

*The Mahogany Tribal Gaming Authority*



# Pennsylvania Gaming Control Board

**SLOT OPERATOR AND MANAGEMENT COMPANY-  
APPLICATION AND DISCLOSURE INFORMATION  
FORM**

## INSTRUCTIONS

PENNSYLVANIA GAMING IS GOVERNED BY THE LAWS SET FORTH IN 4 P.A.C.S. PART II, ENACTED BY THE ACT OF JULY 5, 2004 (P.L. 572, NO. 71), THE PENNSYLVANIA RACE HORSE DEVELOPMENT AND GAMING ACT (ACT), AS AMENDED, AND 58 PA. CODE PART VII, PENNSYLVANIA GAMING CONTROL BOARD (REGULATIONS).

THESE INSTRUCTIONS ARE APPLICABLE TO ANY "PERSON" SEEKING TO BE LICENSED AS A CONDITIONAL CATEGORY 1, CATEGORY 1, CATEGORY 2, CATEGORY 3 SLOT MACHINE OPERATOR (COLLECTIVELY REFERRED TO HEREINAFTER AS SLOT OPERATOR) OR MANAGEMENT COMPANY. PLEASE BE ADVISED THAT NO PERSON, ITS AFFILIATE, INTERMEDIARY, SUBSIDIARY OR HOLDING COMPANY THAT HAS APPLIED FOR OR IS A HOLDER OF A SLOT MACHINE LICENSE, SHALL BE ELIGIBLE TO APPLY FOR OR HOLD A SUPPLIER OR MANUFACTURER LICENSE.

AS USED IN THESE INSTRUCTIONS, THE PHRASE "AFFILIATED ENTITIES" SHALL MEAN A SLOT OPERATOR'S OR MANAGEMENT COMPANY'S AFFILIATES, INTERMEDIARIES, SUBSIDIARIES AND HOLDING COMPANIES. SLOT MACHINE OPERATORS ARE SUBJECT TO THE REQUIREMENTS OF §§1302 AND 1303 (EXCLUSIVELY FOR CATEGORY 1), 1304 (EXCLUSIVELY FOR CATEGORY 2), 1305 (EXCLUSIVELY FOR CATEGORY 3) AND 1309 (ALL CATEGORIES) OF THE ACT. CONDITIONAL CATEGORY 1 SLOT MACHINE LICENSES ARE SUBJECT TO THE REQUIREMENTS OF §1315 OF THE ACT.

THE ORIGINAL FORM, ONE PAPER COPY, AND ONE (1) COMPACT DISC (CD) CONTAINING ALL FORMS MUST BE SENT TO THE PENNSYLVANIA GAMING CONTROL BOARD, BUREAU OF LICENSING, 303 WALNUT STREET, FIFTH FLOOR, VERIZON TOWER, HARRISBURG, PENNSYLVANIA 17101 WITH THE APPROPRIATE FEE. PLEASE REFER TO THE LICENSING SECTION OF THE BOARD'S WEBSITE FOR CD FORMATTING REQUIREMENTS.

### 1. SLOT OPERATOR AND MANAGEMENT COMPANY

THE FORMS THAT MAKE UP AN APPLICATION PACKAGE FOR A SLOT OPERATOR OR MANAGEMENT COMPANY LICENSE ARE AS FOLLOWS:

A. **SLOT OPERATOR AND MANAGEMENT COMPANY APPLICATION AND DISCLOSURE INFORMATION FORM (TO BE COMPLETED BY APPLICANT AND EACH OF APPLICANT'S AFFILIATED ENTITIES).**

B. **REQUEST FOR USE OF ALTERNATIVE CONDITIONAL/CATEGORY 1 LICENSING STANDARDS FORM - ADDENDUM 1 (FOR CATEGORY 1 APPLICANTS SEEKING USE OF ALTERNATIVE LICENSING STANDARDS)**

(COMPLETE THIS FORM IF YOU ARE A CONDITIONAL/CATEGORY 1 APPLICANT AND ARE REQUESTING THAT THE BOARD UTILIZE THE LICENSE APPLICATION PACKAGE FILED IN AND LICENSE ISSUED BY ANOTHER JURISDICTION PURSUANT TO §1314 OF THE ACT. IF THE BOARD DETERMINES THAT THE LICENSING STANDARDS OF THE OTHER JURISDICTION ARE COMPREHENSIVE AND THOROUGH AND PROVIDE SIMILAR ADEQUATE SAFEGUARDS TO THOSE IN THE ACT, ONLY UPDATED INFORMATION FROM THE DATE OF FILING THE APPLICATION IN THE OTHER JURISDICTION MAY BE NECESSARY. THE CONDITIONAL/CATEGORY 1 APPLICANT MAY BE ASKED TO SUBMIT PROOF THAT THE LICENSING STANDARDS OF THE OTHER JURISDICTION ARE COMPREHENSIVE AND THOROUGH AND PROVIDE SIMILAR ADEQUATE SAFEGUARDS).

C. **MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM (MULTI-JURISDICTIONAL PHD)**

(TO BE COMPLETED BY EACH NATURAL PERSON WHO IS A PRINCIPAL OR KEY EMPLOYEE AS DEFINED IN 58 PA. CODE §401A.3) AND IDENTIFIED IN SCHEDULES 1, 5, 10, 10A, 11, 13, 15 AND 18).

D. **PRINCIPAL/KEY EMPLOYEE FORM - PENNSYLVANIA SUPPLEMENT TO THE MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM (PA SUPPLEMENT)**

(TO BE COMPLETED BY EACH NATURAL PERSON WHO IS A PRINCIPAL OR KEY EMPLOYEE IDENTIFIED IN SCHEDULES 1, 5, 10, 10A, 11, 13, 15 AND 18).

**E. PRINCIPAL ENTITY FORM**

(TO BE COMPLETED BY EACH ENTITY THAT IS A PRINCIPAL IDENTIFIED IN SCHEDULES 10, 10A, 11, 13, 15 AND 18).

**2. APPLICATION AND LICENSING FEES**

**A. APPLICATION FEES AND INVESTIGATION DEPOSITS**

APPLICATION FEES MUST BE SUBMITTED WITH THE APPLICATION PACKAGE. THESE FEES ARE NON-REFUNDABLE DEPOSITS THAT WILL BE USED BY THE BOARD TO PROCESS AND INVESTIGATE THE SLOT OPERATOR OR MANAGEMENT COMPANY APPLICANT AND THE APPLICANT'S AFFILIATED ENTITIES AND PERSONS FILING FORMS AS PART OF THE APPLICATION PACKAGE. APPLICATION FEES MUST BE SUBMITTED FOR EACH APPLICANT, AFFILIATED ENTITY AND PERSON, UNLESS OTHERWISE NOTED.

THERE MAY BE ADDITIONAL COSTS AND EXPENSES INCURRED BY THE BOARD IN ITS PROCESSING AND INVESTIGATION OF THE SLOT OPERATOR OR MANAGEMENT COMPANY APPLICANT AND THE APPLICANT'S AFFILIATED ENTITIES AND PERSONS. THE SLOT OPERATOR OR MANAGEMENT COMPANY APPLICANT MUST REIMBURSE THE BOARD FOR ALL ADDITIONAL COSTS AND EXPENSES RELATED TO THE PROCESSING AND INVESTIGATION OF THEIR APPLICATION PACKAGE.

SLOT OPERATOR OR MANAGEMENT COMPANY APPLICANT .....	\$5,000.00
APPLICANT'S AFFILIATED ENTITIES .....	\$2,500.00
PRINCIPAL/KEY EMPLOYEES .....	\$2,500.00
PRINCIPAL ENTITY.....	\$2,500.00

**B. LICENSING FEES**

LICENSING FEES MUST BE PAID PRIOR TO ISSUANCE OF THE LICENSE.

CATEGORY 1 SLOT MACHINE LICENSE .....	\$50,000,000.00
CATEGORY 2 SLOT MACHINE LICENSE .....	\$50,000,000.00
CATEGORY 3 SLOT MACHINE LICENSE .....	\$5,000,000.00
CATEGORY 1 OR 2 MANAGEMENT COMPANY LICENSE.....	\$1,500,000/3 YEAR LICENSE
CATEGORY 3 MANAGEMENT COMPANY LICENSE.....	\$150,000/3 YEAR LICENSE

**3. APPLICATION FORM INSTRUCTIONS**

**GENERALLY**

AS USED IN THE SLOT OPERATOR OR MANAGEMENT COMPANY FORM, THE WORDS "APPLICANT" AND "YOU" SHALL MEAN THE SLOT OPERATOR OR MANAGEMENT COMPANY APPLICANT. WHEN APPLICANT'S AFFILIATED ENTITIES ARE COMPLETING THE FORM, "APPLICANT" AND "YOU" SHALL REFER TO THE AFFILIATED ENTITY COMPLETING THE FORM.

ALL ENTRIES ON THE FORM MUST BE TYPED OR PRINTED IN BLOCK LETTERING. INITIALS AND SIGNATURES MUST BE HANDWRITTEN BY THE PERSON PROVIDING THE INFORMATION. IF THE ANSWERS ARE NOT LEGIBLE, THE APPLICATION MAY NOT BE ACCEPTED.

READ EACH QUESTION CAREFULLY PRIOR TO ANSWERING. ANSWER EVERY QUESTION COMPLETELY. DO NOT LEAVE BLANK SPACES. IF A QUESTION DOES NOT APPLY TO THE APPLICANT, WRITE "DOES NOT APPLY" IN RESPONSE TO THAT QUESTION. IF A SCHEDULE OR ADDENDUM DOES NOT APPLY TO THE APPLICANT, WRITE "DOES NOT APPLY" ON THE SCHEDULE OR ADDENDUM.

APPENDICES ARE TO BE PROVIDED BY THE APPLICANT. THE REQUIRED APPENDICES ARE LISTED ON THE APPLICATION CHECKLIST. APPENDICES MUST BE PRESENTED IN A TABBED MANNER. EACH TAB MUST INDICATE THE APPENDIX NUMBER. IMMEDIATELY FOLLOWING THE TAB, APPLICANT MUST INSERT A PAGE WITH THE APPENDIX NUMBER AND ALL INFORMATION APPLICABLE TO THE APPENDIX. IF AN APPENDIX DOES NOT APPLY TO THE APPLICANT, WRITE "DOES NOT APPLY" ON THE APPENDIX PAGE.

ALL PAGES OF THE FORM MUST BE INITIALED BY THE APPLICANT, OR IF THE APPLICANT IS NOT A NATURAL PERSON, THE PERSON AUTHORIZED TO COMPLETE THE FORM ON BEHALF OF THE APPLICANT MUST INITIAL EACH PAGE. IF ADDITIONAL PAGES ARE REQUIRED IN ORDER TO ANSWER ANY QUESTION, ADDITIONAL PAGES MAY BE UTILIZED AND MUST BE ATTACHED TO THE FORM. BE SURE TO INDICATE THE NUMBER(S) OF THE QUESTION(S) BEING ANSWERED AND INITIAL EACH ADDITIONAL PAGE. SOME SCHEDULES MAY REQUIRE DISCLOSURE OF INFORMATION FOR MORE THAN ONE NATURAL PERSON OR ENTITY OR TYPE OF INFORMATION. IF THERE ARE MULTIPLE DISCLOSURES, MAKE ENOUGH ADDITIONAL COPIES OF THE BLANK SCHEDULE AND COMPLETE IT FOR EACH NATURAL PERSON OR ENTITY OR TYPE OF INFORMATION.

ALL REQUIRED DOCUMENTATION, SUCH AS BUSINESS FORMATION PAPERS, TAX RETURNS AND APPENDICES, AS WELL AS THE APPLICATION FORMS THAT COMPRISE AN APPLICATION PACKAGE FOR A SLOT OPERATOR OR MANAGEMENT COMPANY LICENSE, AS LISTED ABOVE, MUST BE SUBMITTED AT THE TIME OF FILING THIS FORM. FURTHER, PURSUANT TO 58 PA. CODE §§421A.1(G) AND 423A.1(C), THE APPLICANT IS UNDER A CONTINUING DUTY TO PROMPTLY NOTIFY THE BOARD IF THERE IS A CHANGE IN THE INFORMATION PROVIDED TO THE BOARD.

ADDITIONAL FINANCIAL INFORMATION WILL BE REQUESTED AS NEEDED.

SHOULD YOU BE UNABLE TO UNDERSTAND THIS FORM FULLY IN ENGLISH, IT IS YOUR RESPONSIBILITY TO ACQUIRE ADEQUATE MEANS OF TRANSLATION. IF YOU SUBMIT A DOCUMENT TO THE BOARD THAT IS IN A LANGUAGE OTHER THAN ENGLISH, YOU MUST ALSO SUBMIT AN ENGLISH TRANSLATION COMPLIANT WITH 58 PA. CODE §423A.1(H).

ALL NOTICES REGARDING YOUR APPLICATION WILL BE SENT TO THE ADDRESS YOU PROVIDE ON THIS FORM. YOU MUST IMMEDIATELY NOTIFY THE BOARD IF YOU CHANGE YOUR ADDRESS.

FAILURE TO ANSWER ANY QUESTION COMPLETELY AND TRUTHFULLY WILL RESULT IN DENIAL OF YOUR APPLICATION AND/OR REVOCATION OF YOUR LICENSE, REGISTRATION, CERTIFICATE OR PERMIT AND MAY SUBJECT YOU TO CRIMINAL PENALTIES UNDER 18 PA.C. S. A. §4903.

ANY PERSON WHO APPLIES FOR AND OBTAINS A LICENSE, REGISTRATION, CERTIFICATE OR PERMIT FROM THE BOARD MAY BE REQUIRED TO SUBMIT TO WARRANTLESS SEARCHES WHEN PRESENT IN A LICENSED GAMING FACILITY PURSUANT TO THE ACT.

CONFIDENTIAL INFORMATION (AS DEFINED IN 58 PA. CODE §401A.3) SUPPLIED TO THE BOARD OR OTHERWISE OBTAINED SHALL NOT BE REVEALED EXCEPT IN THE COURSE OF THE NECESSARY ADMINISTRATION OF THE ACT, OR UPON THE LAWFUL ORDER OF A COURT OF COMPETENT JURISDICTION OR, WITH THE APPROVAL OF THE ATTORNEY GENERAL, TO A DULY AUTHORIZED LAW ENFORCEMENT AGENCY. AN APPLICANT OR LICENSE, REGISTRATION, CERTIFICATE OR PERMIT HOLDER WAIVES ANY LIABILITY OF THE COMMONWEALTH OF PENNSYLVANIA AND ITS INSTRUMENTALITIES AND AGENTS FOR ANY DAMAGES RESULTING FROM ANY DISCLOSURE OR PUBLICATION IN ANY MANNER, OTHER THAN A WILLFULLY UNLAWFUL DISCLOSURE OR PUBLICATION.

PURSUANT TO 58 PA. CODE §423A.5, ONCE THE APPLICATION HAS BEEN FILED, THE APPLICANT MAY ONLY WITHDRAW ITS APPLICATION BY FILING A PETITION WITH THE BOARD SEEKING PERMISSION TO WITHDRAW.

A LICENSE, PERMIT, CERTIFICATION OR REGISTRATION ISSUANCE, RENEWAL OR OTHER AUTHORIZATION ISSUED BY THE BOARD IS A REVOCABLE PRIVILEGE. NO PERSON HOLDING A LICENSE, PERMIT, CERTIFICATION OR REGISTRATION, RENEWAL, OR OTHER AUTHORIZATION IS DEEMED TO HAVE ANY PROPERTY RIGHTS RELATED TO THE LICENSE, PERMIT, CERTIFICATION OR REGISTRATION.

AN APPLICATION THAT HAS BEEN ACCEPTED FOR FILING AND ALL RELATED MATERIALS SUBMITTED TO THE BOARD BECOME THE PROPERTY OF THE BOARD AND WILL NOT BE RETURNED TO THE APPLICANT.

THIS IS AN APPLICATION FOR A SLOT MACHINE OR MANAGEMENT COMPANY LICENSE. AN ENTITY INTERESTED IN OFFERING TABLE GAMES MUST FIRST OBTAIN A SLOT MACHINE LICENSE IN ORDER TO BE ELIGIBLE TO FILE A PETITION SEEKING AUTHORIZATION TO CONDUCT TABLE GAMES. ANY REFERENCES TO TABLE GAMES IN THIS APPLICATION ARE FOR INFORMATIONAL PURPOSES ONLY.

IF YOU HAVE ANY QUESTIONS REGARDING THE APPLICATION PACKAGE FORMS OR THE INFORMATION REQUIRED TO COMPLETE ANY APPLICATION, PLEASE CONTACT THE PENNSYLVANIA GAMING CONTROL BOARD - BUREAU OF LICENSING AT (717) 348-8300.

<b>SLOT OPERATOR OR MANAGEMENT COMPANY APPLICANT</b>	
<b>INSERT THE NUMBER OF EACH OF THE FOLLOWING FORMS INCLUDED IN THIS APPLICATION PACKAGE.</b>	
<input type="checkbox"/>	<b>SLOT OPERATOR OR MANAGEMENT COMPANY DISCLOSURE INFORMATION FORM (FOR APPLICANT AND EACH OF APPLICANT'S AFFILIATED ENTITIES).</b>
<input type="checkbox"/>	<b>REQUEST FOR USE OF ALTERNATIVE CONDITIONAL/CATEGORY 1 LICENSING STANDARDS - ADDENDUM I (FOR CONDITIONAL/CATEGORY 1 APPLICANT REQUESTING THAT THE BOARD UTILIZE THE APPLICATION FILED IN AND LICENSE ISSUED BY ANOTHER JURISDICTION).</b>
<input type="checkbox"/>	<b>MULTI - JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM (MULTI - JURISDICTIONAL PHD)(FOR EACH NATURAL PERSON WHO IS A PRINCIPAL OR KEY EMPLOYEE).</b>
<input type="checkbox"/>	<b>PRINCIPAL/KEY EMPLOYEE FORM - PENNSYLVANIA SUPPLEMENT TO THE MULTI - JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM (PA SUPPLEMENT) (FOR EACH NATURAL PERSON WHO IS A PRINCIPAL OR KEY EMPLOYEE).</b>
<input type="checkbox"/>	<b>PRINCIPAL ENTITY FORM (FOR EACH ENTITY THAT IS A PRINCIPAL).</b>

Applicant is affiliated entity (sole indirect owner and holding company) of Management Company. See application of Market East Associates, L.P. for totals for the entire Application.

