

Headline News:

3/30/12: Site of a possible Freetown casino identified (www.southcoasttoday.com)

3/27/12: Ho-Chunk votes to approve casino agreement (walworthcountytoday.com)

3/15/12: NY State lawmakers to allow casino gambling (www.kgmi.com)

3/14/12: Jena Choctaw will start to build casino in Grant Parish (www.thetowntalk.com)

3/13/12: Seneca Nation Succeeds in Buffalo Creek Case (www.wkbw.com)

3/4/12: North Idaho Tribe breaks ground on casino expansion (www.idahostatejournal.com)

3/1/12: S&P Raises Gun Lake Tribal Gaming Authority to B+ (www.reuters.com)

Internet Gaming...Are You Ready?

By Kristi Jackson

It's all we hear these days: Senator Reid may attach an internet gaming provision to an upcoming bill, the justice department's December ruling opens the door for internet gaming, well-capitalized European companies will be dominant... the list goes on. Clearly, we don't have answers on how tribes will participate, but they'd better be set to react real-time.

It starts with looking both externally and internally. It is important for Tribes to look at external developments and opportunities to play a significant role in the internet gaming landscape. However, just as important is taking a good look at the existing gaming business, an un-

dertaking that should be started now.

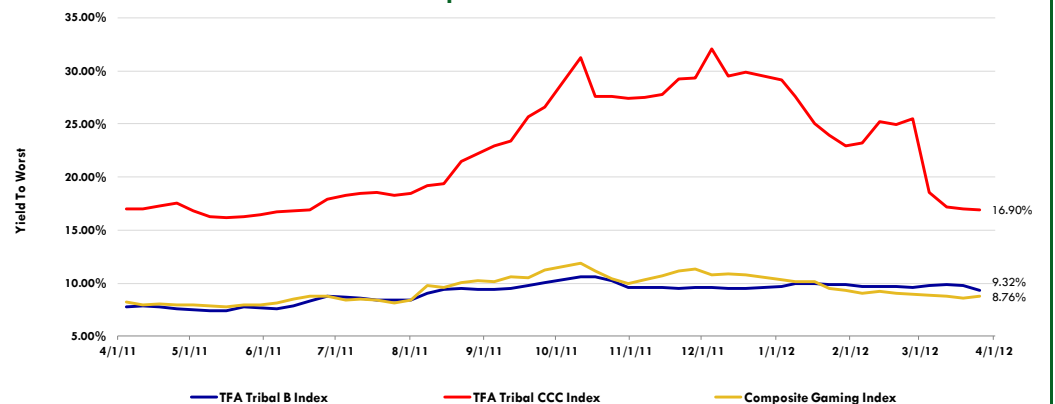
- How well do you know your current customers?
- Are you at risk?
- Does your database marketing allow you to tailor offers in anticipation of (or reaction to) specific customer behavior and activity?
- What are your contingency plans at the casino if a new competitive threat enters, bricks and mortar or virtual?
- Is the tribe prepared to withstand another revenue shock?

A complete analysis of your current business is the first step to knowing many of the answers. Notably, the knowledge of your

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TFA Index Chart: A Comparison of HY Bond Interest Rates



Source: Wall Street High Yield Research
Notes: Yield to Worst represents the current average interest rate on bonds that comprise each index. Composite Gaming Index represents the average market interest rate of over 80 corporate and Tribal high yield gaming issues

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current customers is paramount. Who are they? Where do they come from? Why do they visit your property? How often do they come and what do they do when they are there? How long do they stay? Where else do they play? How much do they spend?

Having a top-to-bottom understanding of your current business will help you answer the question everyone wants to know – how vulnerable are we? It is easy to rationalize that an internet experience is not the same as traveling to a casino – there is no “social” aspect to the entertainment and therefore, a great number of customers won’t gravitate towards their home computer, iPad or cell phone, but rather will keep coming to your place... this is naïve. There absolutely will be a revenue loss, it is just a matter of how much, and what can be done to minimize that change.

First, if you don’t have a solid database analytical tool, you should absolutely invest in one. There is no reason to avoid knowing as much as you can about your customers. Treating them to what they want is going to reap benefits. There are home-grown information

systems as well as outsourced, customizable solutions available. Tailor the solution to fit your budget.

Second, work on strategies to offensively protect your core business. This does not mean you ignore participating in the internet arena. It means in parallel fashion, work to keep your existing customer experience the best it can be. Reinvest in your property to the extent you can and practice high-quality customer service to keep your players coming back whether or not the next choice is available.

Finally, plan a contingency budget at the tribal level. Unlike your corporate counterparts who can eliminate a dividend in lean times, tribes must continue to receive cash inflows from their gaming businesses to run government. If competition comes sooner or with more impact than expected – how does the government budget respond? Developing a solid plan that can be invoked as soon as change begins will help preserve stability and ensure a place in the newly competitive market.

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