and uncertainties in our business. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. Before making an investment decision, you should carefully consider the risks and uncertainties described below, together with all of the other information included or incorporated by reference in this Annual Report on Form 10-K.

This Annual Report on Form 10-K is qualified in its entirety by these risk factors. We also face other risks and uncertainties beyond what is described below. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. If this were to happen, the value of securities, including our common stock, could decline significantly. You could lose all or part of your investment.

We face significant competition from other gaming operations, including Native American gaming facilities, and from legalization or expansion of gaming by states in or near where we own properties, that could have a material adverse effect on our future operations.

The gaming industry is intensely competitive and we face a high degree of competition in the markets in which we operate. We have numerous competitors, including land-based casinos, dockside casinos, riverboat casinos, casinos located on racing tracks, pari-mutuel operations or Native American-owned lands and video lottery and poker machines not located in casinos. We also compete with other forms of legalized gaming and entertainment such as online computer gambling, bingo, pull tab games, card parlors, sports books, fantasy sports websites, "cruise-to-nowhere" operations, pari-mutuel or telephonic betting on horse racing and dog racing, state-sponsored lotteries, jai-alai, and, in the future, may compete with gaming at other venues. In addition, we compete more generally with other forms of entertainment for the discretionary spending of our customers. We also face the risk that existing competitors will expand their operations and the risk that Native American gaming will continue to grow. For example, an existing competitor of our Bettendorf, Iowa property in Davenport opened its land-based gaming facility on June 16, 2016 replacing its previous riverboat casino. Some of our competitors may have better name recognition, marketing and financial resources than we do; competitors with more financial resources may therefore be able to improve the quality of, or expand, their gaming facilities in a way that we may be unable to match.

In addition, we also face the risk of further legalization and/or expansion of gaming. Certain states have recently legalized and other states are currently considering legalizing gaming. Our existing casinos attract a significant number of their customers from Houston, Texas; South Florida; Little Rock, Arkansas; and Denver, Colorado. Our continued success depends upon drawing customers from each of these geographic markets. In the past, legislation to legalize or expand gaming has been introduced that would impact some of these markets. For example, the Arkansas attorney general recently certified a proposed ballot initiative to amend the Arkansas Constitution to permit up to four gaming establishments. If the ballot initiative is successful, it could adversely affect our Lula property. Additionally, from time to time the State of Florida has entered into or amended gaming compacts with Native American Casinos or enacted, amended or discussed possible changes in gaming laws which could have positive or negative impacts on our Pompano operations. Recently the First District court of Appeals for the State of Florida ruled that a pari-mutuel operator in Gadsden County was entitled to a slot license from the Florida division of pari-mutuel wagering based on the court's interpretation of legislation passed in 2010. The court's ruling was challenged; however, if the ruling is upheld, it may apply to other counties in Florida and could lead to further expansion of gaming that could adversely affect our Pompano operation.

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We expect similar proposals to legalize or expand gaming will be made in the future in various states, and it is uncertain whether such proposals will be successful. Further, because the economic recession has reduced the revenues of state governments from traditional tax sources, voters and state legislatures may be more sympathetic to proposals authorizing or expanding gaming in those jurisdictions.

In addition, there is no limit on the number of gaming licenses that may be granted in several of the jurisdictions in which we operate. As a result, new gaming licenses could be awarded in these jurisdictions, which could allow new gaming operators to enter our markets that could have an adverse effect on our operating results.

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

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

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

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

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

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arise in the future, the precise nature of which we cannot now predict. The coverage and attendant compliance costs associated with these laws, regulations and ordinances may result in future additional costs.

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

We are required to report certain customer's gambling winning via form W-2G's to comply with current Internal Revenue Service regulations. Should these regulations change, we would expect to incur additional costs to comply with the revised reporting requirements.

In May 2016, the U.S. Department of Labor released updated rules on overtime for salaried employees. Effective December 1, 2016, certain exempt salaried employees making below \$47,476 annually may qualify for overtime. We expect to incur additional costs to comply with the revised rules.

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

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

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

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

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material increase, or the adoption of additional taxes or fees, could have a material adverse effect on our future financial results.

Our operations in certain jurisdictions depend on agreements with third parties.

Our operations in several jurisdictions depend on agreements with third parties. If we are unable to renew these agreements on satisfactory terms as they expire, our business may be disrupted and, in the event of disruptions in multiple jurisdictions, could have a material adverse effect on our financial condition and results of operations. For example, Iowa law requires that each gambling venue in Iowa must have a licensed "Qualified Sponsoring Organization," or QSO, which is a tax-exempt non-profit organization. The QSO must donate the profits it receives from casino operations to educational, civic, public, charitable, patriotic or religious uses. Each of our three Iowa properties has an agreement with a local QSO. We have the right to renew our agreements for Bettendorf and Waterloo when they expire in 2025 and 2018, respectively. In October 2015, we amended our agreement for Marquette which extended the expiration to June 2044.

