

ISLE OF CAPRI CASINOS INC
Form 10-K
June 23, 2014

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA](#)

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended April 27, 2014

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
(Do not check if a
smaller reporting
company)

Smaller reporting
company

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

The aggregate market value of the voting and non-voting stock held by non-affiliates(1) of the Company is \$179,448,232, based on the last reported sale price of \$7.73 per share on October 25, 2013 on the NASDAQ Stock Market; multiplied by 23,214,519 shares of Common Stock outstanding and held by non-affiliates of the Company on such date.

As of June 19, 2014, the Company had a total of 39,829,177 shares of Common Stock outstanding (which excludes 2,236,971 shares held by us in treasury).

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

(1)

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

Table of Contents

ISLE OF CAPRI CASINOS, INC.

FORM 10-K

INDEX

	PAGE
<u><i>PART I</i></u>	<u>2</u>
<u>ITEM 1. BUSINESS</u>	<u>2</u>
<u>ITEM 1A. RISK FACTORS</u>	<u>11</u>
<u>ITEM 1B. UNRESOLVED STAFF COMMENTS</u>	<u>21</u>
<u>ITEM 2. PROPERTIES</u>	<u>21</u>
<u>ITEM 3. LEGAL PROCEEDINGS</u>	<u>24</u>
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	<u>25</u>
<u><i>PART II</i></u>	<u>26</u>
<u>ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	<u>26</u>
<u>ITEM 6. SELECTED FINANCIAL DATA</u>	<u>28</u>
<u>ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>29</u>
<u>ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>42</u>
<u>ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	<u>44</u>
<u>ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	<u>89</u>
<u>ITEM 9A. CONTROLS AND PROCEDURES</u>	<u>89</u>

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<u>ITEM 9B.</u>	<u>OTHER INFORMATION</u>	<u>89</u>
<u>PART III</u>		<u>90</u>
<u>ITEM 10.</u>	<u>DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	<u>90</u>
<u>ITEM 11.</u>	<u>EXECUTIVE COMPENSATION</u>	<u>90</u>
<u>ITEM 12.</u>	<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	<u>90</u>
<u>ITEM 13.</u>	<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, DIRECTOR INDEPENDENCE</u>	<u>90</u>
<u>ITEM 14.</u>	<u>PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	<u>90</u>
<u>PART IV</u>		<u>91</u>
<u>ITEM 15.</u>	<u>EXHIBITS, FINANCIAL STATEMENT SCHEDULES</u>	<u>91</u>
<u>SIGNATURES</u>		<u>92 - 93</u>

Table of Contents

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains statements that we believe are, or may be considered to be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, 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, we cannot assure you that these expectations will 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 11 of this report. Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Annual Report.

Table of Contents

PART I

ITEM 1. BUSINESS

Overview

We are a developer, owner and operator of regional gaming facilities and related dining, lodging and entertainment facilities in the United States. We currently own or operate 15 gaming and entertainment facilities in Colorado, Florida, Iowa, Louisiana, Mississippi, Missouri and Pennsylvania. Collectively, these properties feature approximately 12,800 slot machines and over 300 table games (including approximately 80 poker tables) over 2,300 hotel rooms and more than 45 restaurants. We also operate a harness racing track at our casino in Florida. Our portfolio of properties provides us with a diverse geographic footprint that minimizes geographically concentrated risks caused by weather, regional economic difficulties, gaming tax rates and regulations imposed by local gaming authorities.

We operate 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 primarily from a local customer base. Our senior management team has over 200 collective years of experience spanning 20 states, and multiple foreign jurisdictions. This team has established and executed against a strategic plan for growth focusing on three core principles, (1) focused fiscal discipline, (2) restyled customer experiences, and (3) a renewed asset base.

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

We continually strive to find ways to make our business processes more efficient and have consistently reduced our operating costs. In fiscal 2014, we undertook a company-wide effort to identify a variety of cost savings measures to improve our operating performance and have implemented measures that we believe are on a run rate to reduce our costs by over \$12 million annually.

Since fiscal 2008, when the current management joined the Company, we have reduced our debt by approximately \$440 million, or 29%, through the disciplined application of our free cash flow and a series of financing transactions. We plan to maintain this discipline through continued efforts to further reduce our cost structure, applying cost discipline in the evaluation and execution of future capital projects, and actively managing our capital structure.