**APPLICANT INFORMATION**

<b>APPLICANT'S BUSINESS NAME</b>			
BUSINESS NAME AS IT APPEARS ON APPLICANT'S CERTIFICATE OF INCORPORATION, CHARTER, BYLAWS, PARTNERSHIP AGREEMENT OR OTHER OFFICIAL DOCUMENTS (SPELL OUT COMPLETE NAME, DO NOT USE ABBREVIATIONS)			
THE MOHEGAN TRIBAL GAMING AUTHORITY			
<b>TRADE NAME(S) AND DOING BUSINESS AS ("DBA") NAMES</b>			
Mohegan Sun			
IS THE APPLICANT A MINORITY OR WOMEN'S BUSINESS ENTERPRISE THAT IS CERTIFIED BY THE BUREAU OF MINORITY AND WOMEN'S BUSINESS OPPORTUNITIES OF THE DEPARTMENT OF GENERAL SERVICES? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
IF YES, PROVIDE ENTERPRISE CERTIFICATION NUMBER. _____			
<b>APPLICANT'S PRINCIPAL ADDRESS</b>			
ADDRESS LINE 1 1 Mohegan Sun Blvd.			
ADDRESS LINE 2			
ADDRESS LINE 3			
CITY Uncasville		STATE/PROVINCE CT	POSTAL CODE 06382
COUNTRY USA		EMAIL ADDRESS c/o drome@mohegansun.com	
COUNTY New London	TOWNSHIP	WEB URL mohegansun.com; mtga.com	
PHONE NUMBER (888) 226-7711		FAX NUMBER (860) 862-5997	
<b>APPLICANT'S ADDRESS IN PENNSYLVANIA (IF APPLICABLE)</b>			
ADDRESS LINE 1 Does not apply to applicant; its affiliate, Downs Racing, L.P. does business			
ADDRESS LINE 2 in Pennsylvania as Mohegan Sun at Pocono Downs			
ADDRESS LINE 3 1280 Highway 315			
CITY Wilkes-Barre		STATE/PROVINCE PA	POSTAL CODE 18702
COUNTRY USA		EMAIL ADDRESS	
COUNTY Luzerne	TOWNSHIP Plains	WEB URL mohegansunpocono.com	
PHONE NUMBER (888) WIN-INPA		FAX NUMBER ( )	
<b>CONTACT NAME FOR THIS APPLICATION</b>			
FIRST NAME David	MIDDLE NAME Andrew	LAST NAME Rome	SUFFIX (JR., SR., ETC.)
TITLE Secretary		INDIVIDUAL EMAIL ADDRESS Redacted	
PHONE NUMBER Redacted			
<b>APPLICANT'S FORM OF ORGANIZATION</b>			
CHECK ONE			
<input type="checkbox"/> SOLE PROPRIETORSHIP	<input type="checkbox"/> PARTNERSHIP	<input type="checkbox"/> LIMITED PARTNERSHIP	<input type="checkbox"/> C-CORPORATION
<input type="checkbox"/> LIMITED LIABILITY COMPANY	<input type="checkbox"/> S-CORPORATION	<input type="checkbox"/> TRUST	
<input checked="" type="checkbox"/> OTHER (DESCRIBE) Indian Tribal Government instrumentality			

APPLICANT'S ORGANIZATION DOCUMENTS	
STATE OF INCORPORATION, REGISTRATION OR OTHER TYPE OF FORMATION <b>Mohegan Reservation</b>	DATE OF FORMATION <b>7-15-1995</b>
APPLICANT'S BUSINESS NAME AS IT APPEARS ON THE FORMATION DOCUMENTS <b>The Mohegan Tribal Gaming Authority</b>	
LIST ALL STATES IN WHICH THE APPLICANT IS CURRENTLY REGISTERED OR AUTHORIZED TO DO BUSINESS	
COMPLETE <u>SCHEDULE 1</u> CONCERNING APPLICANT'S INCORPORATORS/FOUNDERS	
IS APPLICANT REGISTERED OR AUTHORIZED TO DO BUSINESS IN THE COMMONWEALTH OF PENNSYLVANIA? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Licensed by PGCB as holding company of Downs Racing, L.P.</b>	
APPLICANT'S IDENTIFICATION NUMBERS	
FEDERAL EMPLOYER IDENTIFICATION NUMBER (EIN)	PA UNEMPLOYMENT COMPENSATION ACCOUNT NUMBER
PA DEPARTMENT OF REVENUE CORPORATE TAX NUMBER	PA LIQUOR CONTROL BOARD LICENSE NUMBER <b>Does not apply.</b>
PA WORKERS COMPENSATION POLICY NUMBER	PA DEPARTMENT OF STATE - ENTITY NUMBER <b>Does not apply.</b>
DOES THE APPLICANT HAVE ANY OUTSTANDING TAX LIABILITIES TO EITHER THE COMMONWEALTH OF PENNSYLVANIA OR ANY OTHER STATE, LOCALITY OR THE FEDERAL GOVERNMENT? IF YOU ANSWER YES, PROVIDE DETAILS CONCERNING ALL OUTSTANDING TAX LIABILITIES.	
APPLICANT'S BILLING CONTACT INFORMATION	
FIRST NAME <b>David</b>	LAST NAME <b>Rome</b>
TITLE <b>Secretary</b>	SUFFIX (JR., SR., ETC.)
ADDRESS <b>1 Mohegan Sun Blvd.</b>	
CITY <b>Uncasville</b>	STATE/PROVINCE <b>CT</b>
PHONE NUMBER <b>(860) 862-6813</b>	POSTAL CODE <b>06382</b>
FAX NUMBER <b>(860) 862-5997</b>	
TYPE OF LICENSE APPLICANT IS SEEKING	
<input type="checkbox"/> CONDITIONAL CATEGORY 1	<input type="checkbox"/> CONDITIONAL CATEGORY 1 AFFILIATE
<input type="checkbox"/> CATEGORY 1	<input type="checkbox"/> CATEGORY 1 AFFILIATE
<input type="checkbox"/> CATEGORY 2	<input type="checkbox"/> CATEGORY 2 AFFILIATE
<input type="checkbox"/> CATEGORY 3	<input type="checkbox"/> CATEGORY 3 AFFILIATE
<input type="checkbox"/> MANAGEMENT COMPANY	<input checked="" type="checkbox"/> MANAGEMENT COMPANY AFFILIATE
CRIMINAL HISTORY	
THE NEXT SECTION ASKS ABOUT ANY OFFENSES OR CHARGES APPLICANT OR ANY OF ITS PRINCIPALS OR KEY EMPLOYEES MAY HAVE COMMITTED OR HAD FILED AGAINST THEM. PRIOR TO ANSWERING THIS QUESTION, CAREFULLY REVIEW THE DEFINITIONS AND INSTRUCTIONS THAT FOLLOW.	
DEFINITIONS	FOR PURPOSES OF THIS SECTION: A. "CRIME OR OFFENSE" INCLUDES ALL FELONIES AND MISDEMEANORS, AS WELL AS SUMMARY OFFENSES THAT MAY HAVE REQUIRED YOU TO APPEAR BEFORE A LAW ENFORCEMENT AGENCY, STATE OR FEDERAL GRAND JURY, JUSTICE COURT, MUNICIPAL COURT, CITY COURT, MILITARY COURT OR ANY OTHER COURT EXCEPT JUVENILE COURT. INCLUDE ALL DUI/DWI OFFENSES. B. "ARREST" INCLUDES ANY TIME THAT YOU WERE STOPPED BY A POLICE OFFICER OR OTHER LAW ENFORCEMENT OFFICER AND ADVISED THAT YOU WERE UNDER

	<p>ARREST, DETAINED, HELD FOR QUESTIONING, REQUESTED BY A POLICE OFFICER OR LAW ENFORCEMENT OFFICER TO COME TO A POLICE STATION AND ANSWER QUESTIONS, TAKEN INTO CUSTODY BY ANY POLICE OFFICER OR OTHER LAW ENFORCEMENT OFFICER, FINGERPRINTED, HELD IN JAIL, OR INSTRUCTED TO APPEAR IN COURT OR SUBPOENAED TO ANSWER FOR CONDUCT WHICH IS A CRIME AS HAS BEEN DEFINED IN PARAGRAPH "A."</p> <p>C. "CHARGE" INCLUDES ANY INDICTMENT, COMPLAINT, INFORMATION, SUMMONS, CITATION OR OTHER NOTICE OF THE ALLEGED COMMISSION OF ANY CRIME OR OFFENSE AS DEFINED IN PARAGRAPH "A."</p>
INSTRUCTIONS	<p>1. ANSWER "YES" AND PROVIDE ALL INFORMATION TO THE BEST OF YOUR ABILITY EVEN IF:</p> <p>A. YOU DID NOT COMMIT THE OFFENSE CHARGED;</p> <p>B. THE ARREST OR CHARGES WERE DISMISSED OR THE CHARGES WERE SUBSEQUENTLY DOWNGRADED TO A LESSER CHARGE;</p> <p>C. YOU PLEADED NOT GUILTY OR NOLO CONTENDERE;</p> <p>D. YOU COMPLETED AN ACCELERATED REHABILITATIVE DISPOSITION ("ARD") OR EQUIVALENT DIVERSIONARY PROGRAM;</p> <p>E. THE CHARGES OR CONVICTION WERE EXPUNGED FROM YOUR RECORD, EVEN IF YOU HAVE EXPUNGEMENT PAPERS;</p> <p>F. YOU WERE NOT CONVICTED OR WERE FOUND "NOT GUILTY"</p> <p>G. YOU DID NOT SERVE ANY TIME IN PRISON OR JAIL;</p> <p>H. THE ARRESTS, CHARGES OR OFFENSES HAPPENED A LONG TIME AGO;</p> <p>I. YOU WERE ARRESTED OR CHARGED IN ANOTHER STATE (A STATE OTHER THAN PENNSYLVANIA);</p> <p>J. YOU WERE NEVER PHYSICALLY TAKEN INTO CUSTODY AND/OR TRANSPORTED TO A POLICE STATION OR JAIL.</p> <p>2. ANSWER "NO" IF:</p> <p>A. YOU HAVE NEVER BEEN ARRESTED OR CHARGED WITH ANY CRIME OR OFFENSE;</p> <p>B. YOUR ARREST HAPPENED WHEN YOU WERE UNDER 18 YEARS OF AGE AND YOUR COURT APPEARANCE WAS IN JUVENILE COURT.</p> <p><b>FAILURE TO FULLY ANSWER THIS QUESTION MAY RESULT IN THE DENIAL OF YOUR APPLICATION.</b></p>
1. HAS APPLICANT OR ANY OF ITS PRINCIPALS OR KEY EMPLOYEES EVER BEEN INDICTED, CHARGED WITH OR CONVICTED OF A CRIMINAL OFFENSE OR BEEN A PARTY TO OR NAMED AS AN UNINDICTED CO-CONSPIRATOR IN ANY CRIMINAL PROCEEDING IN THE COMMONWEALTH OR ANY OTHER JURISDICTION?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
1. A. HAS APPLICANT OR ANY OF ITS PRINCIPALS OR KEY EMPLOYEES EVER BEEN CONVICTED OF A FELONY?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
1. B. HAS APPLICANT OR ANY OF ITS PRINCIPALS OR KEY EMPLOYEES EVER BEEN CONVICTED OF A MISDEMEANOR OR GAMBLING OFFENSE?  IF YOU ANSWER YES TO ANY OF THESE QUESTIONS, YOU MUST COMPLETE <u>SCHEDULE 23</u> CONCERNING CRIMINAL HISTORY.	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
<b>TESTIMONY, INVESTIGATIONS OR POLYGRAPHS</b>	
2. HAS APPLICANT OR ANY OF ITS PRINCIPALS OR KEY EMPLOYEES EVER BEEN CALLED TO	<b>Redacted</b>

<p>TESTIFY BEFORE, BEEN THE SUBJECT OF AN INVESTIGATION CONDUCTED BY, OR REQUESTED TO TAKE A POLYGRAPH EXAM BY ANY GOVERNMENTAL AGENCY, COURT, COMMITTEE, GRAND JURY OR INVESTIGATORY BODY (MUNICIPAL, STATE, COUNTY, PROVINCIAL, FEDERAL, NATIONAL, ETC.) OTHER THAN IN RESPONSE TO MINOR TRAFFIC RELATED OFFENSES?</p> <p>IF YOU ANSWER YES, YOU MUST COMPLETE <u>SCHEDULE 24</u> CONCERNING TESTIMONY, INVESTIGATIONS OR POLYGRAPHS.</p>	
<b>ANTITRUST, TRADE REGULATION &amp; SECURITIES JUDGMENTS; STATUTORY AND REGULATORY VIOLATIONS</b>	
<p>3. HAS APPLICANT, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES EVER HAD A JUDGMENT, ORDER, CONSENT DECREE OR CONSENT ORDER PERTAINING TO A VIOLATION OR ALLEGED VIOLATION OF THE FEDERAL ANTITRUST, TRADE REGULATION OR SECURITIES LAWS, OR SIMILAR LAWS OF ANY STATE, PROVINCE OR COUNTRY ENTERED AGAINST IT?</p>	<p><input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p>
<p>4. IN THE PAST TEN (10) YEARS, HAS APPLICANT, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES HAD A JUDGMENT, ORDER, CONSENT DECREE OR CONSENT ORDER PERTAINING TO ANY STATE OR FEDERAL STATUTE, REGULATION OR CODE THAT RESULTED IN A FINE OR PENALTY OF \$50,000 OR MORE ENTERED AGAINST IT?</p> <p>IF YOU ANSWER YES TO EITHER QUESTION, YOU MUST COMPLETE <u>SCHEDULE 26</u> CONCERNING ANTITRUST, TRADE REGULATION &amp; SECURITY JUDGMENTS; STATUTORY AND REGULATORY VIOLATIONS.</p>	<p><input checked="" type="checkbox"/> YES <input type="checkbox"/> NO</p>
<b>BANKRUPTCY OR INSOLVENCY PROCEEDINGS</b>	
<p>5. HAS APPLICANT, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES HAD ANY PETITION UNDER ANY PROVISION OF THE FEDERAL BANKRUPTCY CODE OR UNDER ANY STATE INSOLVENCY LAW FILED BY OR AGAINST IT IN THE LAST TEN (10) YEAR PERIOD?</p>	<p><input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p>
<p>6. HAS APPLICANT, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES SOUGHT RELIEF UNDER ANY PROVISION OF THE FEDERAL BANKRUPTCY CODE OR UNDER ANY STATE INSOLVENCY LAW IN THE LAST TEN (10) YEAR PERIOD?</p>	<p><input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p>
<p>7. HAS A COURT APPOINTED ANY RECEIVER, FISCAL AGENT, TRUSTEE, REORGANIZATION TRUSTEE, OR SIMILAR OFFICER FOR APPLICANT, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES IN THE LAST TEN (10) YEARS?</p>	<p><input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p>
<p>IF YOU ANSWER YES TO ANY OF THESE QUESTIONS, YOU MUST COMPLETE <u>SCHEDULE 27</u> CONCERNING BANKRUPTCY OR INSOLVENCY PROCEEDINGS.</p>	
<b>APPLICANT'S LICENSES AND PERMITS</b>	
<p>8. HAS APPLICANT, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES APPLIED FOR ANY LICENSE OR PERMIT BY A GOVERNMENT AGENCY FOR THE COLLECTION OF SALES AND USE TAX, SELLING AND SERVING LIQUOR AND MALT BEVERAGES, PROVIDING OVERNIGHT LODGING SERVICES OR ANY OTHER ACTIVITY REQUIRING A LICENSE OR PERMIT? A GOVERNMENT AGENCY AS USED HERE INCLUDES ANY SUBORDINATE CREATURE OF FEDERAL, STATE, NATIVE AMERICAN OR LOCAL GOVERNMENT CREATED TO CARRY OUT A GOVERNMENTAL FUNCTION OR TO IMPLEMENT A STATUTE OR STATUTES.</p> <p>IF YOU ANSWER YES, YOU MUST COMPLETE <u>SCHEDULE 28</u> CONCERNING NON-GAMING LICENSES AND PERMITS.</p>	<p><input checked="" type="checkbox"/> YES <input type="checkbox"/> NO</p>

<p>9. HAS APPLICANT, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES APPLIED FOR ANY LICENSE OR PERMIT BY A GOVERNMENT AGENCY CHARGED WITH REGULATING GAMES OF CHANCE, INCLUDING BUT NOT LIMITED TO SLOT MACHINES, VIDEO LOTTERY TERMINALS, TABLE GAMES, HORSE RACING, JAI ALAI, ETC.? A GOVERNMENT AGENCY AS USED HERE INCLUDES ANY FEDERAL, STATE, NATIVE AMERICAN OR LOCAL GOVERNMENT CREATED TO CARRY OUT A GOVERNMENTAL FUNCTION OR TO IMPLEMENT A STATUTE OR STATUTES.</p> <p>IF YOU ANSWER YES, YOU MUST COMPLETE <u>SCHEDULE 29</u> CONCERNING GAMING LICENSES AND PERMITS.</p>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
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**APPLICANT'S CONTRIBUTIONS AND DISBURSEMENTS**

<p>10. DURING THE LAST TEN (10) YEAR PERIOD, HAS APPLICANT, ITS PARENT COMPANY, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES, HOLDING COMPANIES, PRINCIPALS, EMPLOYEES OR ANY THIRD PARTIES ACTING FOR OR ON BEHALF OF APPLICANT MADE ANY BRIBES OR KICKBACKS OR MADE ANY PAYMENTS ALLEGED TO HAVE BEEN BRIBES OR KICKBACKS TO ANY EMPLOYEE, PERSON, COMPANY OR ORGANIZATION TO OBTAIN FAVORABLE TREATMENT?</p>	<p align="center">Redacted</p>
<p>11. DURING THE LAST TEN (10) YEAR PERIOD, HAS APPLICANT, ITS PARENT COMPANY, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES, HOLDING COMPANIES, PRINCIPALS, EMPLOYEES OR ANY THIRD PARTIES ACTING FOR OR ON BEHALF OF THE APPLICANT MADE ANY BRIBES OR KICKBACKS OR MADE ANY PAYMENTS ALLEGED TO HAVE BEEN BRIBES OR KICKBACKS TO ANY GOVERNMENT OFFICIAL, DOMESTIC OR FOREIGN TO OBTAIN FAVORABLE TREATMENT?</p>	
<p>12. DURING THE LAST TEN (10) YEAR PERIOD, HAS APPLICANT, ITS PARENT COMPANY OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES, HOLDING COMPANIES, PRINCIPALS, EMPLOYEES OR ANY THIRD PARTIES FOR OR ON BEHALF OF APPLICANT LOANED FUNDS FOR THE PURPOSE OF OPPOSING OR SUPPORTING ANY GOVERNMENT, POLITICAL PARTY, CANDIDATE OR COMMITTEE, EITHER DOMESTIC OR FOREIGN?</p>	
<p>13. DURING THE LAST TEN (10) YEAR PERIOD, HAS APPLICANT, ITS PARENT COMPANY, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES, HOLDING COMPANIES, PRINCIPALS, EMPLOYEES OR ANY THIRD PARTIES ACTING FOR OR ON BEHALF OF APPLICANT DONATED OR LOANED PROPERTY OR ANY OTHER THING OF VALUE, OR ORGANIZED, SPONSORED OR PARTICIPATED IN FUNDRAISING ACTIVITIES FOR THE PURPOSE OF OPPOSING OR SUPPORTING ANY GOVERNMENT, POLITICAL PARTY, CANDIDATE OR COMMITTEE, EITHER DOMESTIC OR FOREIGN?</p>	
<p>14A. DURING THE LAST TEN (10) YEAR PERIOD, HAS APPLICANT, ITS PARENT COMPANY, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES MADE ANY LOANS, DONATIONS OR OTHER DISBURSEMENTS TO PRINCIPALS, EMPLOYEES OR ANY THIRD PARTIES FOR THE PURPOSE OF REIMBURSING SUCH INDIVIDUALS FOR POLITICAL CONTRIBUTIONS EITHER FOREIGN OR DOMESTIC?</p>	
<p>14B. DURING THE LAST TEN (10) YEAR PERIOD, HAS APPLICANT, ITS PARENT COMPANY, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES FORMED OR CAUSED TO BE FORMED, A POLITICAL ACTION COMMITTEE EITHER UNDER FEDERAL OR STATE ELECTION LAWS?</p>	
<p>14C. AS A RESULT OF THE CITIZEN'S UNITED V. FEC DECISION, HAS APPLICANT, ITS PARENT COMPANY, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES MADE "INDEPENDENT EXPENDITURES", AS DEFINED IN SEC. 1621(e) OF THE PENNSYLVANIA ELECTION CODE, FOR THE PURPOSE OF INFLUENCING AN ELECTION COVERED BY THE PENNSYLVANIA ELECTION CODE?</p>	