We have a management agreement with Nemaquin Woodlands Resort, the owner of the gaming license issued by the Pennsylvania Gaming Control Board allowing operation of a casino at the resort. Under the terms of this agreement, we constructed and currently operate a casino at the resort. Our management agreement is subject to a buy-out provision on or after December 31, 2021, as well as other terms and conditions which could result in termination of the management agreement. The base term of the agreement is ten years, with four, five-year renewal options. Additionally, each party to the management agreement has certain termination rights. If the management agreement is terminated, we will no longer have the right to manage our casino at Nemaquin Woodlands Resort.

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

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

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

We have a significant amount of indebtedness. As of April 24, 2016, we had approximately \$923 million of total debt outstanding.

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

limiting our ability to use operating cash flow or obtain additional financing to fund working capital, capital expenditures, expansion and other important areas of our business because we must dedicate a significant portion of our cash flow to make principal and interest payments on our indebtedness;

causing an event of default if we fail to satisfy the financial and restrictive covenants contained in the indentures and agreements governing our senior secured credit facility, our 5.875% senior notes, our 8.875% senior subordinated notes and our other indebtedness, which could result in all of our debt becoming immediately due and payable, could permit our secured lenders to foreclose on the assets securing our secured debt and have other adverse consequences, any of which, if not cured or waived, could have a material adverse effect on us;

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if the indebtedness under our 5.875% senior notes, our 8.875% senior subordinated notes, our senior secured credit facility, or our other indebtedness were to be accelerated, we may not have sufficient assets to repay such indebtedness in full;

placing us at a competitive disadvantage to our competitors who are not as highly leveraged;

increasing our vulnerability to and limiting our ability to react to changing market conditions, changes in our industry and economic downturns or downturns in our business; and

our agreements governing our indebtedness, among other things, require us to maintain certain specified financial ratios and to meet certain financial tests. Our debt agreements also limit our ability to:

- i. borrow money;
- ii. make capital expenditures;
- iii. use assets as security in other transactions;
- iv. make restricted payments or restricted investments;
- v. incur contingent obligations; and
- vi. sell assets and enter into leases and transactions with affiliates.

A portion of our outstanding debt bears interest at variable rates. If short-term interest rates rise, our interest cost will increase our variable rate indebtedness, which will adversely affect our results of operations and available cash.

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

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

The terms of our senior secured credit facility, and the indentures governing our 5.875% senior notes, our 8.875% senior subordinated notes limit, but do not prohibit, us or our subsidiaries from incurring significant additional indebtedness in the future.

As of April 24, 2016, we have the capacity to incur additional indebtedness, including the ability to incur additional indebtedness under our line of credit, of approximately \$224 million, after taking into account \$8 million in letters of credit currently outstanding. If new debt is added to our current level of indebtedness, the related risks that we now face could intensify.

Our senior secured credit facility matures on April 19, 2018 and we may not be able to renew or extend it or enter into a new credit facility. In addition, our ability to renew or extend our senior secured credit facility or to enter into a new credit facility may be impaired if market conditions worsen. If we are able to renew or extend our senior secured credit facility, it may be on terms substantially less favorable than the senior secured credit facility.

Our senior secured credit facility matures on April 19, 2018. Our ability to renew or extend our existing senior secured credit facility or to enter into a new credit facility to replace the existing senior secured credit facility could be impaired if market conditions worsen. In the current environment, lenders may seek more restrictive lending provisions and higher interest rates that may reduce our borrowing capacity and increase

our costs. Failure to obtain sufficient financing or financing on acceptable terms would constrain our ability to operate our business and to continue our development

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and expansion projects. Any of these circumstances could have a material adverse effect on our business, financial condition and results of operations.

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

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

our ability to successfully identify attractive acquisition and development opportunities;

our ability to successfully operate any developed, managed or acquired properties;

our ability to generate returns, if any, may take significantly longer than we expect;

our ability to attract and retain competent management and employees for the new locations;

our ability to secure required federal, state and local licenses, permits and approvals, which in some jurisdictions are limited in number and subject to intense competition; and

the availability of adequate financing on acceptable terms.

Many of these factors are beyond our control. Additionally, from time to time there are significant disruptions in the global capital markets that may adversely impact the ability of borrowers like us to access capital. Accordingly, we could be dependent on free cash flow from operations and remaining borrowing capacity under our senior secured credit facility to implement our near-term expansion plans and fund our planned capital expenditures. Moreover, lower-than-expected results from the opening of a new property may negatively affect our operating results and financial condition and may make it more difficult to raise capital. As a result of these and other considerations, we may not be able to successfully expand to additional locations or recover our investments in any new gaming development, management opportunities or acquired facilities.