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

These non-gaming amenities have included the development of several custom food, beverage and entertainment offerings, including the introduction of Lone Wolf bars and Otis and Henry's restaurants, a buffet concept called Farmer's Pick focused on locally-sourced, fresh food, and a live entertainment series, Jester's Jam. The Lone Wolf and Otis & Henry's are open in seven of our properties and Farmer's Pick Buffets are now open in Pompano, Waterloo, Vicksburg, Boonville and Cape Girardeau. In fiscal 2015, we expect to complete the introduction of our enhanced customer loyalty program, the Fan Club, at the four remaining properties aimed to attract new customers and increase visitation from our current customers.

Table of Contents

3. *Renewed Asset Base* We believe our long-term success will depend substantially upon increasing the quality, reach and scope of our operating portfolio, including targeted development projects, rebranding projects, identifying profitable growth opportunities and, where appropriate, asset sales.

On July 1, 2013, we opened our Lady Luck-branded facility at the Nemaquin Woodlands Resort in Pennsylvania. On October 30, 2012, we opened our Isle-branded gaming and entertainment facility in Cape Girardeau, Missouri, two months ahead of the original schedule. We are also partnered with Tower Entertainment, LLC, to manage and operate the proposed casino entertainment complex dubbed, The Provence, if selected for licensure by the Pennsylvania Gaming Control Board.

We have monetized non-core assets, including the sale of the Rhythm City Casino in Davenport, Iowa, in February 2014, our former Biloxi facility in November 2012 and the sale of the second license at our Lake Charles facility in February 2012.

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

Table of Contents**Casino Properties**

The following is an overview of our casino properties as of April 27, 2014:

Property	Date Acquired or Opened	Slot Machines	Table Games	Hotel Rooms	Parking Spaces
<i>Colorado</i>					
Isle Casino Hotel-Black Hawk	December 1998	1,080	35	238	1,100
Lady Luck Casino-Black Hawk	April 2003	501	15	164	1,200
<i>Florida</i>					
Pompano Park	July 1995/April 2007	1,482	41		3,800
<i>Iowa</i>					
Bettendorf	March 2000	975	21	514	2,057
Marquette	March 2000	541	8		475
Waterloo	June 2007	951	27	195	1,500
<i>Louisiana</i>					
Lake Charles	July 1995	1,216	48	493	2,539
<i>Mississippi</i>					
Lula	March 2000	912	20	485	1,611
Natchez	March 2000	536	6	141	675
Vicksburg	June 2010	595	8		977
<i>Missouri</i>					
Boonville	December 2001	934	20	140	1,101
Cape Girardeau	October 2012	921	27		1,049
Caruthersville	June 2007	547	11		1,000
Kansas City	June 2000	1,058	18		1,685
<i>Pennsylvania</i>					
Nemacolin	July 2013	582	28		800
		12,831	333	2,370	21,569

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 1,080 slot machines, 24 standard table games, an 11 table poker room, a 238-room hotel and 1,100 parking spaces in an attached parking garage. Isle Casino Hotel-Black Hawk also offers customers three restaurants, including a 128-seat Farradays restaurant, a 270-seat Calypso's buffet and a 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 501 slot machines, 9 standard table games, 6 poker tables, a 164-room hotel that opened in December 2005 and 1,200 parking spaces in our parking structure connecting Isle Casino Hotel-Black Hawk and Lady Luck Casino-Black Hawk. The property also offers guests dining in a 93-seat Otis & Henry's restaurant as well as a grab-and-go fast serve food cart that is located in the main level of the facility. The property also has approximately 2,250 square

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Table of Contents

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 24 gaming facilities (seven of which have more than 500 slot machines), which in aggregate, generated gaming revenues of approximately \$617 million in the twelve months ended April 2014. Our Black Hawk properties generated casino revenues for fiscal 2014 of approximately \$129 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 1,482 slot machines, a 41-table poker room, a 120-seat Farradays restaurant, a 110-seat Bragozzos Italian restaurant, a 280-seat Farmer's Pick buffet, a 100-seat deli, a 60-seat express grab and go food outlet, a feature bar, a sports bar and 3,800 parking spaces.