<p>15. DURING THE LAST TEN (10) YEAR PERIOD, HAS APPLICANT, ITS PARENT COMPANY, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES MAINTAINED ANY BANK ACCOUNT, DOMESTIC OR FOREIGN, NOT REFLECTED ON THE APPLICANT'S BOOKS OR RECORDS?</p>	<p>Redacted</p>
<p>16. DURING THE LAST TEN (10) YEAR PERIOD, HAS APPLICANT, ITS PARENT COMPANY, OR ANY OF ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES OR HOLDING COMPANIES MAINTAINED ANY NUMBERED ACCOUNT OR ANY ACCOUNT IN THE NAME OF A NOMINEE FOR APPLICANT?</p>	
<p>IF YOU ANSWER YES TO ANY OF THESE QUESTIONS, YOU MUST COMPLETE <u>SCHEDULE 30</u>, CONCERNING CONTRIBUTIONS AND DISBURSEMENTS.</p>	

**APPLICATION CHECKLIST**

<p>PLACE A CHECKMARK IN THE BOX NEXT TO EACH ITEM APPLICANT HAS ATTACHED TO THIS APPLICATION AND DISCLOSURE INFORMATION FORM.</p>		
<p>EACH ITEM MARKED AS MANDATORY MUST BE COMPLETED AND SUBMITTED AS PART OF THIS APPLICATION FORM. IF ANY ITEM IS MISSING, THE APPLICATION WILL BE CONSIDERED INCOMPLETE AND WILL NOT BE PROCESSED. IF A QUESTION, SCHEDULE OR ADDENDUM DOES NOT APPLY TO THE APPLICANT, YOU MUST WRITE "DOES NOT APPLY" IN EACH FIELD OF THE QUESTION, SCHEDULE, OR ADDENDUM.</p>		
<input checked="" type="checkbox"/>	SCHEDULE 1: INCORPORATORS/FOUNDERS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 2: OTHER NAMES USED BY APPLICANT	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 3: ADDRESSES CURRENTLY USED BY APPLICANT	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 4: ADDRESSES USED BY APPLICANT	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 5: CURRENT OFFICERS, DIRECTORS/PARTNERS AND TRUSTEES	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 6: FORMER (NO LONGER ACTIVE) OFFICERS, DIRECTORS/PARTNERS AND TRUSTEES	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 7: EMPLOYEES EARNING OVER \$250,000 IN ANNUAL COMPENSATION FROM APPLICANT	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 8: BONUS, PROFIT SHARING, PENSION RETIREMENT, DEFERRED COMPENSATION & SIMILAR PLANS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 9: STOCK DESCRIPTION (FOR C CORPORATIONS, S-CORPORATIONS, LLCs)	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 10: VOTING SHAREHOLDERS (FOR C CORPORATIONS, S-CORPORATIONS, LLCs)	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 10A: INTEREST OF CURRENT PARTNERS (FOR PARTNERSHIPS, LLPs, LIMITED PARTNERSHIPS, LLCs)	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 10B: INTEREST OF FORMER PARTNERS (FOR PARTNERSHIPS, LLPs, LIMITED PARTNERSHIPS, LLCs)	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 11: NON-VOTING SHAREHOLDERS (FOR C CORPORATIONS, S-CORPORATIONS, LLCs)	MANDATORY

<input checked="" type="checkbox"/>	SCHEDULE 12: LONG TERM DEBT	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 13: HOLDERS OF LONG TERM DEBT	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 14: OTHER INDEBTEDNESS AND SECURITY DEVICES	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 15: HOLDER OF OTHER INDEBTEDNESS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 16: SECURITIES OPTIONS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 17: BENEFICIAL OWNER OF OPTIONS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 18: OTHER PRINCIPALS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 19: FINANCIAL INSTITUTIONS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 20: CONTRACTS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 21: STOCK HELD BY APPLICANT	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 22: INSIDER TRANSACTIONS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 23: CRIMINAL HISTORY	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 24: TESTIMONY, INVESTIGATIONS OR POLYGRAPHS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 25: EXISTING LITIGATION	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 26: ANTITRUST, TRADE REGULATION AND SECURITY JUDGMENTS; STATUTORY AND REGULATORY VIOLATIONS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 27: BANKRUPTCY OR INSOLVENCY PROCEEDINGS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 28: NON-GAMING LICENSES AND PERMITS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 29: GAMING LICENSES AND PERMITS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 30: APPLICANT'S CONTRIBUTIONS AND DISBURSEMENTS	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 31: APPLICANT BACKGROUND PART 1	MANDATORY
<input checked="" type="checkbox"/>	SCHEDULE 32: APPLICANT BACKGROUND PART 2	MANDATORY
<input checked="" type="checkbox"/>	APPLICATION FOR PENNSYLVANIA TAX CLEARANCE REVIEW	MANDATORY
<input checked="" type="checkbox"/>	AFFIDAVIT	MANDATORY
<input checked="" type="checkbox"/>	RELEASE AUTHORIZATION	MANDATORY
<input checked="" type="checkbox"/>	WAIVER OF LIABILITY	MANDATORY
<input checked="" type="checkbox"/>	DIVERSITY PLAN STATEMENT	MANDATORY
<input type="checkbox"/>	CONDITIONAL/CATEGORY 1 APPLICANT'S AFFIRMATION DOES NOT APPLY.	CATEGORY 1 APPLICANT ONLY

<input type="checkbox"/>	ADDENDUM 1 – REQUEST FOR USE OF ALTERNATIVE CATEGORY 1 SLOT MACHINE LICENSING STANDARDS FORM DOES NOT APPLY.	CATEGORY 1 APPLICANT ONLY
<input type="checkbox"/>	ALTERNATIVE LICENSING AFFIDAVIT DOES NOT APPLY.	OPTIONAL CATEGORY 1 APPLICANT ONLY
<input checked="" type="checkbox"/>	LICENSED ENTITY REPRESENTATIVE REGISTRATION	MANDATORY
<input checked="" type="checkbox"/>	ANNUAL CERTIFICATION TO PREVENT VIOLATIONS OF SECTION 1513 FORM	MANDATORY
<input checked="" type="checkbox"/>	PENNSYLVANIA POLITICAL CONTRIBUTIONS FORM	MANDATORY
<input checked="" type="checkbox"/>	FINANCIAL STATEMENT CERTIFICATION	MANDATORY
<input checked="" type="checkbox"/>	MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM (ONE FOR EACH NATURAL PERSON WHO IS A PRINCIPAL OR KEY EMPLOYEE)	MANDATORY
<input checked="" type="checkbox"/>	PRINCIPAL/KEY EMPLOYEE FORM - PENNSYLVANIA SUPPLEMENT TO THE MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM (ONE FOR EACH NATURAL PERSON WHO IS A PRINCIPAL OR KEY EMPLOYEE)	MANDATORY
<input checked="" type="checkbox"/>	PRINCIPAL ENTITY FORM (ONE FOR EACH ENTITY THAT IS A PRINCIPAL)	MANDATORY

## APPENDICES

APPENDICES: THE APPENDICES ARE DOCUMENTS THE APPLICANT MUST PROVIDE OR CREATE. THE APPENDICES ARE NOT REPRESENTED IN THE APPLICATION QUESTIONS OR ITS SCHEDULES OR ADDENDA. EACH APPENDIX SHALL BE PRESENTED IN A TABBED MANNER AND EACH TAB MUST INDICATE THE APPENDIX NUMBER AS LISTED BELOW. IF AN APPENDIX DOES NOT APPLY TO AN APPLICANT, WRITE "DOES NOT APPLY" ON THE APPENDIX PAGE.		
<input checked="" type="checkbox"/>	APPENDIX 1: DESCRIPTION OF THE BUSINESS CURRENTLY PERFORMED AND THE BUSINESS INTENDED TO BE PERFORMED IN THE COMMONWEALTH. THIS INFORMATION MUST BE SPECIFIC AND MUST BE ORGANIZED AROUND THE TOPICS SHOWN IN <u>SCHEDULES 31 AND 32</u> . ADDITIONALLY, APPLICANT MUST INDICATE THE RELATIONSHIP BETWEEN IT AND ITS AFFILIATED ENTITIES AS IT RELATES TO THE BUSINESS INTENDED TO BE PERFORMED IN THE COMMONWEALTH IN THE FORM OF AN ORGANIZATION CHART WITH A NARRATIVE DESCRIPTION.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 2: DESCRIPTION OF ANY FORMER BUSINESS ENGAGED IN DURING THE LAST TEN (10) YEARS AND THE REASON FOR CESSATION OF THE BUSINESS.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 3: DESCRIPTION OF ALL BONUS, PROFIT SHARING, PENSION, RETIREMENT, DEFERRED COMPENSATION AND SIMILAR PLANS. THIS INFORMATION MUST BE PROVIDED IN ADDITION TO THE INFORMATION PROVIDED IN <u>SCHEDULE 8</u> .	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 4: DESCRIPTION OF LONG TERM DEBT. THIS INFORMATION MUST BE PROVIDED IN ADDITION TO THE INFORMATION PROVIDED IN <u>SCHEDULES 12 AND 13</u> .	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 5: DESCRIPTION OF OTHER INDEBTEDNESS AND SECURITY DEVICES. THIS INFORMATION MUST BE PROVIDED IN ADDITION TO THE INFORMATION PROVIDED IN <u>SCHEDULES 14 AND 15</u> .	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 6: DESCRIPTION OF SECURITIES OPTIONS. THIS INFORMATION MUST BE PROVIDED IN ADDITION TO THE INFORMATION PROVIDED IN <u>SCHEDULES 16 AND 17</u> .	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 7: DESCRIPTION OF EXISTING LITIGATION. THIS INFORMATION MUST BE PROVIDED IN ADDITION TO THE INFORMATION PROVIDED IN <u>SCHEDULE 25</u> .	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 8: AUDITED FINANCIAL STATEMENT FOR THE LAST FISCAL YEAR. IF THE APPLICANT DOES NOT NORMALLY HAVE ITS FINANCIAL STATEMENTS AUDITED, ATTACH UNAUDITED FINANCIAL STATEMENTS.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 9: AUDITED FINANCIAL STATEMENTS FOR THE LAST FIVE (5) YEARS. IF THE APPLICANT DOES NOT NORMALLY HAVE ITS FINANCIAL STATEMENTS AUDITED, ATTACH UNAUDITED FINANCIAL STATEMENTS.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 10: ANNUAL REPORTS FOR THE LAST FIVE (5) YEARS.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 11A: ANNUAL REPORTS PREPARED ON THE SEC'S 10K FOR THE LAST FIVE (5) YEARS. APPENDIX 11B: COPIES OF ANNUAL OR QUARTERLY FILINGS FOR THE LAST FIVE (5) YEARS REQUIRED UNDER THE LAWS OF A REGULATORY AGENCY OF ANOTHER COUNTRY.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 12: A COPY OF THE LAST QUARTERLY UNAUDITED FINANCIAL STATEMENT.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 13: A COPY OR COPIES OF ANY INTERIM REPORTS.	MANDATORY

<input checked="" type="checkbox"/>	APPENDIX 14: A COPY OF THE LAST DEFINITIVE PROXY OR INFORMATION STATEMENT (SEC).	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 15: A COPY OF ALL REGISTRATION STATEMENTS FOR THE LAST FIVE (5) YEARS FILED IN ACCORDANCE WITH THE SECURITIES ACT OF 1933.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 16: COPIES OF ALL OTHER REPORTS PREPARED IN THE LAST FIVE (5) YEARS BY INDEPENDENT AUDITORS OF THE APPLICANT.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 17: CERTIFIED COPIES OF THE ARTICLES OF INCORPORATION, CHARTER, BYLAWS, PARTNERSHIP AGREEMENT OR OTHER OFFICIAL DOCUMENTS AND ALL AMENDMENTS AND PROPOSED AMENDMENTS.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 18: CURRENT OWNERSHIP TABLE OF ORGANIZATION.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 19: FUNCTIONAL TABLE OF ORGANIZATION FOR APPLICANT WITH, JOB DESCRIPTIONS, AND NAMES OF EMPLOYEES EARNING IN EXCESS OF \$250,000 IN ANNUAL COMPENSATION.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 20: COPIES OF FEDERAL ENTITY TAX FILINGS, INCLUDING FORMS 1120, 1120-S, 1120-F, 1065, 941 AND ALL OTHER BUSINESS RELATED TAX FORMS FILED WITH THE IRS IN THE LAST FIVE (5) YEARS.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 21: COPIES OF 5500 FORMS FILED WITH THE IRS IN THE LAST FIVE (5) YEARS.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 22: DESCRIBE CRIMINAL HISTORY OF APPLICANT. THIS INFORMATION MUST BE PROVIDED IN ADDITION TO THE INFORMATION PROVIDED IN <u>SCHEDULE 23</u> . NARRATIVE INFORMATION ABOUT THE NATURE OF CHARGE OR COMPLAINT AND THE DISPOSITION MUST BE PROVIDED.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 23: PURSUANT TO §1312 OF THE GAMING ACT, THE BOARD MAY NOT APPROVE AN APPLICATION FOR LICENSURE IF ANY OF ITS PRINCIPALS DO NOT MEET THE CHARACTER REQUIREMENTS OF §1310, ELIGIBILITY REQUIREMENTS, OR PURCHASES A CONTROLLING INTEREST IN A LICENSED GAMING ENTITY IN VIOLATION OF §1328.  HAS THE APPLICANT DIVESTED ALL INTERESTS THAT WOULD PROHIBIT LICENSURE AND ELIMINATED ANY PRINCIPAL WHO DOES NOT MEET THE CHARACTER OR ELIGIBILITY REQUIREMENTS? IF NOT, PROVIDE AN EXPLANATION. IF IT DOES NOT APPLY, WRITE DOES NOT APPLY IN RESPONSE TO THIS APPENDIX.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 24: PURSUANT TO §1330 OF THE GAMING ACT, NO LICENSEE, ITS AFFILIATE, INTERMEDIARY, SUBSIDIARY OR HOLDING COMPANY MAY POSSESS AN OWNERSHIP OR FINANCIAL INTEREST THAT IS GREATER THAN 33.3% OF ANOTHER SLOT MACHINE LICENSEE OR PERSON ELIGIBLE TO APPLY FOR A CATEGORY 1 LICENSE, ITS AFFILIATE, INTERMEDIARY, SUBSIDIARY OR HOLDING COMPANY.  DOES THE APPLICANT POSSESS AN OWNERSHIP OR FINANCIAL INTEREST THAT IS GREATER THAN 33.3% OF ANOTHER SLOT MACHINE LICENSEE OR PERSON ELIGIBLE TO APPLY FOR A CATEGORY 1 LICENSE, ITS AFFILIATE, INTERMEDIARY, SUBSIDIARY OR HOLDING COMPANY? PROVIDE AN EXPLANATION OR WRITE "DOES NOT APPLY".	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 25: PURSUANT TO §1512 OF THE GAMING ACT, NO EXECUTIVE-LEVEL STATE EMPLOYEE, PUBLIC OFFICIAL, PARTY OFFICER OR IMMEDIATE FAMILY MEMBER THEREOF SHALL HAVE A FINANCIAL INTEREST IN OR BE EMPLOYED, DIRECTLY OR INDIRECTLY, BY ANY LICENSED RACING ENTITY OR LICENSED GAMING ENTITY, OR ANY HOLDING, AFFILIATE, INTERMEDIARY OR SUBSIDIARY COMPANY, THEREOF, OR ANY SUCH APPLICANT.	MANDATORY

	HAS ANY PUBLIC OFFICIAL OR OTHER PROHIBITED PERSON POSSESSED A FINANCIAL INTEREST IN OR BEEN EMPLOYED DIRECTLY OR INDIRECTLY BY THE APPLICANT OR RELATED ENTITY AT OR FOLLOWING THE EFFECTIVE DATE OF THE PA GAMING ACT?	
<input checked="" type="checkbox"/>	APPENDIX 26: PURSUANT TO §1313 OF THE GAMING ACT, PROVIDE INFORMATION, DOCUMENTATION AND ASSURANCES DEMONSTRATING THAT THE APPLICANT HAS SUFFICIENT BUSINESS ABILITY AND EXPERIENCE TO CREATE AND MAINTAIN A SUCCESSFUL, EFFICIENT OPERATION. ALSO PROVIDE BIOGRAPHIES OF THE KNOWN INDIVIDUALS WHO WILL PERFORM EXECUTIVE MANAGEMENT DUTIES AND PROVIDE NAMES OF ALL PROPOSED KEY EMPLOYEES AND A DESCRIPTION OF THEIR RESPECTIVE OR PROPOSED RESPONSIBILITIES AS THEY BECOME KNOWN.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 27: PURSUANT TO §1207(16) OF THE GAMING ACT, THE LICENSEE MUST SELL PENNSYLVANIA STATE LOTTERY TICKETS AT ITS FACILITY AS NEAR AS PRACTICABLE TO THE PAY WINDOWS. PROVIDE A PROPOSED FLOOR PLAN SPECIFYING THE LOCATIONS WHERE STATE LOTTERY TICKETS WILL BE SOLD AND THE PROXIMITY OF THOSE LOCATIONS TO PAY WINDOWS. (NOTE: THIS SUBMISSION MUST BE FINALIZED AND APPROVED BY THE BOARD PRIOR TO OPERATION).	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 28: PROVIDE A LIST OF ANY HOSPITAL, PLACE OF WORSHIP, SCHOOL, CHARITABLE INSTITUTION, PARK, ZOO OR ANY SIMILAR PLACE FREQUENTED BY THE PUBLIC WITHIN 1500 FEET OF THE PROPOSED FACILITY.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 29: SUBMIT AN INITIAL NARRATIVE DESCRIPTION OF PROPOSED ADMINISTRATIVE AND ACCOUNTING PROCEDURES, INCLUDING A WRITTEN SYSTEM OF INTERNAL CONTROL, PURSUANT TO §1322 OF THE GAMING ACT (NOTE: THIS SUBMISSION MUST BE FINALIZED AND APPROVED BY THE BOARD PRIOR TO OPERATION).	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 30: PROVIDE MARKETING PLANS AND PROPOSALS AND DETAILS OF THE PROXIMITY OF THE FACILITY TO ITS MARKETING SERVICE AREA.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 31: PROVIDE COPIES OF LOCAL ZONING AND LAND USE APPROVALS OR A DETAILED EXPLANATION OF THE STATUS OF THE REQUEST WITH COPIES OF ALL FILINGS.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 32: PURSUANT TO §1322 OF THE GAMING ACT AND/OR BOARD REGULATIONS, SUBMIT A COMPLETE PROPOSED SITE PLAN OF THE PROPOSED LICENSED FACILITY, INCLUSIVE OF TRAFFIC STUDIES AND THE PARKING PLAN, INCLUDING THE NUMBER OF PARKING SPACES, ACCOMPANIED BY ARCHITECTURAL DRAWINGS AND A PROPOSED GAMING FLOOR LAYOUT. THE GAMING FLOOR LAYOUT SHOULD CLEARLY DELINEATE THE SQUARE FOOTAGE OF THE AREA TO BE USED FOR THE PLACEMENT OF SLOT MACHINES AND TABLE GAMES AS WELL AS THE SQUARE FOOTAGE OF THE AREA THAT WILL NOT BE USED FOR THE PLACEMENT OF SLOT MACHINES AND TABLE GAMES. FURTHER, THE GAMING FLOOR LAYOUT SHOULD DELINEATE THE SQUARE FOOTAGE RESERVED FOR ADDITIONAL SLOT MACHINES AND TABLE GAMES PERMITTED PURSUANT TO §1210 AND §13A11 OF THE GAMING ACT. PURSUANT TO §1210, PROVIDE DETAILS OF THE PROPOSED LOCATION OF SLOT MACHINES AND TABLE GAMES AT THE FACILITY AND THE NUMBER OF SLOT MACHINES AND TABLE GAMES REQUESTED. PURSUANT TO §1207 OF THE GAMING ACT, PROPOSED SURVEILLANCE CAMERA LOCATIONS BOTH WITHIN AND OUTSIDE THE PROPOSED LICENSED FACILITY SHOULD ALSO BE CLEARLY DELINEATED ON THE GAMING FLOOR LAYOUT AS WELL AS PROPOSED SECURITY ZONES ON THE GAMING FLOOR AND WITHIN AND OUTSIDE THE LICENSED FACILITY. (NOTE: THE SITE PLAN, GAMING FLOOR LAYOUT AND RELATED SURVEILLANCE AND SECURITY PROPOSALS MUST BE FINALIZED AND APPROVED BY THE BOARD PRIOR TO OPERATION).	MANDATORY