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

From time to time, we may commence construction projects on new properties or at our current properties. For example, construction of a new \$60 million land-based casino at our Bettendorf, Iowa property is nearly complete, with an expected opening date of June 24, 2016. We also evaluate other expansion opportunities as they become available and we may in the future engage in additional construction projects. The anticipated costs and construction periods for our construction projects are based upon budgets, conceptual design documents and construction schedule estimates prepared by us in consultation with our architects. Construction projects entail significant risks, which can substantially increase costs or delay completion of a project. Such risks include shortages of materials or skilled labor, unforeseen engineering, environmental or geological problems, work stoppages, weather interference and unanticipated cost increases. Most of these factors are beyond our control. In addition, difficulties or delays in obtaining any of the requisite licenses, permits or authorizations from regulatory authorities can increase the cost or delay the completion of an expansion or development. Significant budget overruns or delays with respect to expansion and development projects could adversely affect our results of operations.

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Our gaming operations rely heavily on technology services and an uninterrupted supply of electrical power. Our security systems and all of our slot machines are controlled by computers and reliant on electrical power to operate.

The absence of sufficient electrical power, open data lines, or a failure of the technology services needed to run our systems may cause us to be unable to run all or parts of gaming operations. Any unscheduled interruption in our technology services or interruption in the supply of electrical power is likely to result in an immediate, and possibly substantial, loss of revenues due to a shutdown of our gaming operations. Our systems are also vulnerable to damage or interruption from rolling blackouts, earthquakes, floods, fires, telecommunication failures, terrorist attacks, computer viruses, computer denial-of-service attacks and similar events.

Some of our casinos are located on leased property. If we default on one or more leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected casino.

We lease certain parcels of land on which several of our properties are located. As a ground lessee, we have the right to use the leased land; however, we do not hold fee ownership in the underlying land. Accordingly, with respect to the leased land, we will have no interest in the land or improvements thereon at the expiration of the ground leases. Moreover, since we do not completely control the land underlying the property, a landowner could take certain actions to disrupt our rights in the land leased under the long-term leases which are beyond our control. If the entity owning any leased land chose to disrupt our use either permanently or for a significant period of time, then the value of our assets could be impaired and our business and operations could be adversely affected. If we were to default on any one or more of these leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected land and any improvements on the land, including the hotels and casinos. This would have a significant adverse effect on our business, financial condition and results of operations as we would then be unable to operate all or portions of the affected facilities and may result in the default under our amended and restated credit facility.

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

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

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

Robert S. Goldstein, our Chairman of the Board, and Jeffrey D. Goldstein and Richard A. Goldstein, two of our directors, and various family trusts associated with members of the Goldstein family and entities associated with certain members of the Goldstein family, (collectively the "Goldstein Parties") directly and indirectly collectively own and control approximately 36.5% of our common stock as of April 24, 2016.

The Goldstein Parties have substantial control over the election of our board of directors and the outcome of the vote on substantially all other matters, including amendment of our amended and restated certificate of incorporation, amendment of our by-laws and significant corporate transactions, such as the approval of a merger or other transactions involving a sale of the Company. Such substantial control may have the effect of discouraging transactions involving an actual or potential

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change of control, which in turn could have a material adverse effect on the market price of our common stock or prevent our stockholders from realizing a premium over the market price for their shares of common stock. The interests of the Goldstein Parties may differ from those of our other stockholders.

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

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

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

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

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

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

We are subject to extensive governmental regulations that impose restrictions on the ownership and transfer of our securities.

No person may become the beneficial owner of five percent or more of any class or series of our capital stock unless such person agrees in writing to provide certain information to, and consent to a background investigation by, any applicable gaming authority. Our certificate of incorporation requires that, if in the judgment of our board of directors, a beneficial owner of our capital stock may result in the disapproval, modification, or non-renewal of any contract under which we have authority to manage any gaming operations or the loss or non-reinstatement of any license from any governmental agency to conduct any portion of our business, we may redeem such person's securities.

If we deem it necessary or advisable to redeem such securities, we will serve notice on the holder who holds securities subject to redemption and will call for the redemption of the securities of such holder at a redemption price equal to that required to be paid by the applicable gaming authority, or if such gaming authority does not require a certain price per share to be paid, a sum deemed reasonable by us, which in our discretion may be the original purchase price, the then current trading price of the securities or another price we determine. The redemption price may be paid in cash, by promissory note, or both, as required by the applicable gaming authority and, if not so required, as we elect. Unless the gaming authority requires otherwise, the redemption price will in no event exceed (i) the closing sale price of the securities on the national securities exchange on which such shares are then listed or (ii) if the shares are not then listed, then the mean between the representative bid and the ask price as quoted by any other generally recognized reporting system.

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From and after the date of redemption, such securities will no longer be deemed to be outstanding and all rights of the person who was determined to be unsuitable, other than the right to receive the redemption price, will cease. Such person must surrender the certificates for any securities to be redeemed in accordance with the requirements of the redemption notice.