Approximately 2.8 million people reside within a 25-mile radius of our Pompano facility, which competes with eight other racinos and three Native American gaming facilities in the market. The Pompano facility generated approximately \$167 million in casino revenues for fiscal 2014. While casino revenues are not available for all market competitors, we estimate that we operate approximately 11% 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 consists of a dockside casino offering 975 slot machines, 17 table games, 4 poker tables, 514 hotel rooms, 40,000 square feet of flexible convention/banquet space, a 142-seat Farradays restaurant, a 262-seat Calypso's buffet, a 26-seat Tradewinds Marketplace and 2,057 parking spaces. We have entered into agreements with the City of Bettendorf, Iowa under which we manage and provide financial and operating support for the QC Waterfront Convention Center that is adjacent to our hotel. The QC Waterfront Convention Center opened in January 2009.

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 \$194 million for the twelve months ended April 2014. Our Bettendorf property generated casino revenues for fiscal 2014 of approximately \$70 million. Bettendorf also competes with other gaming operations in Illinois and Iowa and a competitor has announced plans to move the Rhythm City casino to a new land based location. Approximately 905,000 people reside within 60 miles of our Bettendorf property.

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Table of Contents

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 541 slot machines and 8 table games, a marina and 475 parking spaces. The facility was rebranded as a Lady Luck casino in fiscal 2010 and includes a 136-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 2014. We believe most of our Marquette customers are from northeast Iowa and Wisconsin, which includes approximately 490,000 people within 60 miles of our property, and we compete for those customers with other gaming facilities in Dubuque, Iowa and Native American casinos in southwestern Wisconsin.

Waterloo

Our Waterloo, 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 951 slot machines, 23 table games and 4 poker tables. The property also offers a wide variety of non-gaming amenities, including a 118-seat Otis & Henry's restaurant, a newly renovated 200-seat Farmer's Pick buffet, 63-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 \$85 million in fiscal 2014.

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 1,216 slot machines, 48 table games, including 8 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 96-seat Otis & Henry's restaurant, a 258-seat Calypso's buffet, a 63-seat Lucky Wins Asian-inspired restaurant, which also includes a grab and go deli, and Caribbean Cove featuring free live entertainment and can accommodate 127 guests. The pavilion also has a 14,750 square foot entertainment center comprised of a 1,100-seat special events center designed for concerts, banquets and other events, meeting facilities and administrative offices.

The Lake Charles market currently consists of two dockside gaming facilities, a Native American casino and a pari-mutuel facility/racino. The current number of slot machines in the market is approximately 7,300 machines and approximately 170 table games. For the twelve months ended April 2014, the two gaming facilities and one racino, in the aggregate, generated gaming revenues of approximately \$681 million. Revenues for the Native American property are not published. Casino revenues for our Lake Charles property for fiscal 2014 were approximately \$137 million. A new competitor is currently under construction and is expected to open by the end of calendar year 2014, adding approximately 1,600 slot machines, 60 table games and 750 hotel rooms to the market. 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,

Table of Contents

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 912 slot machines and 20 table games, two on-site hotels with a total of 485 rooms, a land-based pavilion and entertainment center, 1,611 parking spaces, and a 28-space RV Park. The pavilion and entertainment center offer a wide variety of non-gaming amenities, including a 122-seat Otis & Henry's restaurant, a 283-seat Calypso's buffet, and a 56-seat Otis & Henry's Express.

Our Lula property is the only gaming facility in Coahoma County, Mississippi and generated casino revenues of approximately \$56 million in fiscal 2014. 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.

Natchez

Our Natchez property, which we acquired in March 2000, is located off of Highways 84 and 61 in western Mississippi. The property consists of a dockside casino offering 536 slot machines and 6 table games, a 141-room off-site hotel located approximately one mile from the casino, a 118-seat Calypso's buffet and 675 parking spaces.

The Natchez market consists of two gaming facilities, including a land based competitor which opened in December 2012. Our Natchez property generated total casino revenues of approximately \$23 million in fiscal 2014. The impact of the new competition has resulted in growth in the overall gaming market, however our gaming revenues have declined. We believe that the Natchez property attracts customers primarily from the approximately 390,000 people residing within 60 miles of the Natchez property. Our Natchez property is also 70 miles south of our Vicksburg 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 595 slot machines and eight 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 now 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 \$234 million for the twelve months ended April 2014. Our Vicksburg property generated casino revenues of approximately \$40 million in fiscal 2014. Approximately 700,000 people reside within 60 miles of the property.