<input checked="" type="checkbox"/>	<b>APPENDIX 33: PROVIDE DETAILS OF PLANNED RETAIL AND FOOD VENUES FOR THE FACILITY AND THE IDENTIFICATION OF THE OPERATORS OF EACH RETAIL, FOOD VENUE.</b>	<b>MANDATORY</b>
<input checked="" type="checkbox"/>	<b>APPENDIX 34: PROVIDE A LOCAL IMPACT REPORT, ENGINEERING REPORTS AND TRAFFIC STUDIES, INCLUDING DETAILS OF ANY ADVERSE IMPACT ON TRANSPORTATION, TRANSIT ACCESS, HOUSING, WATER AND SEWER SYSTEMS, LOCAL POLICE AND EMERGENCY SERVICE CAPABILITIES, EXISTING TOURISM, INCLUDING HISTORICAL AND CULTURAL RESOURCES OR OTHER MUNICIPAL SERVICE OR RESOURCE. A COPY OF THE LOCAL IMPACT REPORT SHALL BE PROVIDED TO EACH POLITICAL SUBDIVISION IN WHICH THE LICENSED FACILITY WILL BE LOCATED AT LEAST SEVEN (7) DAYS PRIOR TO THE FILING OF THE APPLICATION FOR A SLOT MACHINE LICENSE. THE APPLICANT SHALL FILE A PROOF OF SERVICE WITH THE BOARD.</b>	<b>MANDATORY</b>
<input checked="" type="checkbox"/>	<b>APPENDIX 35: PROVIDE DETAILS OF LAND ACQUISITION COSTS.</b>	<b>MANDATORY</b>
<input checked="" type="checkbox"/>	<b>APPENDIX 36: PROVIDE DETAILS OF A COMPULSIVE OR PROBLEM GAMBLING PLAN.</b>	<b>MANDATORY</b>
<input checked="" type="checkbox"/>	<b>APPENDIX 37: IF A TEMPORARY FACILITY IS TO BE LICENSED, PROVIDE DETAILS OF THE TEMPORARY FACILITY AS WELL AS A PLAN FOR HOW THE LICENSEE WILL TRANSITION TO A PERMANENT FACILITY, INCLUDING A DATE FOR THE COMPLETION OF THE PERMANENT FACILITY.</b>	<b>MANDATORY</b>
<input checked="" type="checkbox"/>	<b>APPENDIX 38: AS REQUIRED BY §1325 OF THE GAMING ACT, APPLICANT MUST ADDRESS EACH ITEM LISTED IN THIS SECTION. IF AN ITEM DOES NOT APPLY, THE APPLICANT MUST STATE THAT IN RESPONSE TO EACH ITEM LISTED. PROVIDE A PLAN, WITH DETAILS, FOR THE FOLLOWING:</b>  <b>(1) THE LOCATION AND QUALITY OF THE PROPOSED FACILITY, INCLUDING, BUT NOT LIMITED TO, ROAD AND TRANSIT ACCESS, PARKING AND CENTRALITY TO MARKET SERVICE AREA;</b>  <b>(2) THE POTENTIAL FOR NEW JOB CREATION AND ECONOMIC DEVELOPMENT WHICH WILL RESULT FROM GRANTING A LICENSE TO THE APPLICANT;</b>  <b>(3) THE APPLICANT'S GOOD FAITH PLAN TO RECRUIT, TRAIN AND UPGRADE DIVERSITY IN ALL EMPLOYMENT CLASSIFICATIONS IN THE FACILITY;</b>  <b>(4) THE APPLICANT'S GOOD FAITH PLAN FOR ENHANCING THE REPRESENTATION OF DIVERSE GROUPS IN THE OPERATION OF ITS FACILITY THROUGH THE OWNERSHIP AND OPERATION OF BUSINESS ENTERPRISES ASSOCIATED WITH OR UTILIZED BY ITS FACILITY OR THROUGH THE PROVISION OF GOODS OR SERVICES UTILIZED BY ITS FACILITY AND THROUGH THE PARTICIPATION IN THE OWNERSHIP OF THE APPLICANT. PROVIDE SPECIFIC INFORMATION REGARDING THE DIVERSITY IN OWNERSHIP OF THE APPLICANT, I.E. MINORITIES, WOMEN;</b>  <b>(5) THE APPLICANT'S GOOD FAITH EFFORT TO ASSURE THAT ALL PERSONS ARE ACCORDED EQUALITY OF OPPORTUNITY IN EMPLOYMENT AND CONTRACTING BY IT AND ANY CONTRACTORS, SUBCONTRACTORS, ASSIGNEES, LESSEES, AGENTS, GAMING SERVICE PROVIDERS AND SUPPLIERS IT MAY EMPLOY DIRECTLY OR INDIRECTLY;</b>  <b>(6) THE HISTORY AND SUCCESS OF THE APPLICANT IN DEVELOPING TOURISM FACILITIES ANCILLARY TO GAMING DEVELOPMENT, IF APPLICABLE TO THE APPLICANT;</b>  <b>(7) THE DEGREE TO WHICH THE APPLICANT PRESENTS A PLAN FOR THE PROJECT WHICH WILL LIKELY LEAD TO THE CREATION OF QUALITY, LIVING-WAGE JOBS AND FULL-TIME PERMANENT JOBS FOR RESIDENTS OF THIS COMMONWEALTH GENERALLY AND FOR RESIDENTS OF THE HOST POLITICAL SUBDIVISION IN PARTICULAR;</b>	<b>MANDATORY</b>

	<p>(8) THE RECORD OF THE APPLICANT AND ITS DEVELOPER IN MEETING COMMITMENTS TO LOCAL AGENCIES, COMMUNITY-BASED ORGANIZATIONS AND EMPLOYEES IN OTHER LOCATIONS;</p> <p>(9) THE DEGREE TO WHICH POTENTIAL ADVERSE EFFECTS WHICH MIGHT RESULT FROM THE PROJECT, INCLUDING COSTS OF MEETING THE INCREASED DEMAND FOR PUBLIC HEALTH CARE, CHILD CARE, PUBLIC TRANSPORTATION, AFFORDABLE HOUSING AND SOCIAL SERVICES, WILL BE MITIGATED;</p> <p>(10) THE RECORD OF THE APPLICANT AND ITS DEVELOPER REGARDING COMPLIANCE WITH</p> <p>(i) FEDERAL, STATE AND LOCAL DISCRIMINATION, WAGE AND HOUR, DISABILITY AND OCCUPATIONAL AND ENVIRONMENTAL HEALTH AND SAFETY LAWS AS WELL AS</p> <p>(ii) STATE AND LOCAL LABOR RELATIONS AND EMPLOYMENT LAWS;</p> <p>(iii) THE APPLICANT'S RECORD IN DEALING WITH ITS EMPLOYEES AND THEIR REPRESENTATIVES AT OTHER LOCATIONS.</p>	
<input checked="" type="checkbox"/>	APPENDIX 39: PROVIDE INFORMATION DEMONSTRATING ADEQUATE FINANCING FOR THE PROPOSED FACILITY AND TERMS OF FINANCING INCLUDING PAYBACK PERIOD.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 40: PROVIDE BUSINESS AND ECONOMIC DEVELOPMENT PLANS AND TIMETABLES, PROJECTED DEBT SERVICE EXPENSES, PROJECTED EBITDA AND INTERNAL RATE OF RETURN, PROJECTED ANNUAL GROSS TERMINAL REVENUE, PROJECTED OPERATING AND CAPITAL EXPENSES AND DEFINED GAMING MARKET AND PROJECTED VISITATION.	MANDATORY
<input checked="" type="checkbox"/>	<p>APPENDIX 41: PROVIDE LETTERS OF REFERENCE FROM LAW ENFORCEMENT AGENCIES HAVING JURISDICTION IN THE APPLICANT'S AND PRINCIPAL'S MAIN PLACE OF RESIDENCE AND PLACE OF BUSINESS INDICATING THAT THE AGENCY DOES NOT HAVE ANY PERTINENT INFORMATION RELATING TO THE APPLICANT OR ITS PRINCIPALS. IF THE LAW ENFORCEMENT AGENCY HAS INFORMATION PERTAINING TO THE APPLICANT OR ITS PRINCIPALS, THE LETTER SHALL SPECIFY THE DETAILS OF THE INFORMATION.</p> <p>IF NO LETTERS ARE RECEIVED WITHIN 30 DAYS OF THE REQUEST, THE APPLICANT OR PRINCIPAL MAY SUBMIT A SWORN OR AFFIRMED STATEMENT THAT THE APPLICANT OR PRINCIPAL IS A CITIZEN IN GOOD STANDING IN HIS JURISDICTION OF RESIDENCE AND PRIMARY PLACE OF BUSINESS.</p>	MANDATORY
<input checked="" type="checkbox"/>	<p>APPENDIX 42: IF THE APPLICANT HAS HELD A GAMING LICENSE IN ANY JURISDICTION, PROVIDE A LETTER OF REFERENCE FROM THE GAMING OR CASINO ENFORCEMENT OR REGULATORY AGENCY IN THE OTHER JURISDICTION, SPECIFYING THE EXPERIENCES OF THE AGENCY WITH THE APPLICANT, THE APPLICANT'S ASSOCIATES AND THE APPLICANT'S GAMING OPERATION.</p> <p>IF NO LETTER IS RECEIVED WITHIN 30 DAYS OF REQUEST BY THE APPLICANT, THE APPLICANT MAY SUBMIT A SWORN OR AFFIRMED STATEMENT THAT THE APPLICANT'S OPERATION IS IN GOOD STANDING WITH THE REGULATORY AGENCY.</p>	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 43: PROVIDE AN ORIGINAL PAYMENT BOND OR AN ORIGINAL IRREVOCABLE LETTER OF CREDIT THAT INCLUDES A DRAW CERTIFICATE, AT THE APPLICANT'S OPTION, GUARANTEEING THE APPLICANT'S PAYMENT OF THE SLOT MACHINE LICENSE FEE REQUIRED BY §1209 (FOR CATEGORY 1 AND 2) AND §1305 (CATEGORY 3) OF THE GAMING ACT.	MANDATORY
<input checked="" type="checkbox"/>	APPENDIX 44: PROVIDE A CHART OF EXISTING GAMING SERVICE PROVIDERS* INCLUDING THE NAME, ADDRESS, PHONE AND TAX IDENTIFICATION NUMBER OF THE	MANDATORY

	<p>GAMING SERVICE PROVIDERS, TYPES OF GOODS AND/OR SERVICES PROVIDED BY THE GAMING SERVICE PROVIDERS, TOTAL DOLLAR AMOUNT OF BUSINESS WITH GAMING SERVICE PROVIDERS IN THE PAST TWELVE (12) MONTHS AND TOTAL DOLLAR AMOUNT OF BUSINESS EXPECTED TO BE CONDUCTED WITH GAMING SERVICE PROVIDERS IN THE NEXT TWELVE (12) MONTHS.</p> <p>* GAMING SERVICE PROVIDERS IS DEFINED IN 58 PA. CODE §401A.3.</p>	
<input checked="" type="checkbox"/>	<p>APPENDIX 45: PROVIDE A SUMMARY OF ALL PERSONS WHO HOLD AN OWNERSHIP OR OTHER BENEFICIAL INTEREST IN THE APPLICANT AND ANY SUCH INTEREST IN ANY OF ITS PRINCIPAL AFFILIATES OR PRINCIPAL ENTITIES REQUIRED TO BE LICENSED OR PERMITTED IN PENNSYLVANIA; PROVIDED HOWEVER, IF ANY OF THE ENTITIES ARE PUBLICLY TRADED, ONLY INTERESTS EQUAL TO OR EXCEEDING FIVE PERCENT MUST BE DISCLOSED. OWNERSHIP INTEREST SHOULD BE PROVIDED IN A MANNER CONSISTENT WITH THE OWNERSHIP INTEREST REPORT FOUND ON THE BOARD'S WEBSITE UNDER LICENSURE/REPORTS AND GENERAL INFORMATION.</p>	MANDATORY

**CATEGORY 1 APPLICANTS ONLY DOES NOT APPLY.**

<input type="checkbox"/>	<p>APPENDIX 46: PURSUANT TO §1308(C) OF THE GAMING ACT, THE BOARD AND THE COMMISSIONS SHALL NOT CONSIDER ANY APPLICATION FOR A LICENSE IF THE APPLICANT OR ANY PERSON AFFILIATED WITH OR DIRECTLY RELATED TO THE APPLICANT IS A PARTY IN ANY ONGOING CIVIL PROCEEDING IN WHICH THE PARTY IS SEEKING TO OVERTURN OR OTHERWISE CHALLENGE A DECISION OR ORDER OF THE BOARD OR COMMISSIONS PERTAINING TO THE APPROVAL, DENIAL OR CONDITIONING OF A LICENSE TO CONDUCT THOROUGHBRED OR HARNESS HORSE RACE MEETINGS RESPECTIVELY WITH PARI-MUTUEL WAGERING OR TO OPERATE SLOT MACHINES.</p> <p>IS THE APPLICANT OR AFFILIATED PERSON A PARTY TO ANY ONGOING CIVIL PROCEEDINGS SEEKING TO OVERTURN A DECISION OR ORDER OF THE BOARD OR COMMISSIONS? IF YES, THE BOARD MAY NOT CONSIDER THE APPLICATION. IF NO, PROVIDE A STATEMENT ASSERTING THAT THE APPLICANT IS NOT CHALLENGING THE BOARD OR COMMISSION'S DECISION OR ORDERS.</p>	CATEGORY 1 APPLICANT ONLY
<input type="checkbox"/>	<p>APPENDIX 47: PROVIDE A VERIFICATION FROM THE HORSE RACING COMMISSION OR THE HARNESS RACING COMMISSION STATING THAT THE APPLICANT HAS SATISFIED THE LICENSE ELIGIBILITY REQUIREMENTS UNDER §1302 OF THE GAMING ACT (RELATING TO CONDITIONAL/CATEGORY 1 SLOT MACHINE LICENSE) AND THAT THE APPLICANT SATISFIES THE LIVE RACING REQUIREMENTS UNDER §1303 OF THE GAMING ACT.</p>	CATEGORY 1 APPLICANT ONLY
<input type="checkbox"/>	<p>APPENDIX 48: PROVIDE A STATEMENT DETAILING THE APPLICANT'S REGULATORY HISTORY AS A LICENSED RACING ENTITY UNDER THE JURISDICTION OF THE PENNSYLVANIA HORSE RACING COMMISSION OR STATE HARNESS RACING COMMISSION, INCLUDING THE APPLICANT'S HISTORY OF SUITABILITY AND COMPLIANCE WITH THE RACE HORSE INDUSTRY REFORM ACT IN THE OPERATION OF THE RACE TRACK AND NONPRIMARY LOCATIONS AND THE CONDUCT OF PARI-MUTUEL WAGERING.</p>	CATEGORY 1 APPLICANT ONLY
<input type="checkbox"/>	<p>APPENDIX 49: PROVIDE A DETAILED PLAN FOR THE MANAGEMENT OF ACCOUNTS CREATED FROM FUNDS ALLOCATED UNDER §1406 OF THE GAMING ACT (RELATING TO DISTRIBUTIONS FROM PENNSYLVANIA RACE HORSE DEVELOPMENT FUND).</p>	CATEGORY 1 APPLICANT ONLY
<input type="checkbox"/>	<p>APPENDIX 50: PROVIDE A DETAILED PLAN FOR THE MANAGEMENT AND USE OF BACKSIDE AREA IMPROVEMENT AND MAINTENANCE ACCOUNTS UNDER §1404 OF THE GAMING ACT (RELATING TO DISTRIBUTION FROM LICENSEE'S REVENUE RECEIPTS).</p>	CATEGORY 1 APPLICANT ONLY

**CATEGORY 3 APPLICANTS ONLY DOES NOT APPLY.**

<input type="checkbox"/>	<p>APPENDIX 51: PROVIDE A STATEMENT DETAILING THE PROPOSED PLANS AND LOCATION OF THE LICENSED FACILITY AND EXPLAIN HOW THE FACILITY WILL BE LOCATED AT A WELL-ESTABLISHED RESORT HOTEL (AS DEFINED IN BOARD REGULATIONS). INCLUDE A STATEMENT OF THE NUMBER OF ROOMS UNDER COMMON OWNERSHIP, AND HOW EACH ROOM IS HELD, I.E. NON-DEEDED TIME SHARE, DEEDED TIME SHARE AND STANDARD HOTEL ROOM. ALSO INCLUDE IN THE STATEMENT A LIST OF THE SUBSTANTIAL YEAR-ROUND RECREATIONAL GUEST AMENITIES OFFERED. THE STATEMENT MUST ALSO DEMONSTRATE COMPLIANCE WITH THE GEOGRAPHICAL REQUIREMENTS OF §1305(b) OF THE GAMING ACT (RELATING TO CATEGORY 3 SLOT MACHINE LICENSE), WHICH PROVIDES THAT NO CATEGORY 3 LICENSEE SHALL BE LOCATED WITHIN 15 LINEAR MILES OF ANOTHER LICENSED FACILITY.</p>	<p>CATEGORY 3 APPLICANT ONLY</p>
<input type="checkbox"/>	<p>APPENDIX 52: PROVIDE DOCUMENTATION TO THE BOARD PROVING THAT THE APPLICANT IS THE OWNER OF THE WELL-ESTABLISHED RESORT HOTEL, OR IS A WHOLLY OWNED SUBSIDIARY OF THE OWNER OF THE WELL-ESTABLISHED RESORT HOTEL.</p>	<p>CATEGORY 3 APPLICANT ONLY</p>
<input type="checkbox"/>	<p>APPENDIX 53: PROVIDE A STATEMENT DETAILING THE APPLICANT'S PROPOSED AMENITIES PLAN. EXPLAIN THE AMENITIES THAT THE APPLICANT INTENDS TO MAKE AVAILABLE AT THE RESORT HOTEL AND THE COSTS OF THE AMENITIES TO PATRONS OF THE RESORT HOTEL.</p>	<p>CATEGORY 3 APPLICANT ONLY</p>
<input type="checkbox"/>	<p>APPENDIX 54: PROVIDE A PROPOSED FEE SCHEDULE FOR EACH AMENITY OFFERED AT THE WELL-ESTABLISHED RESORT AND A JUSTIFICATION FOR HOW THE FEES MEET THE DEFINITION OF NON-DU MINIMIS CONSIDERATION (AS DEFINED IN BOARD REGULATIONS). THE FEE SCHEDULE SHOULD INCLUDE PROPOSED FEES FOR SEASONAL OR YEAR-ROUND MEMBERSHIPS.</p>	<p>CATEGORY 3 APPLICANT ONLY</p>
<input type="checkbox"/>	<p>APPENDIX 55: PROVIDE A PLAN DETAILING HOW THE APPLICANT, AS PART OF ITS OPERATIONAL PLAN, WILL MONITOR THE GAMING AREA TO ENSURE COMPLIANCE WITH REGULATIONS RELATING TO SELF-EXCLUSION; PERSONS REQUIRED TO BE EXCLUDED AND UNDERAGE GAMING AND THAT ONLY THE FOLLOWING PERSONS ARE PERMITTED TO ENTER THE GAMING AREA: (1) REGISTERED OVERNIGHT GUESTS; (2) PATRONS OF ONE OR MORE AMENITIES (AS PATRON OF THE AMENITIES IS DEFINED IN BOARD REGULATIONS); (3) AUTHORIZED EMPLOYEES; (4) ANY OTHER PERSONS AUTHORIZED BY THE BOARD. THE PLAN SHOULD INCLUDE METHODS FOR CONTROLLING ACCESS TO THE GAMING FLOOR BY THOSE INDIVIDUALS HOLDING VALID SEASONAL OR YEAR-ROUND MEMBERSHIPS AND PATRONS OF THE AMENITIES SEEKING TO ACCESS THE GAMING FLOOR WITHIN 72 HOURS OF THE USE OF THE AMENITY.</p>	<p>CATEGORY 3 APPLICANT ONLY</p>

SCHEDULE 1: INCORPORATORS/FOUNDERS Does not apply. Formed under Mohegan Law.