Ownership and transfer of our securities could be subjected at any time to additional or more restrictive regulations, including regulation in applicable jurisdictions where there are no current restrictions on the ownership and transfer of our securities or in new jurisdictions where we may conduct our operations in the future. A detailed description of such regulations, including the requirements under gaming laws of the jurisdictions in which we operate, can be found in the Exhibit 99.1 to this Form 10-K and is incorporated herein by reference.

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

Although we had income from continuing operations of \$48.3 million in fiscal 2016 and \$7.3 million in fiscal 2015, respectively, we sustained a (loss) from continuing operations of \$(116.8) million in fiscal 2014. Companies with fluctuations in income (loss) from continuing operations often find it more challenging to raise capital to finance improvements in their businesses and to undertake other activities that return value to their stockholders. In addition, companies with operating results that fluctuate significantly on a quarterly or annual basis may experience increased volatility in their stock prices in addition to difficulties in raising capital. There may be fluctuations in our income (losses) from continuing operations in the future, and should that occur, we may suffer adverse consequences to our business as a result, which could decrease the value of our common stock.

We may incur impairments to goodwill, indefinite-lived intangible assets, or long-lived assets, which could negatively affect our operating results.

As of April 24, 2016, we had \$162.2 million of goodwill and other intangible assets. We perform annual impairment testing for goodwill and indefinite-lived intangible assets as of the first day of the fourth fiscal quarter of each year, or on an interim basis if indicators of impairment exist. For properties with goodwill and/or other intangible assets with indefinite lives, these tests could require the comparison of the implied fair value of each reporting unit to carrying value.

We must make various assumptions and estimates in performing our impairment testing. The implied fair value includes estimates of future cash flows that are based on reasonable and supportable assumptions which represent our best estimates of the cash flows expected to result from the use of the assets including their eventual disposition and by a market approach based upon valuation multiples for similar companies. Changes in estimates, increases in our cost of capital, reductions in transaction multiples, operating and capital expenditure assumptions or application of alternative assumptions and definitions, could produce significantly different results.

We also evaluate long-lived assets for impairment if indicators of impairment exist. In assessing the recoverability of the carrying value of such property, equipment and other long-lived assets, we make assumptions regarding future cash flows and residual values.

Future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates. If our ongoing estimates of future cash flows are not met, we may have to record additional impairment charges in future accounting periods. Our estimates of cash flows are based on the current regulatory, social and economic climates, recent operating information and budgets, and current operating plans of the various properties where we conduct operations. These estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, internal operating decisions, or other events affecting various forms of travel and access to our properties.

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

The operations of our facilities are subject to disruptions or reduced patronage as a result of severe weather conditions, natural disasters and other casualties. Because many of our gaming operations are located on or adjacent to bodies of water, these facilities are subject to risks in addition to those associated with other casinos, including loss of service due to casualty, forces of nature, mechanical failure, extended or extraordinary maintenance, flood, hurricane or other severe weather conditions and other disasters. For example, flooding along the Mississippi River resulted in five of our properties being closed for differing periods of time in fiscal 2012 and the harsh weather in the winter of fiscal 2014 affected regional gaming revenues. In addition, severe weather such as high winds and blizzards occasionally limits access to our land-based facilities in Colorado. The proceeds from any future insurance claim may not be sufficient to compensate us if one or more of our casinos experience a closure.

We have three properties that each generated more than 10% of our net revenues.

In fiscal 2016, our casinos in Pompano, Florida, Lake Charles, Louisiana and our Isle property in Black Hawk, Colorado, each generated more than 10% of our net revenues. Our ability to meet our operating and debt service requirements is dependent, in part, upon the continued success of these facilities. The operations at these facilities and any of our other facilities could be adversely affected by numerous factors, including those described in these "Risk Factors" as well as more specifically those described below:

risks related to local and regional economic and competitive conditions, such as a decline in the number of visitors to a facility, a downturn in the overall economy in the market, a decrease in consumer spending on gaming activities in the market or an increase in competition within and outside the state in which each property is located (for example, the effect on our Lake Charles property due to the new competitor which opened December 2014 and the effect on our Black Hawk properties due to a substantially renovated and expanded casino across the street);

changes in local and state governmental laws and regulations (including changes in laws and regulations affecting gaming operations and taxes) applicable to a facility;

impeded access to a facility due to weather, road construction or closures of primary access routes;

work stoppages, organizing drives and other labor problems as well as issues arising in connection with agreements with horsemen and pari-mutuel clerks; and

the occurrence of natural disasters or other adverse regional weather trends.

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

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

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The market price of our common stock may fluctuate significantly.

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

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

Some of our employees at our Pompano, Florida location are currently represented by a labor union. Labor unions are making a concerted effort to recruit more employees in the gaming industry. In addition, organized labor may benefit from new legislation or legal interpretations by the current presidential administration. We may experience additional or more successful union organizing activity in the future.