Table of Contents

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 934 slot machines, 20 table games, a 140-room hotel, a 32,400 square foot pavilion and entertainment center and 1,101 parking spaces. In February 2012, we launched our first Farmer's Pick Buffet with seating capacity for 202, featuring locally sourced food products that are prepared at action stations in view of the guests. In addition, the pavilion and entertainment center also offers customers a wide variety of other non-gaming amenities, including a 90-seat Farradays restaurant, a 30-seat Tradewinds Marketplace, an 800 seat event center, and a historic display area.

Our Boonville property is the only gaming facility in central Missouri and generated casino revenues of approximately \$78 million in fiscal 2014. 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 921 slot machines, 20 table games and 7 poker tables. The pavilion and entertainment center offer a wide variety of non-gaming amenities, which includes a 110-seat Lone Wolf restaurant, 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 \$57 million in fiscal 2014. Our operations 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 547 slot machines and 11 table games. The property offers a 40,000 square foot pavilion, which includes a 147-seat Lone Wolf restaurant, bar and lounge and a 232-seat Otis & Henry's restaurant. The property also operates a 10,000 square foot exposition center with seating for up to 1,100 patrons and has 1,000 parking spaces.

Our Caruthersville facility generated casino revenues of approximately \$31 million in fiscal year 2014. 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 1,058 slot machines and 18 table games, a 214-seat Calypso's buffet, a 210-seat Lone Wolf restaurant and bar, a 32-seat Tradewinds Marketplace and 1,685 parking spaces.

Table of Contents

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 \$728 million for the twelve months ended April 2014. Our Kansas City property generated casino revenues of approximately \$77 million during fiscal 2014. We believe that our Kansas City casino attracts customers primarily from the Kansas City metropolitan area, which has approximately 2 million residents.

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 582 slot machines, 28 table games, a 133-seat Otis & Henry's restaurant, a 103-seat Lone Wolf restaurant, bar and lounge and 800 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 \$27 million of gaming revenues during fiscal year 2014. 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 racino property located near Pittsburgh, Pennsylvania and casinos in Rocky Gap, Maryland and Wheeling, West Virginia.

Marketing

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

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

Customer Research: In an ever changing market, it is critical for us to stay in tune with our customers and offer relevant and competitive services and programs. Our marketing strategies have been developed and implemented to meet the needs and desires of our casino customers in each of our locations. In order to assess these needs and desires, we engage in significant customer research in each of our markets by conducting periodic surveys, focus groups and customer interviews. In fiscal 2014, we introduced Net Promoter Scores (NPS), our customer service program where we ask customers to rate us on their experience on competencies such as level of service, receptiveness and effectiveness of our advertising, direct mail programs, promotions and our loyalty program, Fan Club®. Upon receipt of these findings, we assess the attitudes of our customers and the customers of our competitors' properties towards the most important attributes of their experience in a regional and/or local gaming facility. We use the extensive information gathered from these research initiatives to make marketing, operating and development decisions that, we believe, will optimize the position of our properties relative to our competition and the customer experience

Database Marketing: We have enhanced our database marketing efforts through the application of advanced analytic modeling to help us predict and better manage a customer's lifecycle. Specifically, we have focused on understanding the desirability of our direct mail and

Table of Contents

promotions and their impact on visitation and loyalty as well as the profitability of our programs. A deeper understanding of the effectiveness of our database marketing efforts helps us enhance loyalty efforts, focus on attrition and better predict customer behavior.

Segmentation: We have compiled an extensive database of customer information over time. Among our most important marketing initiatives, we have introduced database segmentation to our properties and at the corporate level in order to adjust investment rates to a level at which we expect to meet a reasonable level of customer profit contribution.

Fan Club®: Fan Club, our customer loyalty program, provides customers the opportunity to earn points based on their level of play. The five-tier program provides for clear customer understanding of how points are earned, how points can be utilized and the benefits offered at each tier. Fan Club has been implemented at eleven of our properties to date and our goal is to have full implementation by the end of fiscal 2015. In fiscal 2014, we improved the program, based on customer feedback, with increased branding elements and an exciting new set of customer