NAME AND ADDRESS			
FIRST NAME	MIDDLE NAME	LAST NAME	SUFFIX (JR., SR., ETC.)
OCCUPATION		TITLE	
ADDRESS LINE 1		ADDRESS LINE 2	
ADDRESS LINE 3		CITY	STATE/PROVINCE
COUNTRY		PHONE NUMBER ( )	FAX NUMBER ( )
MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED?			<input type="checkbox"/> YES <input type="checkbox"/> NO
PRINCIPAL/KEY EMPLOYEE FORM - PENNSYLVANIA SUPPLEMENT TO THE MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED?			<input type="checkbox"/> YES <input type="checkbox"/> NO
NAME AND ADDRESS			
FIRST NAME	MIDDLE NAME	LAST NAME	SUFFIX (JR., SR., ETC.)
OCCUPATION		TITLE	
ADDRESS LINE 1		ADDRESS LINE 2	
ADDRESS LINE 3		CITY	STATE/PROVINCE
COUNTRY		PHONE NUMBER ( )	FAX NUMBER ( )
MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED?			<input type="checkbox"/> YES <input type="checkbox"/> NO
PRINCIPAL/KEY EMPLOYEE FORM - PENNSYLVANIA SUPPLEMENT TO THE MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED?			<input type="checkbox"/> YES <input type="checkbox"/> NO
NAME AND ADDRESS			
FIRST NAME	MIDDLE NAME	LAST NAME	SUFFIX (JR., SR., ETC.)
OCCUPATION		TITLE	
ADDRESS LINE 1		ADDRESS LINE 2	
ADDRESS LINE 3		CITY	STATE/PROVINCE
COUNTRY		PHONE NUMBER ( )	FAX NUMBER ( )
MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED?			<input type="checkbox"/> YES <input type="checkbox"/> NO
PRINCIPAL/KEY EMPLOYEE FORM - PENNSYLVANIA SUPPLEMENT TO THE MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED?			<input type="checkbox"/> YES <input type="checkbox"/> NO

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.



**SCHEDULE 3: ADDRESSES CURRENTLY USED BY APPLICANT**

PROVIDE ALL ADDRESSES CURRENTLY USED BY APPLICANT.

ADDRESSES			
ADDRESS PURPOSE Primary place of business.			
ADDRESS LINE 1 1 Mohegan Sun Blvd.		ADDRESS LINE 2	
ADDRESS LINE 3		CITY Uncasville	STATE/PROVINCE CT
COUNTRY USA	EMAIL ADDRESS cfo.drome@mohegansun.com	PHONE NUMBER 860-862-6813	FAX NUMBER 860-862-5997
ADDRESS PURPOSE			
ADDRESS LINE 1		ADDRESS LINE 2	
ADDRESS LINE 3		CITY	STATE/PROVINCE
COUNTRY	EMAIL ADDRESS	PHONE NUMBER ( )	FAX NUMBER ( )
ADDRESS PURPOSE			
ADDRESS LINE 1		ADDRESS LINE 2	
ADDRESS LINE 3		CITY	STATE/PROVINCE
COUNTRY	EMAIL ADDRESS	PHONE NUMBER ( )	FAX NUMBER ( )
ADDRESS PURPOSE			
ADDRESS LINE 1		ADDRESS LINE 2	
ADDRESS LINE 3		CITY	STATE/PROVINCE
COUNTRY	EMAIL ADDRESS	PHONE NUMBER ( )	FAX NUMBER ( )



**SCHEDULE 5: CURRENT OFFICERS, DIRECTORS/PARTNERS AND TRUSTS**

PROVIDE THE FOLLOWING INFORMATION FOR ALL OFFICERS, DIRECTORS/PARTNERS AND TRUSTEES, GRANTORS OR BENEFICIARIES OF A TRUST THAT IS REQUIRED TO BE LICENSED AS A PRINCIPAL UNDER THIS CHAPTER.

NAME AND HOME ADDRESS				
FIRST NAME	MIDDLE NAME	LAST NAME		SUFFIX (Jr., Sr., ETC.)
Mario	C.	Kontomerkos		
ADDRESS LINE 1		ADDRESS LINE 2		
ADDRESS LINE 3		CITY	STATE/PROVINCE	POSTAL CODE
COUNTRY	EMAIL ADDRESS	PHONE NUMBER		FAX NUMBER
APPLICANT ADDRESS				
APPLICANT NAME:		CURRENT TITLE OR POSITION		
Mohegan Tribal Gaming Authority		Chief Financial Officer		
ADDRESS LINE 1		ADDRESS LINE 2		
Mohegan Sun Blvd.				
ADDRESS LINE 3		CITY	STATE/PROVINCE	POSTAL CODE
		Uncasville	CT	06382
COUNTRY	EMAIL ADDRESS	PHONE NUMBER		FAX NUMBER
USA	c/o drcme@mohegamingadvisors.com	860 862-0777		860 862-5997
DATES, TITLES AND/OR POSITIONS HELD (STARTING WITH CURRENT POSITION AND WORKING BACKWARDS)				
FROM DATE	TO DATE	TITLE OR POSITION	ANNUAL COMPENSATION \$ VALUE	COMPOSITION OF COMPENSATION (SPECIFY SALARY, WAGES, COMMISSIONS, FEES, BONUS OR OTHER)
9/11	present	Chief Financial Officer		
MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED?				
PRINCIPAL/KEY EMPLOYEE FORM - PENNSYLVANIA SUPPLEMENT TO THE MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED?				

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

**SCHEDULE 5: CURRENT OFFICERS, DIRECTORS/PARTNERS AND TRUSTS**

PROVIDE THE FOLLOWING INFORMATION FOR ALL OFFICERS, DIRECTORS/PARTNERS AND TRUSTEES GRANTORS OR BENEFICIARIES OF A TRUST THAT IS REQUIRED TO BE LICENSED AS A PRINCIPAL UNDER THIS CHAPTER.

NAME AND HOME ADDRESS				
FIRST NAME Mitchell	MIDDLE NAME Grossinger	LAST NAME Etes	SUFFIX (JR., SR., ETC.)	DATE OF BIRTH
ADDRESS LINE 1		ADDRESS LINE 2		
ADDRESS LINE 3			STATE	ZIP
COUNTRY	EQUIPMENT	PHONE NUMBER	FAX NUMBER	
APPLICANT ADDRESS				
APPLICANT NAME Mohegan Tribal Gaming Authority		CURRENT TITLE OR POSITION Chief Executive Officer		
ADDRESS LINE 1		ADDRESS LINE 2		
ADDRESS LINE 3		CITY Uncasville	STATE/PROVINCE CT	POSTAL CODE 06382
COUNTRY USA	EMAIL ADDRESS co/drome@mohegamingadvisors.com	PHONE NUMBER 860 862-0777	FAX NUMBER (860) 862-5997	
DATES, TITLES AND/OR POSITIONS HELD (STARTING WITH CURRENT POSITION AND WORKING BACKWARDS)				
FROM DATE	TO DATE	TITLE OR POSITION	ANNUAL COMPENSATION \$ VALUE	COMPOSITION OF COMPENSATION (SPECIFY SALARY, WAGES, COMMISSIONS, FEES, BONUS OR OTHER)
1/11	present	CEO		
2006	12/10	President and CEO		
2004	2006	Pres. & CEO of Mohegan Sun		
1995	2004	EVP Marketing		
MULT-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED? PRINCIPAL/KEY EMPLOYEE FORM - PENNSYLVANIA SUPPLEMENT TO THE MULT-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED?				

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

**SCHEDULE 5: CURRENT OFFICERS, DIRECTORS/PARTNERS AND TRUSTS**

PROVIDE THE FOLLOWING INFORMATION FOR ALL OFFICERS, DIRECTORS/PARTNERS AND TRUSTEES, GRANTORS OR BENEFICIARIES OF A TRUST THAT IS REQUIRED TO BE LICENSED AS A PRINCIPAL UNDER THIS CHAPTER.

NAME AND HOME ADDRESS					
FIRST NAME	MIDDLE NAME	LAST NAME	SUFFIX (JR., SR., III, etc.)	DATE OF BIRTH	
<p><b>Note: Applicant does not have Directors but is governed by a Management Board of nine,</b>  <b>each of which is an elected member of the Tribal Council of the Mohegan Tribe and serves simultaneously</b>  <b>on the Management Board for the same term as his or her Council term.</b></p>					
ADDRESS LINE 1			STATE/PROVINCE	POSTAL CODE	
ADDRESS LINE 2			CITY		
<p><b>See the accompanying applications (M.J.P.H.D. forms and Pennsylvania Supplement forms) for each</b>  <b>member of the Management Board.</b></p>					
COUNTRY	EMAIL ADDRESS	PHONE NUMBER		FAX NUMBER	
		(    )		(    )	
APPLICANT ADDRESS					
APPLICANT NAME:			CURRENT TITLE OR POSITION		
ADDRESS LINE 1			ADDRESS LINE 2		
ADDRESS LINE 2			CITY	STATE/PROVINCE	POSTAL CODE
COUNTRY	EMAIL ADDRESS	PHONE NUMBER		FAX NUMBER	
		(    )		(    )	
DATES, TITLES AND/OR POSITIONS HELD (STARTING WITH CURRENT POSITION AND WORKING BACKWARDS)					
FROM DATE	TO DATE	TITLE OR POSITION	ANNUAL COMPENSATION'S VALUE	COMPOSITION OF COMPENSATION (SPECIFY SALARY, WAGES, COMMISSIONS, FEES, BONUS OR OTHER)	
<p><b>MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED?</b>  <b>PRINCIPAL/KEY EMPLOYEE FORM - PENNSYLVANIA SUPPLEMENT TO THE MULTI-JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM ATTACHED?</b></p>					

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

**SCHEDULE 6: FORMER (NO LONGER ACTIVE) OFFICERS, DIRECTORS/PARTNERS AND TRUSTEES**

PROVIDE THE FOLLOWING INFORMATION FOR ALL OFFICERS, DIRECTORS/PARTNERS AND TRUSTEES WHO ARE NO LONGER ACTIVELY INVOLVED WITH APPLICANT BUT WHO HELD A POSITION DURING THE LAST TEN (10) YEAR PERIOD.

NAME AND HOME ADDRESS				
FIRST NAME	MIDDLE NAME	LAST NAME	SUFFIX (MR., SR., ETC.)	DATE OF BIRTH
See Appendix 11A for various former officers and Management Board members and periodic reports to the Pennsylvania Gaming Control Board by Downs Racing, L.P. pursuant to its Statement of Conditions				
ADDRESS LINE 1		ADDRESS LINE 2		
ADDRESS LINE 3		CITY	STATE/PROVINCE	POSTAL CODE
COUNTRY	EMAIL ADDRESS		PHONE NUMBER ( )	FAX NUMBER ( )
APPLICANT ADDRESS				
APPLICANT NAME:		MOST RECENT TITLES OR POSITIONS		
ADDRESS LINE 1		ADDRESS LINE 2		
ADDRESS LINE 3		CITY	STATE/PROVINCE	POSTAL CODE
COUNTRY	EMAIL ADDRESS		PHONE NUMBER ( )	FAX NUMBER ( )
DATES, TITLES AND/OR POSITIONS HELD (STARTING WITH MOST RECENT AND WORKING BACKWARDS)				
FROM DATE	TO DATE	TITLE OR POSITION	ANNUAL COMPENSATION & VALUE	REASON FOR LEAVING

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

**SCHEDULE 7: EMPLOYEES EARNING OVER \$250,000 IN ANNUAL COMPENSATION FROM APPLICANT**

PROVIDE THE FOLLOWING INFORMATION FOR ALL EMPLOYEES EARNING OVER \$250,000 IN ANNUAL COMPENSATION FROM APPLICANT. DO NOT INCLUDE PERSONS ALREADY LISTED ON SCHEDULE 5.

Redacted

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY

**SCHEDULE B: BONUS, PROFIT SHARING, PENSION RETIREMENT, DEFERRED COMPENSATION & SIMILAR PLANS**

PROVIDE THE FOLLOWING INFORMATION AND ATTACH A DESCRIPTION OF PLANS AS APPENDIX 3. ADDITIONALLY ATTACH AS APPENDIX 21 COPIES OF APPLICANT'S 5500 FORMS FILED WITH THE IRS FOR THE PAST FIVE (5) YEARS.

Redacted

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

SCHEDULE 9: STOCK DESCRIPTION (FOR C CORPORATIONS, S-CORPORATIONS, LLCs)

PROVIDE THE FOLLOWING INFORMATION FOR ALL OF APPLICANT'S STOCK.

DOES NOT APPLY. INDIAN TRIBAL GOVERNMENT ENTITY.

Redacted

SCHEDULE 10: VOTING SHAREHOLDERS OR MEMBERS (FOR C CORPORATIONS, S-CORPORATIONS, LLCs)

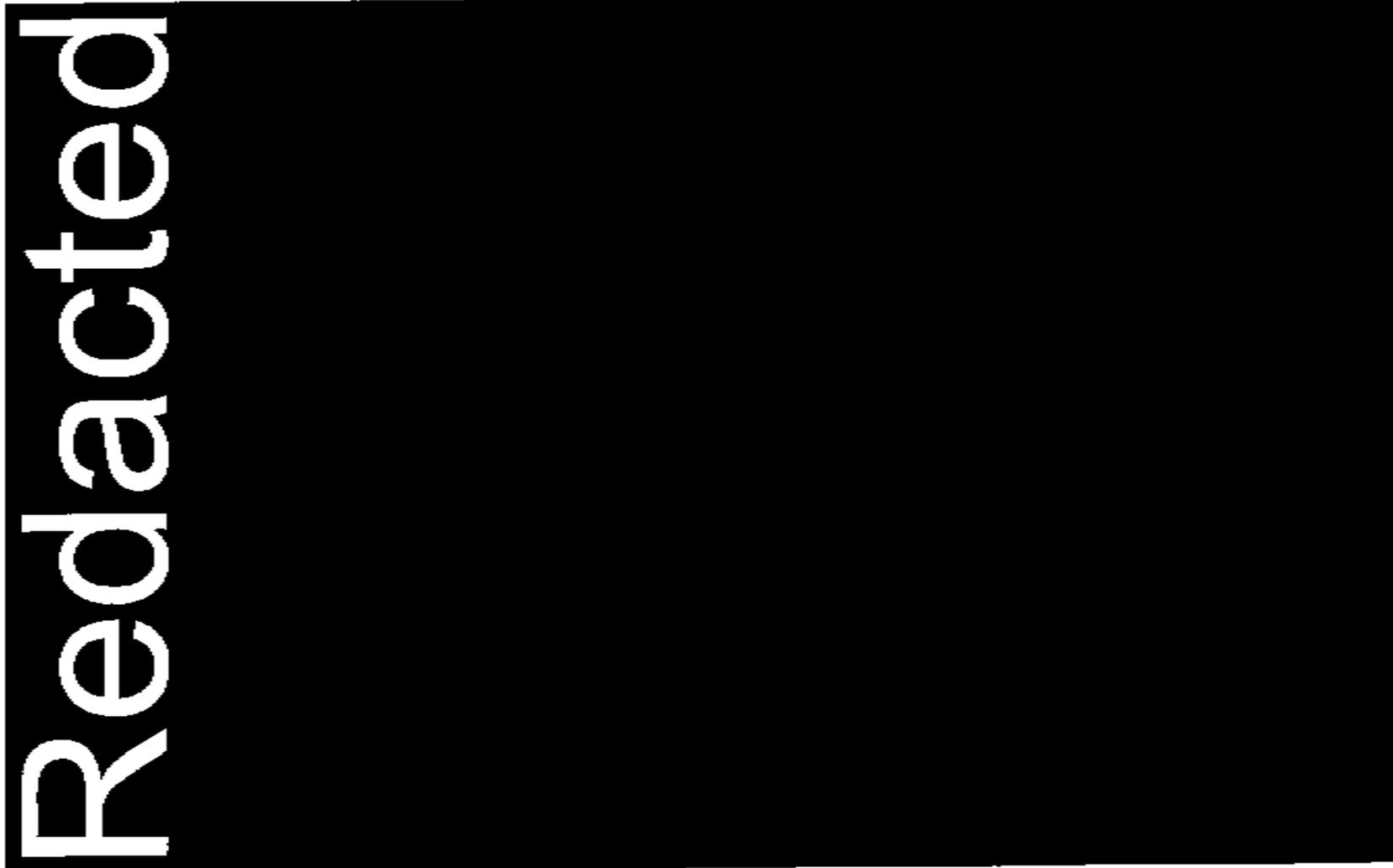
PROVIDE THE FOLLOWING INFORMATION FOR EACH PERSON WHO HAS A CONTROLLING INTEREST AS THAT TERM IS DEFINED IN §1103 OF THE GAMING ACT, 58 PA. CODE §401A.3 AND PROVIDED IN THE INSTRUCTIONS ON PAGE V.