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

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

From time to time, we are defendants in various lawsuits and gaming regulatory proceedings relating to matters incidental to our business. As with all litigation, the outcome of these matters is uncertain and, in general, litigation can be expensive and time consuming. We may not be successful in the defense or prosecution of our current or future legal proceedings, which could result in settlements or damages that could significantly impact our business, financial condition and results of operations.

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

We may suffer damage to our property caused by a casualty loss (such as fire, natural disasters, acts of war or terrorism), that could severely disrupt our business or subject us to claims by third parties who are injured or harmed. Although we maintain insurance customary in our industry, (including property, casualty, terrorism and business interruption insurance) that insurance may not be adequate or available to cover all the risks to which our business and assets may be subject. The lack of sufficient insurance for these types of acts could expose us to heavy losses if any damages occur, directly or indirectly, that could have a significant adverse impact on our operations.

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

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Our information technology and other systems are subject to cyber security risk including misappropriation of customer information or other breaches of information security.

We collect information relating to our guests and employees for various business purposes, including marketing and promotional purposes. The collection and use of personal data are governed by privacy laws and regulations enacted in the United States. We rely on information technology and other systems to maintain and transmit this personal and financial information, credit card settlements, credit card funds transmissions, mailing lists and reservations information. Our information and processes are subject to the ever-changing threat of compromised security, in the form of a risk of potential breach, system failure, computer virus, or unauthorized or fraudulent use by customers, company employees, or employees of third party vendors. The steps we take to deter and mitigate these risks may not be successful, and any resulting compromise or loss of data or systems could adversely impact, operations or regulatory compliance and could result in remedial expenses, fines, litigation, and loss of reputation, potentially impacting our financial results.

In addition, third party service providers and other business partners process and maintain proprietary business information and data related to our guests, suppliers and other business partners. Our information technology and other systems that maintain and transmit this information, or those of service providers or business partners, may also be compromised by a malicious third party penetration of our network security or that of a third party service provider or business partner, or impacted by intentional or unintentional actions or inactions by our employees or those of a third party service provider or business partner. As a result, our business information, guest, supplier, and other business partner data may be lost, disclosed, accessed or taken without their consent.

Any such loss, disclosure or misappropriation of, or access to, guests' or business partners' information or other breach of our information security can result in legal claims or legal proceedings, including regulatory investigations and actions, may have a serious impact on our reputation and may adversely affect our businesses, operating results and financial condition. Furthermore, the loss, disclosure or misappropriation of our business information may adversely affect our reputation, businesses, operating results and financial condition.

We have recently announced social gaming initiatives, which is a new line of business for us and a rapidly evolving and highly competitive market. We may not be able to compete effectively in this marketplace and our new initiatives may not be successful.

We have recently announced social gaming initiatives and expect to invest in and market social gaming and other mobile gaming platforms to our customers in casinos and beyond. Our products will compete in a rapidly evolving and highly competitive market against an increasing number of competitors, including Caesars Interactive, Churchill Downs, Penn National Gaming and Zynga. Given the open nature of the development and distribution of games for electronic devices, our business will also compete with developers and distributors who are able to create and launch games and other content for these devices using relatively limited resources and with relatively limited start-up time or expertise. We have limited experience operating in this rapidly evolving marketplace and may not be able to compete effectively.

In addition, our ability to be successful with our social gaming platform is dependent on numerous factors beyond our control that affect the social and mobile gaming industry and the online gaming industry in the United States, including the occurrence and manner of legalization of online real money gaming in the United States beyond Nevada, Delaware and New Jersey; changes in consumer demographics and public tastes and preferences; changing laws and regulations affecting social and mobile games; the reaction of regulatory bodies to social gaming initiatives by holders of gaming licenses; the availability and popularity of other forms of entertainment; any challenges to the intellectual property rights underlying our games; and outages and disruptions of our online services that may harm our business.

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Our social gaming initiatives will result in increased operating expense and increased time and attention from our management. Our social games will be complementary to our current operations and offer additional avenues of access and interaction for our customers. We do not expect our initial social gaming applications to be available for real money gaming, and we do not expect our social gaming initiatives to generate significant revenues in the near future.

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

There are a limited number of slot machine manufacturers servicing the gaming industry and a large majority of our revenues are derived from slot machines at our casinos. It is important, for competitive reasons, we offer the most popular and up-to-date slot machine games, with the latest technology to our customers.

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

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

We materially rely on a variety of hardware and software products to maximize revenue and efficiency in our operations. Technology in the gaming industry is developing rapidly, and we may need to invest substantial amounts to acquire the most current gaming and hotel technology and equipment in order to remain competitive in the markets in which we operate. Ensuring the successful implementation and maintenance of any new technology acquired is an additional risk.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Isle-Black Hawk

We own approximately 10 acres of land in Black Hawk, Colorado for use in connection with our Black Hawk operations. The property leases an additional parcel of land adjoining the Isle-Black Hawk to where the Lady Luck Hotel and parking are located. This lease is for an initial term of five years ending May 2019 with options to renew for 15 additional terms of five years each with the final option period concluding May 31, 2094. Annual rent is currently \$2.57 million through May 31, 2019. The rental rate thereafter shall be adjusted annually to correspond to any rise or fall in the Consumer Price Index ("CPI") at one-year intervals.

Lady Luck-Black Hawk

We own or lease approximately seven acres of land in Black Hawk, Colorado for use in connection with the Lady Luck-Black Hawk. The property leases an additional parcel of land near the Lady Luck-Black Hawk for parking as described above.

Pompano

We own approximately 223 acres at Pompano.

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Lake Charles

We own approximately 2.7 acres and lease approximately 16.2 acres of land in Calcasieu Parish, Louisiana for use in connection with our Lake Charles operations. This lease automatically renewed in March 2015 for five years and we have the option to renew it for 13 additional terms of five years each, subject to increases based on the CPI with a minimum of 10% and construction of hotel facilities on the property. We own two hotels in Lake Charles with a total of 493 rooms. Annual rent payments under the Lake Charles lease are approximately \$2.2 million.

Bettendorf

We own approximately 24.6 acres of land in Bettendorf, Iowa used in connection with the operations of our Bettendorf property. We also operate under a long-term lease with the City of Bettendorf, the QC Waterfront Convention Center that is adjacent to our northernmost hotel tower. We also lease approximately eight acres of land on a month-to-month basis from an entity owned by members of the Goldstein family, including Robert S. Goldstein, our Chairman of the Board and Jeffrey D. Goldstein and Richard A. Goldstein, directors of our company, which we utilize for parking. The initial term of the lease expires 60 days after written notice is given to either party and rent under the lease is currently \$60,000 annually.

Marquette

We lease the dock site in Marquette, Iowa that is used in connection with our Marquette operations. In November 2015, we amended the lease and extended the expiration date to June 2044. Through June 10, 2019, annual rent under the lease is approximately \$180,000, plus \$1.00 per passenger, plus 2.5% of gaming revenues (less state wagering taxes) in excess of \$20.0 million but less than \$40.0 million; 5% of gaming revenues (less state wagering taxes) in excess of \$40.0 million but less than \$60.0 million; and 7.5% of gaming revenues (less state wagering taxes) in excess of \$60.0 million. Subsequent to June 10, 2019, annual rent under the lease is 1.52% of gaming revenues, less state wagering taxes. We have an easement related to an overhead pedestrian bridge and driveway that is an annual payment of approximately \$6,300. We also own approximately 25 acres of land for the pavilion, satellite offices, warehouse, lots by the marina and other property.

Waterloo

We own approximately 54 acres of land in Waterloo, Iowa used in connection with the operation of our Waterloo property. We also lease 17,517 square feet of warehouse space. Subsequent to year end, the lease was renewed until June 2018. Rent under this lease is currently \$5,021 per month.

Lula

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

Vicksburg

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

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Boonville

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

Cape Girardeau

We own approximately 22 acres in Cape Girardeau, Missouri which are used in connection with the operations of our Cape Girardeau property.

Caruthersville

We own approximately 37 acres, including our riverboat casino and 1,151 parking spaces in Caruthersville, Missouri.

Kansas City

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

Nemacolin

We operate under a long-term lease with the Nemacolin Woodlands Resort for 30 acres of land and building in which we operate our casino. The lease is for an initial term of 10 years which commenced with the opening of the casino, on July 1, 2013. The lease includes options to renew for four additional terms of five years each, with the final option period concluding June 2043. Lease payments associated with this space are \$150,000 annually, plus 2.0% of gross gaming revenues in excess of \$30 million.

Other

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

We lease our principal corporate office in Creve Coeur, Missouri.

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

All of our operating properties, except for our Nemacolin property and a portion of the excess land at our Pompano property, and most of our other owned and leased property interests collateralize our obligations under our senior secured credit facility.

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ITEM 3. LEGAL PROCEEDINGS

In October 2012, we opened our new casino in Cape Girardeau, Missouri. A subcontractor filed a mechanics' lien against our property resulting from a dispute between the subcontractor and our general contractor for the construction project. We demanded that the general contractor cause the lien to be bonded against or satisfied; however, the general contractor refused to do so and asserted that a portion of the subcontractor's claim resulted from additional work directly requested by us. In October 2013, the subcontractor filed suit against our wholly-owned subsidiary IOC-Cape Girardeau, LLC, the general contractor and two other defendants alleging various contract and equitable claims and were seeking damages of approximately \$3.8 million. In August 2014, we filed a cross claim against the general contractor alleging breach of contract and various indemnity claims. In January 2016, all parties reached a settlement fully resolving all claims related to this matter and we paid and capitalized additional construction costs of \$1.4 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.

ITEM 4. MINE SAFETY DISCLOSURES

None.

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(a)

i.