Redacted

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

SCHEDULE 10A: INTEREST OF CURRENT PARTNERS (FOR PARTNERSHIPS, LLPs, LIMITED PARTNERSHIPS, LLCs)

PROVIDE THE FOLLOWING INFORMATION FOR EACH PARTNER. Does not apply. Indian Tribal Government entity.



\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

SCHEDULE 10B: INTEREST OF FORMER PARTNERS (FOR PARTNERSHIPS, LLPs, LIMITED PARTNERSHIPS, LLCs)

PROVIDE THE FOLLOWING INFORMATION FOR EACH FORMER PARTNER FOR THE LAST TEN (10) YEARS. Does not apply.

Redacted

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

**SCHEDULE 11: NON-VOTING SHAREHOLDERS OR MEMBERS (FOR C CORPORATIONS, S-CORPORATIONS, LLCs)**

PROVIDE THE FOLLOWING INFORMATION FOR EACH PERSON WHO HAS CONTROLLING INTEREST AS THAT TERM IS DEFINED IN §1103 OF THE GAMING ACT, 58 PA. C.C.S.E. §401A.3.



\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

**SCHEDULE 12: LONG TERM DEBT**

DESCRIBE THE NATURE, TYPE, COVENANTS AND PRIORITIES OF ALL OUTSTANDING BONDS, LOANS, MORTGAGES, TRUST DEEDS, NOTES, DEBENTURES OR OTHER FORMS OF INDEBTEDNESS ISSUED OR EXECUTED (INCLUDING LOANS MADE BY SHAREHOLDERS), OR TO BE ISSUED OR EXECUTED, BY THE APPLICANT, WHICH MATURE MORE THAN ONE YEAR FROM THE DATE OF ISSUANCE OR WHICH, BY THEIR TERMS, ARE RENEWABLE FOR A PERIOD OF MORE THAN ONE (1) YEAR FROM THE DATE OF ISSUANCE. ATTACH DESCRIPTION AND DOCUMENTATION AS APPENDIX A.

Redacted

**SCHEDULE 13: HOLDERS OF LONG TERM DEBT**

PROVIDE THE FOLLOWING INFORMATION FOR EACH PERSON OR ENTITY HOLDING ANY OUTSTANDING BONDS, LOANS, MORTGAGES, TRUST DEEDS, NOTES, DEBENTURES OR OTHER FORMS OF INDEBTEDNESS EXECUTED OR ISSUED BY APPLICANT, WHICH MATURE MORE THAN ONE (1) YEAR FROM THE DATE OF ISSUANCE OR WHICH, BY THEIR TERMS, ARE RENEWABLE FOR A PERIOD OF MORE THAN ONE (1) YEAR FROM THE DATE OF ISSUANCE.

Redacted

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

**SCHEDULE 14: OTHER INDEBTEDNESS AND SECURITY DEVICES**

DESCRIBE THE NATURE, TYPE, TERMS, CONDITIONS AND COVENANTS OF ALL OUTSTANDING LOANS, MORTGAGES, TRUST DEEDS, PLEDGES, LINES OF CREDIT, OR OTHER EVIDENCE OF INDEBTEDNESS OR SECURITY DEVICES UTILIZED BY APPLICANT OTHER THAN THOSE DESCRIBED IN SCHEDULE 12. ATTACH DESCRIPTION AND DOCUMENTATION AS APPENDIX 5.

Redacted

SCHEDULE 15: HOLDER OF OTHER INDEBTEDNESS See Appendix 11A.

PROVIDE THE FOLLOWING INFORMATION FOR EACH HOLDER OF ANY OUTSTANDING LOAN, MORTGAGE, TRUST DEED, PLEDGE OR OTHER EVIDENCE OF INDEBTEDNESS OR SECURITY DEVICES UTILIZED BY APPLICANT AND DESCRIBED IN RESPONSE TO SCHEDULE 14.

Redacted

**SCHEDULE 16: SECURITIES OPTIONS**

PROVIDE THE FOLLOWING INFORMATION AND ATTACH AS APPENDIX 6 A DETAILED DESCRIPTION OF ANY OPTIONS EXISTING OR TO BE CREATED WITH RESPECT TO SECURITIES ISSUED BY APPLICANT WHICH DESCRIPTION SHALL INCLUDE, BUT NOT BE LIMITED TO, THE TITLE AND AMOUNT OF SECURITIES SUBJECT TO OPTION, THE YEAR OR YEARS DURING WHICH THE OPTIONS WERE OR WILL BE GRANTED, THE CONDITIONS UNDER WHICH THE OPTIONS WERE OR WILL BE GRANTED, THE CONSIDERATION FOR GRANTING THE OPTION AND THE YEAR OR YEARS DURING WHICH, AND THE TERMS UNDER WHICH, OPTIONEES BECAME OR WILL BECOME, ENTITLED TO EXERCISE THE OPTIONS, AND WHEN SUCH OPTIONS EXPIRE. (OR INCLUDE COPIES OF ANY OUTSTANDING OPTION PLANS OR PROXY STATEMENTS THAT PROVIDE THE REQUESTED INFORMATION.) NOTE: FOR THE PURPOSE OF THIS SCHEDULE, OPTION SHALL MEAN RIGHT, WARRANT OR OPTION TO SUBSCRIBE TO OR PURCHASE ANY SECURITIES ISSUED BY APPLICANT.

Redacted

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

SCHEDULE 17: BENEFICIAL OWNER OF OPTIONS

PROVIDE THE FOLLOWING INFORMATION FOR PERSONS HOLDING THE OPTIONS DESCRIBED IN SCHEDULE 16.

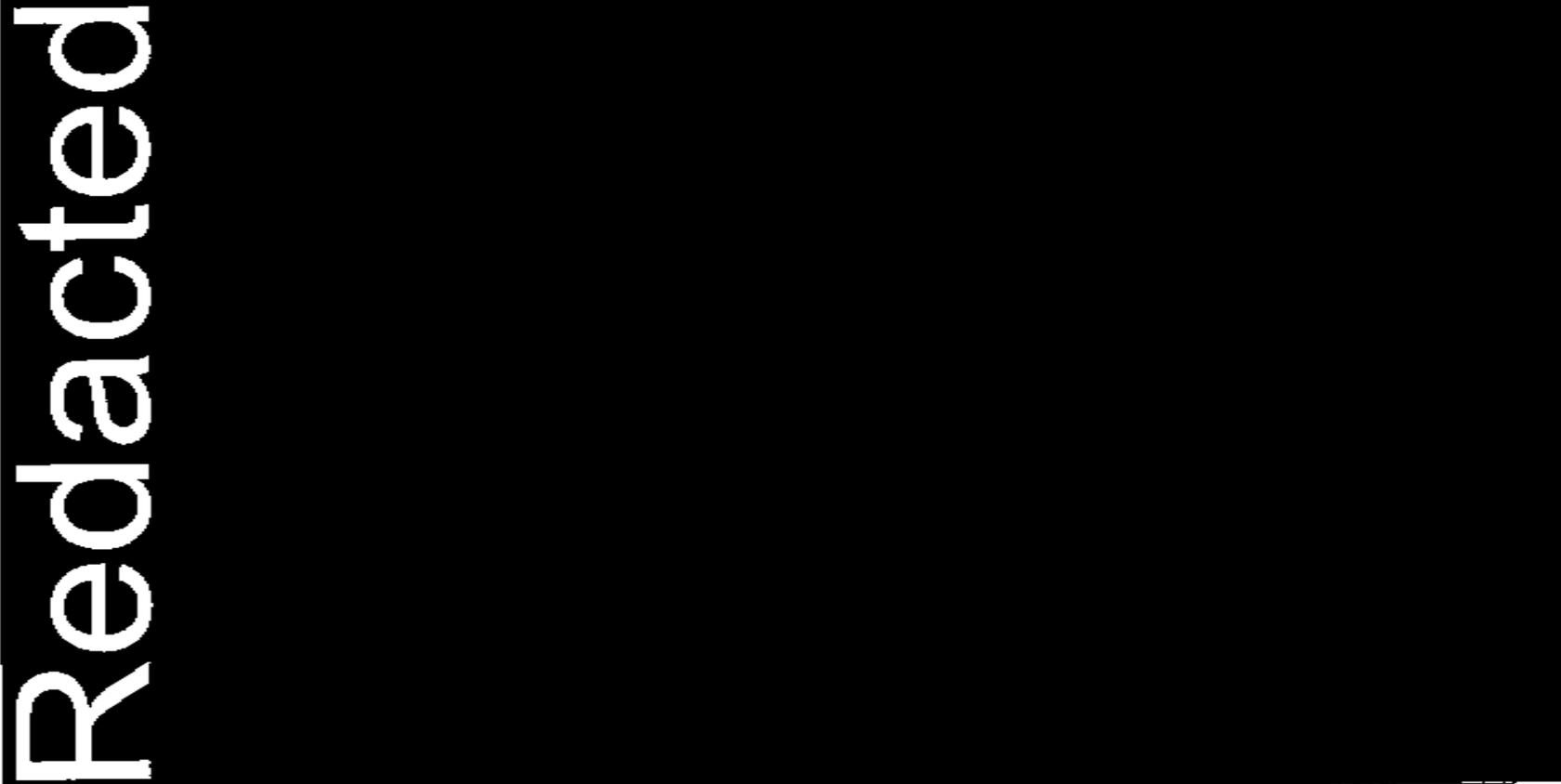
Redacted



**SCHEDULE 19: FINANCIAL INSTITUTIONS**

PROVIDE THE FOLLOWING INFORMATION WITH RESPECT TO EACH BANK, SAVINGS AND LOAN ASSOCIATION OR OTHER FINANCIAL INSTITUTION, WHETHER DOMESTIC OR FOREIGN, IN WHICH APPLICANT HAS OR HAS HAD AN ACCOUNT OVER THE LAST TEN (10) YEAR PERIOD REGARDLESS OF WHETHER SUCH ACCOUNT WAS HELD IN THE NAME OF APPLICANT, A NOMINEE OF APPLICANT OR WAS OTHERWISE UNDER THE DIRECT OR INDIRECT CONTROL OF APPLICANT.

FINANCIAL INSTITUTION NAME	FINANCIAL INSTITUTION NAME AND ADDRESS	FEDERAL EMPLOYER IDENTIFICATION NUMBER
----------------------------	--	--



\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

**SCHEDULE 20: CONTRACTS**

PROVIDE THE FOLLOWING INFORMATION WITH RESPECT TO ALL CONTRACTS OR AGREEMENTS (WHETHER WRITTEN OR ORAL) THAT APPLICANT HAS ENTERED INTO WITHIN THE PAST SIX (6) MONTHS, FOR GOODS AND/OR SERVICES IN EXCESS OF \$100,000. CONTRACTS AND AGREEMENTS DISCLOSED ELSEWHERE IN THIS APPLICATION NEED NOT BE PROVIDED ON THIS SCHEDULE.

Redacted

**SCHEDULE 21: STOCK HELD BY APPLICANT**

PROVIDE THE FOLLOWING INFORMATION WITH RESPECT TO EACH COMPANY IN WHICH APPLICANT HOLDS STOCK.

**Redacted**

**SCHEDULE 22: INSIDER TRANSACTIONS**

PROVIDE THE FOLLOWING INFORMATION FOR EACH CHANGE IN THE BENEFICIAL OWNERSHIP OF THE EQUITY SECURITIES OF APPLICANT ON THE PART OF ANY PERSON WHO IS INDIRECTLY OR DIRECTLY A BENEFICIAL OWNER OF MORE THAN TEN PERCENT (10%) OF ANY CLASS OF AN EQUITY SECURITY OF APPLICANT OR WHO IS OR WAS WITHIN THAT PERIOD A DIRECTOR OR OFFICER OF APPLICANT THAT OCCURRED WITHIN THE FIVE (5) YEARS PRECEDING THIS APPLICATION. [INCLUDE CHANGES RESULTING FROM (A) GIFT, (B) PURCHASE, (C) SALE, (D) EXERCISE OF AN OPTION TO PURCHASE, (E) EXERCISE OF AN OPTION TO SELL, (F) GRANT OR RECEIPT OF A PUT OR (G) GRANT OR RECEIPT OF A CALL.]

NAME AND HOME ADDRESS				
FIRST NAME	MIDDLE NAME	LAST NAME		SUFFIX (JR., SR., ETC.)
ADDRESS LINE 1		ADDRESS LINE 2		
ADDRESS LINE 3		CITY	STATE/PROVINCE	POSTAL CODE
COUNTRY	EMAIL ADDRESS	PHONE NUMBER		FAX NUMBER
POSITION				
INSIDER TRANSACTION DESCRIPTION				
DATE OF TRANSACTION	NATURE OF TRANSACTION	NUMBER OF SHARES INVOLVED	DOLLAR VALUE OF TRANSACTION	OTHER PARTIES (NAMES & POSITIONS)
	Does not apply.			

\* MAKE ADDITIONAL COPIES AND ATTACH ADDITIONAL PAGES AS NECESSARY.

**SCHEDULE 23: CRIMINAL HISTORY**

IF APPLICANT ANSWERED YES TO QUESTIONS 1 OR 1A ON PAGE 7, PROVIDE THE FOLLOWING INFORMATION:

CRIMINAL HISTORY INCIDENT						
NAME OF CASE & DOCKET NUMBER	NATURE OF CHARGE OR COMPLAINT	DATE OF CHARGE OR COMPLAINT	DISPOSITION (ACQUITTED, CONVICTED, DISMISSED, ETC.)	NAME AND ADDRESS OF LAW ENFORCEMENT AGENCY OR COURT INVOLVED	SENTENCE	NAME OF OFFICER, DIRECTOR/PARTNER, TRUSTEE OR KEY EMPLOYEE
Does not apply.						

SCHEDULE 24: TESTIMONY, INVESTIGATIONS OR POLYGRAPHS

IF APPLICANT ANSWERED YES TO QUESTION 2 ON PAGES 7 AND 8, PROVIDE THE FOLLOWING INFORMATION:

TESTIMONY, INVESTIGATION OR POLYGRAPH INCIDENT

Redacted

**SCHEDULE 25: EXISTING LITIGATION**

PROVIDE THE FOLLOWING INFORMATION AND ATTACH AS APPENDIX 7 A DESCRIPTION OF ALL EXISTING CIVIL LITIGATION TO WHICH APPLICANT, ITS PARENT, AFFILIATE, OR SUBSIDIARY IS PRESENTLY A PARTY, WHETHER IN THIS COMMONWEALTH OR IN ANOTHER JURISDICTION. DO NOT INCLUDE ANY LITIGATION IN WHICH THE DAMAGES MAY NOT REASONABLY BE EXPECTED TO EXCEED \$100,000 OR LITIGATION IN WHICH DAMAGES MAY BE EXPECTED TO EXCEED \$100,000, BUT WHICH INVOLVES CLAIMS AGAINST APPLICANT WHICH ARE FULLY AND COMPLETELY COVERED UNDER AN INSURANCE POLICY HELD BY THE APPLICANT WITH A LICENSED INSURANCE CARRIER. THIS DESCRIPTION MUST INCLUDE THE TITLE AND DOCKET NUMBER OF THE LITIGATION, THE NAME AND LOCATION OF THE COURT BEFORE WHICH IT IS PENDING, THE IDENTITY OF ALL PARTIES TO THE LITIGATION AND THE GENERAL NATURE OF ALL CLAIMS BEING MADE.

EXISTING LITIGATION	
NAME OF CASE AND DOCKET NUMBER	LOCATION AND NAME OF COURT BEFORE WHICH LITIGATION IS PENDING
None. Please see quarterly reports of affiliate Downs Racing, L.P. to the Pennsylvania Gaming Control Board pursuant to its Statement of Conditions for certain litigation matters which are covered by insurance.	
NAMES OF ALL PARTIES TO LITIGATION	
NATURE OF THE CLAIMS	
EXISTING LITIGATION	
NAME OF CASE AND DOCKET NUMBER	LOCATION AND NAME OF COURT BEFORE WHICH LITIGATION IS PENDING
NAMES OF ALL PARTIES TO LITIGATION	
NATURE OF THE CLAIMS	

**SCHEDULE 26: ANTITRUST, TRADE REGULATION & SECURITY JUDGMENTS; STATUTORY AND REGULATORY VIOLATIONS**

IF APPLICANT ANSWERED YES TO QUESTIONS 3 OR 4 ON PAGE 8, PROVIDE THE FOLLOWING INFORMATION:

NAME OF CASE & DOCKET NUMBER		DATE OF JUDGMENT, ORDER OR DECREE	VIOLATION	NAME AND ADDRESS OF AGENCY OR COURT INVOLVED
Does not apply to Applicant, but an affiliate, Downs Racing, L.P. has entered into a consent agreement for violation of the Pennsylvania Race Horse Development and Gaming Act and paid a fine in excess of \$50,000 as detailed below.				
NATURE OF OFFENSE				
DISPOSITION: <input type="checkbox"/> ACQUITTED <input type="checkbox"/> CONVICTED <input type="checkbox"/> DISMISSED <input type="checkbox"/> OTHER _____				
NATURE OF JUDGMENT, DECREE OR ORDER				
NAME OF CASE & DOCKET NUMBER		DATE OF JUDGMENT, ORDER OR DECREE	VIOLATION	NAME AND ADDRESS OF AGENCY OR COURT INVOLVED
12/6/11 PGCB Board agenda		12/6/11 consent agreement		Pennsylvania Gaming Control Board, Harrisburg
NATURE OF OFFENSE				
Two counts of underage gaming at Mohegan Sun at Pocono Downs in Oct. 2010 and Jan. 2011.				
DISPOSITION: <input type="checkbox"/> ACQUITTED <input type="checkbox"/> CONVICTED <input type="checkbox"/> DISMISSED <input checked="" type="checkbox"/> OTHER <del>Consent agreement approved by Board.</del>				
NATURE OF JUDGMENT, DECREE OR ORDER				
\$80,000 fine paid by Downs Racing, L.P.				

**SCHEDULE 27: BANKRUPTCY OR INSOLVENCY PROCEEDINGS**

IF APPLICANT ANSWERED YES TO QUESTIONS 5, 6 AND/OR 7 ON PAGE 8, PROVIDE THE FOLLOWING:

BANKRUPTCY OR INSOLVENCY PROCEEDINGS		
NAME OF CASE & DOCKET NUMBER	DATE PETITION FILED OR RELIEF SOUGHT	NAME AND ADDRESS OF AGENCY OR COURT INVOLVED
	DATE JUDGMENT OR RELIEF ENTERED	NAME OF COURT APPOINTED RECEIVER, AGENT OR TRUSTEE
NATURE OF JUDGMENT OR RELIEF		
Does not apply.		