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

	High	Low
First Quarter (through June 16, 2016)	\$ 17.32	\$ 14.54
Fiscal Year Ending April 24, 2016		
Fourth Quarter	\$ 15.16	\$ 10.92
Third Quarter	20.99	12.27
Second Quarter	19.97	16.20
First Quarter	20.65	14.01
Fiscal Year Ending April 26, 2015		
Fourth Quarter	\$ 14.97	\$ 10.04
Third Quarter	10.64	6.80
Second Quarter	8.60	6.42
First Quarter	10.24	6.39

ii.

Holders of Common Stock. As of June 17, 2016, there were approximately 1,252 holders of record of our common stock.

iii.

Dividends. We have never declared or paid any dividends with respect to our common stock and the current policy of our board of directors is to retain earnings to provide for the growth of our company. In addition, our senior secured credit facility and the indentures governing our 5.875% senior notes and our 8.875% senior subordinated notes limit our ability to pay dividends. See "Item 8 Financial Statements and Supplementary Data-Isle of Capri Casinos, Inc. Notes to Consolidated Financial Statements Note 7." Consequently, no cash dividends are expected to be paid on our common stock in the near future. Further, there can be no assurance that our current and proposed operations would generate the funds needed to declare a cash dividend or that we would have legally available funds to pay dividends. In addition, we may fund part of our operations in the future from indebtedness, the terms of which may further prohibit or restrict the payment of cash dividends. If a holder of common stock is disqualified by the regulatory authorities from owning such shares, such holder will not be permitted to receive any dividends with respect to such stock. See "Item 1 Business-Governmental Regulations."

(b)

Issuance of Unregistered Securities

None.

(c)

Purchases of our Common Stock

We have purchased our common stock under stock repurchase programs. These programs allow for the repurchase of up to 6,000,000 shares. To date we have purchased 4,895,792 shares of common stock under these programs. These programs have no approved dollar amount, nor expiration dates. No purchases were made during the fiscal year ended April 24, 2016.

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COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Isle of Capri Casinos, Inc., the NASDAQ Composite Index
and the Dow Jones US Gambling Index

*

\$100 invested on 4/24/11 in stock or 4/30/11 in index, including reinvestment of dividends. Indexes calculated on month-end basis.

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ITEM 6. SELECTED FINANCIAL DATA.

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

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statements, including the related notes, contained elsewhere in this document and other data we have filed with the U.S. Securities and Exchange Commission.

	Fiscal Year Ended(1)				
	April 24, 2016	April 26, 2015	April 27, 2014	April 28, 2013	April 29, 2012
(dollars in millions, except per share data)					
Statement of Operations					
Revenues:					
Casino	\$ 1,028.0	\$ 1,032.2	\$ 981.1	\$ 938.8	\$ 927.1
Rooms	29.5	30.4	31.3	30.3	31.0
Food, beverage, pari-mutuel and other	132.4	137.2	132.4	125.1	119.6
Insurance recoveries					7.4
Gross revenues	1,189.9	1,199.8	1,144.8	1,094.2	1,085.1
Less promotional allowances	(211.3)	(222.8)	(210.4)	(196.2)	(180.7)
Net revenues	978.6	977.0	934.4	898.0	904.4
Operating expenses:					
Casino	152.7	156.5	152.9	144.5	142.2
Gaming taxes	261.9	263.3	249.6	235.4	231.4
Rooms	6.8	6.6	6.8	6.4	6.8
Food, beverage, pari-mutuel and other	48.5	48.9	46.2	43.5	42.2
Marine and facilities	54.1	56.0	55.3	51.9	53.1
Marketing and administrative	220.1	223.9	224.0	215.7	215.2
Corporate and development	29.0	29.1	28.5	33.9	40.3
Valuation charges		9.0	151.6	34.1	30.6
Litigation accrual reversals			(9.3)		
Preopening	0.2		3.9	5.8	0.6
Depreciation and amortization	82.1	77.8	79.6	69.7	72.3
Total operating expenses	855.4	871.1	989.1	840.9	834.7
Operating income (loss)	123.2	105.9	(54.7)	57.1	69.7
Interest expense	(68.0)	(84.1)	(81.3)	(89.4)	(87.9)
Interest income	0.3	0.4	0.3	0.5	0.8
Loss on early extinguishment of debt	(3.0)	(13.8)			
Derivative income			0.4	0.7	0.4
Income (loss) from continuing operations before income taxes	52.5	8.4	(135.3)	(31.1)	(17.0)
Income tax (provision) benefit	(4.2)	(1.1)	18.5	(6.7)	(15.1)
Income (loss) from continuing operations	48.3	7.3	(116.8)	(37.8)	(32.1)
Loss from discontinued operations, net of income taxes	(2.1)	(2.1)	(10.9)	(9.8)	(97.6)
Net income (loss) attributable to common stockholders	\$ 46.2	\$ 5.2	\$ (127.7)	\$ (47.6)	\$ (129.7)

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	Fiscal Year Ended(1)				
	April 24, 2016	April 26, 2015	April 27, 2014	April 28, 2013	April 29, 2012
	(dollars in millions, except per share data)				
Statement of Operations Data (continued):					
Income (loss) per common share attributable to common stockholders					
Basic					
Income (loss) from continuing operations	\$ 1.19	\$ 0.18	\$ (2.94)	\$ (0.96)	\$ (0.83)
Loss from discontinued operations	(0.05)	(0.05)	(0.27)	(0.25)	(2.52)
Net Income (loss)	\$ 1.14	\$ 0.13	\$ (3.21)	\$ (1.21)	\$ (3.35)
Diluted					
Income (loss) from continuing operations	\$ 1.17	\$ 0.18	\$ (2.94)	\$ (0.96)	\$ (0.83)
Loss from discontinued operations	(0.05)	(0.05)	(0.27)	(0.25)	(2.52)
Net Income (loss)	\$ 1.12	\$ 0.13	\$ (3.21)	\$ (1.21)	\$ (3.35)
Other Data:					
Net cash provided by (used in):					
Operating activities	\$ 135.9	\$ 125.6	\$ 86.8	\$ 116.0	\$ 118.1
Investing activities	(59.2)	(41.3)	6.1	(123.4)	(60.0)
Financing activities	(81.0)	(87.7)	(91.5)	(18.6)	(38.7)
Capital expenditures	(70.3)	(41.7)	(38.1)	(153.2)	(75.3)
Balance Sheet Data:					
Cash and cash equivalents	\$ 62.1	\$ 66.4	\$ 69.8	\$ 68.5	\$ 94.5
Total assets	1,205.1	1,227.8	1,290.1	1,553.6	1,575.0
Long-term debt, including current portion	922.7	992.9	1,066.3	1,156.9	1,154.4
Stockholders' equity	75.6	23.5	19.4	142.4	183.6
Operating Data(2):					
Number of slot machines	12,026	12,166	12,295	11,873	11,134
Number of table games	320	320	327	293	275
Number of hotel rooms	2,190	2,195	2,229	2,229	2,229
Number of parking spaces	20,751	20,968	20,894	20,118	19,787

(1) Our fiscal year ended April 29, 2012 includes 53 weeks while other fiscal years presented include 52 weeks. The results of our previously owned Natchez, Mississippi, Davenport, Iowa and Biloxi, Mississippi casinos are presented as discontinued operations. We opened new casino operations in Nemaocolin, Pennsylvania in July 2013 and Cape Girardeau, Missouri in October 2012.

(2) Operating data excludes data for properties presented as discontinued operations for all periods presented.

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

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

Executive Overview

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

Operating Results Our operating results for the periods presented have been affected, both positively and negatively, by current economic conditions and several other factors discussed in detail below. Our net revenues have increased by 0.2% and 4.6% for fiscal years 2016 over 2015, and 2015 over 2014, respectively, reflecting improved economic conditions and changes in our operations. Our historical operating results may not be indicative of our future results of operations because of these factors and the changing competitive landscape in each of our markets, as well as by factors discussed elsewhere herein. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with and giving consideration to the following:

Items Impacting Income (Loss) from Continuing Operations Significant items impacting our income (loss) from continuing operations during the fiscal years ended April 24, 2016, April 26, 2015 and April 27, 2014 are as follows:

Long-term Debt Transactions During April 2015, proceeds from an additional \$150 million issuance of our 5.875% Senior Notes and borrowing under our Credit Facility were used to purchase \$237.8 million of our 7.75% Senior Notes pursuant to a tender offer. In May 2015, we redeemed the remaining \$62 million of our 7.75% Senior Notes. As a result of these transactions, we incurred a loss on early extinguishment of debt of \$3.0 million and \$13.8 million in fiscal 2016 and 2015, respectively.

Colorado Referendum Costs During fiscal 2015, the Company incurred costs of \$4.1 million in support of efforts to defeat the proposed November 2014 referendum that would have expanded gaming to racetracks in certain Colorado counties.

Property Tax Settlement During fiscal 2015, we reduced property tax expense by \$1.2 million as a result of the settlement of our property tax appeal at our Waterloo, Iowa property for calendar years 2011 through 2014.

Corporate Restructurings During fiscal 2015, we eliminated executive positions in the corporate office to maximize efficiency and streamline reporting lines, resulting in severance expense of \$2.3 million.

Impairment and Other Valuation Charges As a result of less than expected operating performance and projected future operating results, it was determined that the value of our long-lived assets were impaired. In fiscal 2015 and fiscal 2014, we recorded impairment charges of \$9.0 million and \$26.4 million related to our Nemaquin property's long-lived assets. The fiscal 2014 impairment charge consisted of \$12.2 million recorded to write-off our Nemaquin operating licenses and \$14.2 million to reduce the carrying value of our fixed assets to their estimated fair value.

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As a resu