**SCHEDULE 28: NON-GAMING LICENSES AND PERMITS**

IF APPLICANT ANSWERED YES TO QUESTION 8 ON PAGE 8, PROVIDE THE FOLLOWING INFORMATION FOR THE LAST TEN (10) YEAR PERIOD:

APPLICANT LICENSING (GOVERNMENT ISSUED - NON-GAMING)					
TYPE OF LICENSE OR PERMIT	NAME AND LOCATION OF GOVERNMENT AGENCY	APPLICATION NUMBER	DISPOSITION	DATE OF DISPOSITION	IF GRANTED, PROVIDE THE LICENSE/PERMIT NUMBER AND EXPIRATION DATE. IF DENIED, PENDING, EXP. RED. SUSPENDED, CONDITIONED, WITHDRAWN OR REVOKED, PROVIDE DETAILS.
			<input type="checkbox"/> GRANTED <input type="checkbox"/> DENIED <input type="checkbox"/> PENDING <input type="checkbox"/> EXPIRED <input type="checkbox"/> SUSPENDED <input type="checkbox"/> CONDITIONED <input type="checkbox"/> WITHDRAWN <input type="checkbox"/> REVOKED		
Applicant and various affiliates hold numerous non-gaming licenses and permits, including sales and use tax permits, cigarette and alcohol sales permits, construction permits.			<input type="checkbox"/> GRANTED <input type="checkbox"/> DENIED <input type="checkbox"/> PENDING <input type="checkbox"/> EXPIRED <input type="checkbox"/> SUSPENDED <input type="checkbox"/> CONDITIONED <input type="checkbox"/> WITHDRAWN <input type="checkbox"/> REVOKED		
			<input type="checkbox"/> GRANTED <input type="checkbox"/> DENIED <input type="checkbox"/> PENDING <input type="checkbox"/> EXPIRED <input type="checkbox"/> SUSPENDED <input type="checkbox"/> CONDITIONED <input type="checkbox"/> WITHDRAWN <input type="checkbox"/> REVOKED		
			<input type="checkbox"/> GRANTED <input type="checkbox"/> DENIED <input type="checkbox"/> PENDING <input type="checkbox"/> EXPIRED <input type="checkbox"/> SUSPENDED <input type="checkbox"/> CONDITIONED <input type="checkbox"/> WITHDRAWN <input type="checkbox"/> REVOKED		
			<input type="checkbox"/> GRANTED <input type="checkbox"/> DENIED <input type="checkbox"/> PENDING <input type="checkbox"/> EXPIRED <input type="checkbox"/> SUSPENDED <input type="checkbox"/> CONDITIONED <input type="checkbox"/> WITHDRAWN <input type="checkbox"/> REVOKED		

**SCHEDULE 29: GAMING LICENSES AND PERMITS**

IF APPLICANT ANSWERED YES TO QUESTION 9 ON PAGE 9 PROVIDE THE FOLLOWING INFORMATION FOR THE LAST TEN (10) YEAR PERIOD:

APPLICANT LICENSING (GOVERNMENT ISSUED - GAMING)					
TYPE OF LICENSE OR PERMIT	NAME AND LOCATION OF GOVERNMENT AGENCY	APPLICATION NUMBER	DISPOSITION	DATE OF DISPOSITION	IF GRANTED, PROVIDE THE LICENSE/PERMIT NUMBER AND EXPIRATION DATE. IF DENIED, PENDING, EXPIRED, SUSPENDED, CONDITIONED, WITHDRAWN OR REVOKED, PROVIDE DETAILS.
Indian gaming facility license (Class II and III)	Mohegan Tribal Gaming Commission		<input checked="" type="checkbox"/> GRANTED <input type="checkbox"/> DENIED <input type="checkbox"/> PENDING <input type="checkbox"/> EXPIRED <input type="checkbox"/> SUSPENDED <input type="checkbox"/> CONDITIONED <input type="checkbox"/> WITHDRAWN <input type="checkbox"/> REVOKED	1996 and renewals	Three year facility license on file with National Indian Gaming Commission, expires 8/31/2014  License held by Mohegan Tribal Gaming Authority (Mohegan Sun Connecticut)
Category 1 casino (and table game certificate)	Pennsylvania Gaming Control Board		<input checked="" type="checkbox"/> GRANTED <input type="checkbox"/> DENIED <input type="checkbox"/> PENDING <input type="checkbox"/> EXPIRED <input type="checkbox"/> SUSPENDED <input type="checkbox"/> CONDITIONED <input type="checkbox"/> WITHDRAWN <input type="checkbox"/> REVOKED	9/27/06 and renewals	Three year Category 1 license; most recent renewal 9/24/09 and current renewal pending.  License held by Downs Racing, L.P. (Mohegan Sun at Pocono Downs)
Harness Racing and simulcasting	Pennsylvania Harness Racing Commission		<input checked="" type="checkbox"/> GRANTED <input type="checkbox"/> DENIED <input type="checkbox"/> PENDING <input type="checkbox"/> EXPIRED <input type="checkbox"/> SUSPENDED <input type="checkbox"/> CONDITIONED <input type="checkbox"/> WITHDRAWN <input type="checkbox"/> REVOKED	2005 and renewals	Most recent race date approval, January 2013.  License held by Downs Racing, L.P. (Mohegan Sun at Pocono Downs)
Other affiliates or subsidiaries of MTGA and or Intermediary Company Mohegan Gaming Advisors, have pending applications in New Jersey, Massachusetts and New York and before the National Indian Gaming Commission.			<input type="checkbox"/> GRANTED <input type="checkbox"/> DENIED <input type="checkbox"/> PENDING <input type="checkbox"/> EXPIRED <input type="checkbox"/> SUSPENDED <input type="checkbox"/> CONDITIONED <input type="checkbox"/> WITHDRAWN <input type="checkbox"/> REVOKED		

**SCHEDULE 30: APPLICANT'S CONTRIBUTIONS AND DISBURSEMENTS**

IF APPLICANT ANSWERED YES TO ANY OF QUESTIONS 10 THROUGH 16 ON PAGES 9 AND 10, PROVIDE THE FOLLOWING INFORMATION FOR ANY PRESENT OR FORMER DIRECTORS, OFFICERS, EMPLOYEES OR THIRD PARTIES WHO WOULD HAVE KNOWLEDGE OR INFORMATION OF THE CONTRIBUTIONS AND/OR DISBURSEMENTS DURING THE LAST TEN (10) YEAR PERIOD:

ALSO PROVIDE THE NAME, ADDRESS, DATE FORMED AND OFFICERS OF ANY POLITICAL ACTION COMMITTEE DURING THE LAST TEN (10) YEAR PERIOD. PROVIDE COPIES OF ANY REPORTS FILED BY THE COMMITTEE DURING THE LAST FIVE (5) YEARS, WHETHER FEDERAL OR STATE.

IF "INDEPENDENT EXPENDITURES" HAVE BEEN MADE, PROVIDE A DETAILED LIST SHOWING: 1-DATE MADE, 2-RECIPIENT OF THE EXPENDITURE, 3-AMOUNT OF THE EXPENDITURE 4-THE ELECTION IT WAS INTENDED TO INFLUENCE.

Redacted

SCHEDULE 31: BUSINESS BACKGROUND PART 1

DESCRIPTION OF PRESENT BUSINESS
See description of business of Applicant in Appendix 11A, annual report to SEC on form 10-K.
DESCRIPTION OF COMPETITIVE CONDITIONS
See annual report on form 10-K for a description of its competitive conditions and market environment.
PRINCIPAL PRODUCTS PRODUCED AND/OR SERVICES RENDERED
See MTGA 10-K.
AVAILABILITY OF RAW MATERIALS, CRITICAL TECHNOLOGY & EMPLOYEES
See MTGA 10-K.
INTELLECTUAL PROPERTY OWNED BY APPLICANT & IMPORTANCE TO BUSINESS
See MTGA 10-K.

SCHEDULE 32: BUSINESS BACKGROUND PART 2

DESCRIPTION OF BUSINESS DEVELOPMENTS INCLUDING BANKRUPTCY, RECEIVERSHIP OR SIMILAR PROCEEDINGS
Does not apply. MTGA and various affiliates are routinely involved in bankruptcy matters as a creditor but not as a debtor.
DESCRIPTION OF ANY OTHER MATERIAL REORGANIZATION, READJUSTMENT OR SUCCESSION OF APPLICANT OR ANY OF ITS SUBSIDIARIES OR ACQUISITIONS
Does not apply. See MTGA 10-K for description of material agreements and transactions.
HISTORY OF PREVIOUS BUSINESS CONDUCTED BY APPLICANT
Does not apply.

See accompanying Slot Machine License Application of  
Market East Associates, L.P.

**DIVERSITY PLAN STATEMENT**

SLOT MACHINE LICENSE APPLICANT NAME \_\_\_\_\_

SLOT MACHINE LICENSE APPLICANT MAILING ADDRESS \_\_\_\_\_

SLOT MACHINE LICENSE APPLICANT PHONE NUMBER \_\_\_\_\_

EQUAL OPPORTUNITY OFFICER \_\_\_\_\_

DATE SUBMITTED: \_\_\_/\_\_\_/\_\_\_

PURSUANT TO SECTION 1325(B)(1) OF THE PENNSYLVANIA RACE HORSE DEVELOPMENT AND GAMING ACT:

**APPLICANT HAS DEVELOPED AND IMPLEMENTED A DIVERSITY PLAN.**

**A COPY OF THIS PLAN IS ATTACHED.**

\_\_\_\_\_  
SIGNATURE OF CEO

\_\_\_\_\_  
PRINTED NAME

\_\_\_/\_\_\_/\_\_\_  
DATE



**Pennsylvania Gaming Control Board  
Licensed Entity Representation Registration**

A Licensed Entity Representative includes any person acting on behalf of or representing the interest of any applicant, licensee, permittee or registrant, including but not limited to an attorney (outside counsel representing the applicant/licensee), agent or lobbyist regarding any matter which may reasonably be expected to come before the Pennsylvania Gaming Control Board ("PGCB"). Please include representatives from law firms, public relations firms, representatives from government relations firms and traffic experts. If any law firms were sub-contracted, individuals from these firms who directly represented the applicant/licensee must also complete this form.

**NAME:** Kevin C. Hayes, Esq.  
**FIRM:** Doherty Hayes, LLC  
**ADDRESS:** 1000 Bank Towers, 321 Spruce Street  
**CITY:** Scranton  
**STATE AND ZIP CODE:** PA, 18503  
**TELEPHONE:** 570-346-7651  
**ENTITY REPRESENTED:** MGA Gaming PA, LLC (and Market East Associates, L.P. and its principals and affiliates).

Pursuant to 4 Pa.C.S., §1202.1(b), I am required to register as a licensed entity representative with the PGCB. I have an ongoing duty to regularly update this information and failure to do so could subject my firm and me to a penalty. I also acknowledge that by signing this document, all information contained herein will be made available for review by the public and that such information will be posted on the PGCB website pursuant to 4 Pa.C.S., §1202.1(3).

**SIGNATURE:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

*SEE APPLICATION OF MARKET EAST ASSOCIATES, L.P.*

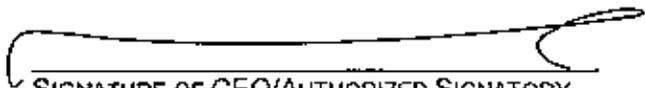
**PENNSYLVANIA POLITICAL CONTRIBUTIONS FORM**

IN THE CHART BELOW, PROVIDE THE REQUIRED INFORMATION FOR ALL POLITICAL CONTRIBUTIONS, MONETARY OR IN-KIND, TO A CANDIDATE FOR NOMINATION OR ELECTION TO ANY PUBLIC OFFICE IN THIS COMMONWEALTH, OR TO ANY POLITICAL COMMITTEE OR STATE PARTY IN THIS COMMONWEALTH OR TO ANY GROUP, COMMITTEE OR ASSOCIATION ORGANIZED IN SUPPORT OF ANY SUCH CANDIDATE, POLITICAL COMMITTEE OR STATE PARTY ON OR AFTER THE DATE YOUR ENTITY'S APPLICATION WAS SUBMITTED TO THE PENNSYLVANIA GAMING CONTROL BOARD (BOARD). THE APPLICANT OR LICENSEE MUST LIST POLITICAL CONTRIBUTIONS BY ITS AFFILIATES, INTERMEDIARIES, SUBSIDIARIES, HOLDING COMPANIES, PRINCIPALS AND KEY EMPLOYEES WHO HOLD SIMILAR GAMING LICENSES IN OTHER JURISDICTIONS. DO NOT INCLUDE CONTRIBUTIONS TO CANDIDATES FOR FEDERAL OFFICES OR TO COMMITTEES OR GROUPS ORGANIZED SOLELY IN SUPPORT OF FEDERAL CANDIDATES.

IF THERE IS MORE THAN ONE CONTRIBUTION TO THE SAME CANDIDATE, POLITICAL COMMITTEE, STATE PARTY, ETC., SEPARATE ENTRIES MUST BE LISTED FOR EACH CONTRIBUTION.

NOTE: IF YOU NEED SPACE FOR ADDITIONAL ENTRIES, PLEASE MAKE ADDITIONAL COPIES OF THIS FORM.

DATE OF CONTRIBUTION	NAME AND ADDRESS OF THE CANDIDATE, POLITICAL COMMITTEE OR STATE PARTY, OR GROUP, COMMITTEE OR ASSOCIATION ORGANIZED IN SUPPORT OF SUCH CANDIDATE, POLITICAL COMMITTEE OR STATE PARTY	AMOUNT OR VALUE OF CONTRIBUTION
	None.	



2/13/13

SIGNATURE OF CEO/AUTHORIZED SIGNATORY

DATE SIGNED

Mitchell G. Ester - CEO

PRINTED NAME OF CEO/AUTHORIZED SIGNATORY -- TITLE

\*IF A PERSON OTHER THAN THE CEO OF THIS ENTITY IS DESIGNATED TO EXECUTE THIS DOCUMENT, THE BOARD MUST BE PROVIDED WITH A RESOLUTION OR AN AFFIDAVIT, CERTIFIED AS TRUE AND CORRECT, IDENTIFYING THE INDIVIDUAL SO DESIGNATED, AUTHORIZING THAT INDIVIDUAL TO EXECUTE THE DOCUMENT ON BEHALF OF BOTH THE ENTITY AND THE CEO.

Initials 

See Appendix 11A for audited financial results  
and officers' certifications therein.

## FINANCIAL STATEMENT CERTIFICATION

FOR THE PERIOD ENDED: \_\_\_\_\_

\_\_\_\_\_  
NAME OF SLOT MACHINE LICENSEE

I HAVE REVIEWED AND EXAMINED THE ATTACHED FINANCIAL STATEMENT.

TO THE BEST OF MY KNOWLEDGE, THE FINANCIAL STATEMENTS, AND OTHER INFORMATION INCLUDED IN THIS REPORT, ARE ACCURATE AND FAIRLY PRESENT IN ALL MATERIAL RESPECTS, THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS OF THE APPLICANT AS OF, AND FOR, THE PERIODS PRESENTED IN THIS REPORT.

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE OF CHIEF FINANCIAL OFFICER

\_\_\_\_\_  
PRINTED NAME OF CHIEF FINANCIAL OFFICER

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE OF CHIEF OPERATING OFFICER

\_\_\_\_\_  
PRINTED NAME OF CHIEF OPERATING OFFICER

## **APPENDICES 1-5**

See Appendix 11A and Appendix 12 for most recent annual and quarterly reports to the SEC and links to reports for prior five years.

**APPENDICES 6-7**

Do not apply.

**APPENDICES 8-10**

See Appendix 11A for most audited financials included with annual report and links to reports for prior five years.

## APPENDIX 11A

Sec attached for most recent annual report on form 10-K. Prior years' reports are on file with PGCB provided by Downs Racing, L.P. and can be found at <http://www.sec.gov/cgi-bin/browse-edgar?company=mohegan+tribal+gaming+authority&CIK=&State=ct&SIC=&action=getcompany>

Or via the SEC link at <http://newsroom.mtga.com/investor-relations/sec-filings/>

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 10-K**

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

For the fiscal year ended September 30, 2012

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 033-80655

**MOHEGAN TRIBAL GAMING AUTHORITY**

(Exact name of registrant as specified in its charter)

Not Applicable  
(State or other jurisdiction of incorporation or organization)

One Mohegan Sun Boulevard, Uncasville, CT  
(Address of principal executive offices)

06-1436334  
(U.S. Employer Identification No.)

06382  
(Zip Code)

(860) 862-8000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(h) of the Act:

None  
(Title of each class)

None  
(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:

None  
(Title of Class)

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 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, an 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

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

**MOHEGAN TRIBAL GAMING AUTHORITY**  
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*References in this Annual Report on Form 10-K to the "Authority" and the "Mohegan Tribe or Tribe" are to the Mohegan Tribal Gaming Authority and the Mohegan Tribe of Indians of Connecticut, respectively. The terms "we," "us" and "our" refer to the Authority.*

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Form 10-K contains statements about future events, including, without limitation, information relating to business development activities, as well as capital spending, financing sources, the effects of regulation (including gaming and tax regulation) and increased competition. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements sometimes can be identified by our use of forward-looking words such as "may," "will," "anticipate," "estimate," "expect," or "intend" and similar expressions. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated future results and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by us or on our behalf. You should review carefully all of the information in this Form 10-K, including the consolidated financial statements.

In addition to the risk factors described under "Part I. Item 1A. Risk Factors," the following important factors, among others, could affect our future financial condition or results of operations, causing actual results to differ materially from those expressed in the forward-looking statements:

- the financial performance of Mohegan Sun and Mohegan Sun at Pocono Downs and the Pennsylvania off-track wagering facilities;
- the local, regional, national or global economic climate, including the lingering effects of the economic recession, which has affected our revenues and earnings;
- increased competition, including the expansion of gaming in New England, New York, New Jersey or Pennsylvania;
- our leverage and ability to meet our debt service obligations and maintain compliance with financial debt covenants;
- the continued availability of financing;
- our dependence on existing management;
- our ability to integrate new amenities from expansions to our facilities into our current operations and manage the expanded facilities;
- changes in federal or state tax laws or the administration of such laws;
- changes in gaming laws or regulations, including the limitation, denial or suspension of licenses required under gaming laws and regulations;
- changes in applicable laws pertaining to the service of alcohol, smoking or other amenities offered at our facilities;
- our ability to successfully implement our diversification strategy;
- an act of terrorism on the United States;
- our customers' access to inexpensive transportation to our facilities and changes in oil, fuel or other transportation-related expenses; and
- unfavorable weather conditions.

These factors and the other risk factors discussed in this Form 10-K are not necessarily all of the important factors that could cause our actual results to differ materially from those expressed in any of the forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. The forward-looking statements included in this Form 10-K are made only as of the date of this Form 10-K. We do not have and do not undertake any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances, except as required by law. We cannot assure you that projected results or events will be achieved or will occur.

## PART I

### Item 1. Business.

#### Overview

##### *The Tribe and the Authority*

The Mohegan Tribe of Indians of Connecticut, or the Mohegan Tribe or the Tribe, is a federally-recognized Indian tribe with an approximately 544-acre reservation situated in Southeastern Connecticut, adjacent to Uncasville, Connecticut. Under the Indian Gaming Regulatory Act of 1988, or IGRA, federally-recognized Indian tribes are permitted to conduct full-scale casino gaming operations on tribal lands, subject to, among other things, the negotiation of a compact with the affected state. The Tribe and the State of Connecticut entered into a compact, the Mohegan Compact, which was approved by the United States Secretary of the Interior. We were established as an instrumentality of the Tribe, with the exclusive authority to conduct and regulate gaming activities for the Tribe on Tribal lands and the non-exclusive authority to conduct such activities elsewhere. Our gaming operation at Mohegan Sun is one of only two legally authorized gaming operations in southern New England offering traditional slot machines and table games. Through our subsidiary, Downs Racing, L.P., or Downs Racing, we also own and operate Mohegan Sun at Pocono Downs, a gaming and entertainment facility located in Plains Township, Pennsylvania, and several off-track wagering facilities, or OTW facilities, located elsewhere in Pennsylvania, collectively the Pennsylvania facilities. We are governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Tribe. Any change in the composition of the Mohegan Tribal Council results in a corresponding change in our Management Board.

Our principal executive office and mailing address is One Mohegan Sun Boulevard, Uncasville, CT 06382. Our telephone number is (860) 862-8000. Our website is [www.mtga.com](http://www.mtga.com). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) under the Securities Exchange Act of 1934 are made available free of charge on our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission.

##### *Mohegan Sun*

In October 1996, we opened a gaming and entertainment complex known as Mohegan Sun. Mohegan Sun is located on a 185-acre site on the Tribe's reservation overlooking the Thames River with direct access from Interstate 395 and Connecticut Route 2A. Mohegan Sun is approximately 125 miles from New York City, New York, and approximately 100 miles from Boston, Massachusetts. In 2002, we completed a major expansion of Mohegan Sun known as Project Sunburst, which included increased gaming, restaurant and retail space, an entertainment arena, an approximately 1,200-room luxury Sky Hotel Tower and approximately 100,000 square feet of convention space. In 2007, we opened Sunrise Square, and, in 2008, we opened Casino of the Wind.

Mohegan Sun currently operates in an approximately 3.1 million square-foot facility, which includes the following:

##### *Casino of the Earth*

As of September 30, 2012, Casino of the Earth offered:

- approximately 188,000 square feet of gaming space;
- approximately 3,025 slot machines and 165 table games, including blackjack, roulette and craps;
- Sunrise Square, a 9,800-square-foot Asian-themed gaming area;
- an approximately 9,000-square-foot simulcasting Racebook facility;
- food and beverage amenities, including: Seasons Buffet, a 784-seat multi-station buffet with live cooking stations, Birches Bar & Grill, a Hong Kong-style food outlet offering authentic Southeast Asian cuisine, Bobby Flay's Bobby's Burger Palace, Bow & Arrow Sports Bar and multiple service bars, all operated by us, as well as Ballo Italian Restaurant & Social Club, Frank Pepe Pizzeria Napoletana and Fidelity's Market, an approximately 290-seat multi-station food court, operated by third-parties, for a total seating of approximately 1,800;
- four Mohegan Sun-owned retail shops, offering products ranging from Mohegan Sun logo souvenirs to cigars; and
- the Wolf Den, an approximately 10,000-square-foot, 400-seat lounge featuring live entertainment seven days a week.

### ***Casino of the Sky***

As of September 30, 2012, Casino of the Sky offered:

- approximately 119,000 square feet of gaming space;
- approximately 2,075 slot machines and 100 table games, including blackjack, roulette and craps;
- food and beverage amenities, including: Todd English's Tuscany, Bobby Flay's Bar Americain, a 24-hour coffee shop and three lounges and bars, all operated by us, as well as five full-service restaurants, three quick-service restaurants and a multi-station food court operated by third-parties, for a total seating of approximately 2,350;
- The Shops at Mohegan Sun containing 30 retail shops, six of which we own;
- the Mohegan Sun Arena with seating for up to 10,000;
- an approximately 1,200-room luxury Sky Hotel Tower, including a private high-limit table games suite;
- Ultra 88 nightclub and Vista Lounge, operated by a third-party;
- an approximately 20,000-square-foot spa operated by a third-party;
- approximately 100,000 square feet of convention space; and
- a child care facility and an arcade-style entertainment area operated by a third-party.

### ***Casino of the Wind***

As of September 30, 2012, Casino of the Wind offered:

- approximately 45,000 square feet of gaming space;
- approximately 715 slot machines, 25 table games, including blackjack, roulette and craps, and a 42-table themed poker room;
- food and beverage amenities, including: a two-level, 16,000-square-foot Jimmy Buffett's Margaritaville Restaurant and a casual dining restaurant operated by third-parties, and a bar operated by us, for a total seating of approximately 475; and
- a retail shop operated by a third-party.

Mohegan Sun offers parking for approximately 13,000 patrons and 3,900 employees. In addition, we operate an approximately 3,600-square-foot, 20-pump gasoline and convenience center for patrons, as well as a 10-pump gasoline center for employees, both located adjacent to Mohegan Sun.

### ***Connecticut Sun***

Through Mohegan Basketball Club, LLC, or MBC, we own and operate the Connecticut Sun franchise, a professional basketball team in the Women's National Basketball Association. The team plays its home games in the Mohegan Sun Arena.

### ***Mohegan Sun Country Club at Pautipaug***

Through Mohegan Golf, LLC, or Mohegan Golf, we own and operate the Mohegan Sun Country Club at Pautipaug, a private 18-hole championship golf course located in Sprague and Franklin, Connecticut.

### ***Mohegan Sun at Pocono Downs***

Through Downs Racing, we own and operate a gaming and entertainment facility known as Mohegan Sun at Pocono Downs located on a 400-acre site in Plains Township, Pennsylvania, and OTW facilities located in Carbondale, East Stroudsburg and Lehigh Valley, Pennsylvania. In November 2006, Mohegan Sun at Pocono Downs became the first location to offer slot machine gaming in the Commonwealth of Pennsylvania when Phase I of its gaming and entertainment facility opened. In July 2008, we completed a major expansion of Mohegan Sun at Pocono Downs known as Project Sunrise, which included increased gaming, restaurant and retail space. In July 2010, Mohegan Sun at Pocono Downs opened its table game and poker operations, including additional non-smoking sections and a high-limit gaming area.

Mohegan Sun at Pocono Downs currently operates in an approximately 400,000-square-foot facility, which includes the following as of September 30, 2012:

- approximately 82,000 square feet of gaming space;
- approximately 2,330 slot machines, 66 table games, including blackjack, roulette and craps, and an 18-table poker room;

- live harness racing and simulcast and off-track wagering;
- food and beverage amenities, including: Ruth's Chris Steakhouse, Rustic Kitchen Bistro and Bar, which features dining and a live cooking show, Bar Louie, a casual bar and restaurant, Timbers Buffet, a 300-seat Mohegan Indian cultural heritage themed multi-station buffet, and a food court, including: Johnny Rockets, Puck Express by Wolfgang Puck and Ben & Jerry's Ice Cream, for a total seating of approximately 1,800;
- five retail shops, one of which we own, offering products ranging from Mohegan Sun at Pocono Downs logo souvenirs to fine apparel; and
- three bars/lounges: Sunburst Bar, featured in the center of the gaming floor, Breakers Night Club and Pearl Sushi Bar.

### ***Project Sunlight***

In July 2012, Mohegan Sun at Pocono Downs broke ground on Project Sunlight, an estimated \$50 million hotel expansion project to be located adjacent to the Mohegan Sun at Pocono Downs casino. This expansion will include a 238-room hotel and an approximately 20,000-square-foot convention center. The hotel will include a combination of standard guest rooms and suites and feature rooms with exclusive views of the race track, as well as a fitness center, an indoor pool and a bistro serving breakfast and light fare. A new porte-cochere also is being added for additional guest convenience. The convention center will be located adjacent to the hotel and will be able to accommodate a number of different sized groups up to 800 for seated banquets. This space also can be converted into a 1,500-seat concert venue. The hotel and convention center are being developed and built by Downs Lodging, LLC, or Downs Lodging, our wholly-owned unrestricted subsidiary. The costs for Project Sunlight are being funded through a combination of a \$45 million non-recourse term loan obtained by Downs Lodging and a \$5 million investment by us. Project Sunlight is expected to be completed by the end of 2013.

### **Strategy**

Our overall strategy is to profit from gaming in our core markets, as well as to diversify the Tribe's business interests within the gaming industry. Mohegan Sun primarily receives patronage from guests residing within 100 miles of Mohegan Sun, which represents our primary market. Mohegan Sun also receives patronage from guests residing within a 100 to 200 mile radius, which represents our secondary market. With the completion of Project Sunburst in 2002, we have developed Mohegan Sun into a full-scale entertainment and destination resort. The addition of Casino of the Wind and Sunrise Square further strengthens our presence in the Northeast United States gaming market. In addition, we have taken significant steps in our diversification efforts with the addition of our Mohegan Sun at Pocono Downs operations, including the July 2010 introduction of table game and poker operations and the development of Project Sunlight.

### **Diversification**

The Tribe has determined that it is in its best interest to pursue diversification of its business interests, both directly and through us. As a result, from time to time, we and the Tribe pursue various business opportunities. These opportunities primarily include proposed development and/or management of, investment in or ownership of additional gaming operations through direct investments, acquisitions, joint venture arrangements and loan or financial/credit support transactions. In addition to the pursuits described below, we and the Tribe are currently exploring other opportunities; however we can provide no assurance that we or the Tribe will continue to pursue any of these opportunities or that any of them will be consummated.

### ***Management of Resorts Casino Hotel***

In 2012, we formed Mohegan Gaming Advisors, LLC, or Mohegan Gaming Advisors, an unrestricted subsidiary, to pursue gaming opportunities outside the State of Connecticut, including management contracts and consulting agreements for casino and entertainment properties in the United States. Mohegan Gaming Advisors holds 100% membership interests in MGA Holding NJ, LLC and MGA Gaming NJ, LLC, or collectively, the Mohegan New Jersey entities. The Mohegan New Jersey entities were formed to pursue management contracts and consulting agreements in the State of New Jersey. In October 2012, Mohegan Gaming Advisors, through the Mohegan New Jersey entities, entered into a joint venture and management arrangement with the owner of Resorts Casino Hotel in Atlantic City, New Jersey, pursuant to which it is managing the facility.

### ***Cowlitz Project***

In July 2004, we formed Mohegan Ventures-Northwest, LLC, or Mohegan Ventures-NW. Mohegan Ventures-NW is one of three current members in Salishan-Mohegan, LLC, or Salishan-Mohegan, which was formed to participate in the Cowlitz Project, a proposed casino to be owned by the Cowlitz Tribe and to be located in Clark County, Washington. Mohegan Ventures-NW, Salishan Company, LLC, an unrelated entity, and the Tribe hold membership interests in Salishan-Mohegan of 49.15%, 43% and 7.85%, respectively.

In September 2004, Salishan-Mohegan entered into development and management agreements with the Cowlitz Tribe in connection with the Cowlitz Project, which agreements have been amended from time to time. Under the terms of the development agreement, Salishan-Mohegan will assist in securing financing, as well as administer and oversee the planning, designing, development, construction and furnishing of the proposed casino. The development agreement provides for development fees of 3% of total project costs, as defined under the development agreement, which are to be distributed to Mohegan Ventures-NW, pursuant to the Salishan-Mohegan operating agreement. In 2006, Salishan-Mohegan purchased a 152-acre site for the proposed casino, which will be transferred to the Cowlitz Tribe or the United States pursuant to the development agreement. Development of the Cowlitz Project is subject to certain governmental and regulatory approvals, including, but not limited to, negotiation of a gaming compact with the State of Washington and acceptance of land into trust on behalf of the Cowlitz Tribe by the United States Department of the Interior. The development agreement provides for termination of Salishan-Mohegan's exclusive development rights if the land is not taken into trust by December 31, 2015. Under the terms of the management agreement, Salishan-Mohegan will manage, operate and maintain the proposed casino for a period of seven years following its opening. The management agreement provides for management fees of 24% of net revenues, as defined under the management agreement, which approximates net income earned from the Cowlitz Project. Under the terms of the Salishan-Mohegan operating agreement, management fees will be allocated to the members of Salishan-Mohegan based on their respective membership interest. The management agreement is subject to approval by the National Indian Gaming Commission, or the NIGC.

In December 2010, the Assistant Secretary— Indian Affairs of the Department of the Interior made a final agency determination to acquire the 152-acre Cowlitz Project site into trust for the benefit of the Cowlitz Tribe pursuant to the Indian Reorganization Act. The Assistant Secretary also determined that the acquired lands will serve as the initial reservation of the Cowlitz Tribe and that the tribe may conduct gaming on such lands under IGRA. Transfer of the property to the United States remains subject to final action by the Department of the Interior, including resolution of two lawsuits challenging the federal government's actions. In January 2011, Clark County, Washington, the City of Vancouver, Washington, and certain other plaintiffs filed suit against the Department of the Interior, the Bureau of Indian Affairs, or the BIA, the NIGC and various government officials, and in February 2011, the Confederated Tribes of the Grand Ronde of Oregon filed suit against the Department of the Interior, the BIA and their officials. Both lawsuits are currently pending before the U.S. District Court for the District of Columbia. Pursuant to the Department of the Interior practice, the United States is not expected to take the Cowlitz Project site into trust while these lawsuits are pending. Class III gaming on the property remains subject to the negotiation and federal approval of a gaming compact between the Cowlitz Tribe and the State of Washington, which is a party to gaming compacts with twenty eight other federally-recognized Indian tribes in that state. We can provide no assurance that these conditions will be satisfied or that we will be able to obtain the necessary financing for the development of the proposed casino.

#### *Other Projects*

In March 2008, we formed Mohegan Gaming & Hospitality, L.L.C., or MG&H, with the Tribe to evaluate and pursue business opportunities. Our wholly-owned subsidiary, MTGA Gaming, L.L.C., or MTGA Gaming, and the Tribe hold 49% and 51% membership interests in MG&H, respectively. MG&H subsequently formed a wholly-owned subsidiary, Mohegan Resorts, L.L.C., or Mohegan Resorts. Certain of our and the Tribe's diversification efforts are conducted, either directly or indirectly, through MG&H and Mohegan Resorts. Mohegan Resorts holds a 100% membership interest in Mohegan Resorts Mass, L.L.C., or Mohegan Resorts Mass, which was formed to pursue potential gaming opportunities in the Commonwealth of Massachusetts. Mohegan Resorts Mass has entered into a lease agreement for a 152-acre site located in Palmer, Massachusetts, which would serve as a potential site for gaming development.

In March 2007, we formed Mohegan Ventures Wisconsin, L.L.C., or MVW, one of two original members in Wisconsin Tribal Gaming, LLC, or WTG, which was formed to participate in the Menominee Project, a proposed casino to be owned by the Menominee Tribe and to be located in Kenosha, Wisconsin. MVW now holds 100% membership interest in WTG. In connection with the Menominee Project, we entered into a management agreement with the Menominee Tribe and the Menominee Kenosha Gaming Authority, or the MKGA, and WTG purchased the development rights for the Menominee Project under a development agreement with the Menominee Tribe and the MKGA. In September 2010, WTG entered into a release and reimbursement agreement pursuant to which WTG: (1) relinquished its development rights and was relieved of its development obligations for the Menominee Project; (2) retained its rights to reimbursement of a portion of certain receivables related to reimbursable costs and expenses advanced by WTG on behalf of the Menominee Tribe for the Menominee Project, subject to certain conditions; and (3) assigned the option to purchase the proposed Menominee Project site in Kenosha to MKGA. Due to the uncertainty in the development of the Menominee Project, as of September 30, 2008, we had fully reserved for these receivables and had written-off the related development rights intangible asset. In February 2012, the MKGA terminated its efforts to seek NIGC approval of the management agreement. As of September 30, 2012, the WTG receivables remain fully reserved.

We can provide no assurance that we will continue to pursue any of these projects or that any of them will be consummated.

## **Market and Competition from Other Gaming Operations**

Our gaming operation at Mohegan Sun is one of only two current gaming operations in southern New England offering traditional slot machines and table games, with the other operation being our sole gaming competitor in the State of Connecticut, Foxwoods Resort Casino, or Foxwoods. Foxwoods is owned by the Mashantucket Pequot Tribe, or the MPT, and located approximately 10 miles from Mohegan Sun. We face competition from racino and video lottery terminal facilities, or VLT facilities, in the states of New York and Rhode Island and from casinos in Atlantic City, New Jersey and, to a lesser extent, several casinos and gaming facilities located on Indian tribal lands in the State of New York. In addition, we face competition in and from the Northeastern Pennsylvania gaming market, both in the immediate market for Mohegan Sun at Pocono Downs, and for Mohegan Sun, in marketing and attracting patrons from the New York City metropolitan region.

We also face potential competition from the current or future expansion of state-licensed gaming in New England and the Northeastern United States and prospective gaming projects under consideration by other Indian tribes, including federally-recognized tribes in Massachusetts and New York. With the addition of table gaming to existing slot machine facilities in the Commonwealth of Pennsylvania and VLT facilities in the State of Delaware in 2010, commercial casino gaming has expanded in the Northeastern United States and is poised to expand further with the approval of traditional table game operations at Twin River Casino in Lincoln, Rhode Island, and the authorization of up to three commercial casinos and one slot machine facility in the Commonwealth of Massachusetts. Federal recognition of the Mashpee Wampanoag Tribe, located in Massachusetts, and the Shinnecock Indian Nation of New York also increase the possibility of new tribal gaming in the Northeastern United States in the future. Other federally-recognized Indian tribes continue to pursue full-scale commercial casino gaming in the Catskills region of New York and elsewhere in the Northeastern United States. Under federal law, subsequent to obtaining federal recognition, Indian tribes are subject to certain governmental and regulatory approvals before commencing full-scale gaming operations, including, but not limited to: (1) negotiation and federal approval of a gaming compact with the affected state, (2) acceptance of land into trust by the United States Department of the Interior, and (3) federal approval of a tribal gaming ordinance. Indian tribes also may need to negotiate a management agreement and obtain financing to construct a facility. As further discussed below, groups seeking federal recognition as Indian tribes, as well as federally-recognized Indian tribes, continue efforts to establish or expand reservation lands with an interest in commercial casino gaming on such lands.

We are unable to predict whether efforts by federally-recognized Indian tribes or groups seeking federal recognition as Indian tribes will lead to the establishment of additional commercial casino gaming operations in the Northeastern United States. We are also unable to predict whether or when additional commercial casino gaming operations in the Northeastern United States will open. If established, we are uncertain of the impact such commercial casino gaming operations will have on our operations.

### ***Mohegan Sun***

The following is a summary of competition affecting Mohegan Sun:

#### ***Connecticut***

Only the Tribe and the MPT are authorized to conduct commercial casino gaming in the State of Connecticut. As required by each tribe's separate Memorandum of Understanding, or MOU, with the State of Connecticut, the Tribe and the MPT make monthly contribution payments to the state based on a portion of revenues earned on slot machines. Pursuant to the terms of an exclusivity clause in each MOU, contribution payments to the state will terminate if there is any change in state law that permits operation of slot machines or other commercial casino games or if any other person lawfully operates slot machines or other commercial casino games within the State of Connecticut, except those consented to by the Tribe and the MPT.

In 2009, the MPT reportedly defaulted on certain of its debt obligations and entered into a forbearance agreement with its lenders under its bank credit facility and, in 2010, the MPT reportedly failed to repay its bank credit facility at maturity and announced the suspension of per capita gaming revenue distribution payments to its tribal members. In August 2012, the MPT announced the planned restructuring of approximately \$2.2 billion of its debt obligations. It is uncertain whether any of these actions related to the MPT's debt structure will affect the Northeastern United States gaming market or will have an impact on our operations.

Effective July 1, 2012, the threshold before which contribution payments to the State of Connecticut from free promotional slot plays are required was increased from 5.5% of gross revenues from slot machines to 11% for both the Tribe and the MPT.

#### ***Rhode Island***

The state's two pari-mutuel facilities, Twin River Casino in Lincoln and Newport Grand in Newport, reportedly offer approximately 5,700 VLTs, including electronic table game positions. In November 2012, voters state-wide and in the host community of Lincoln approved the addition of traditional table game operations at Twin River Casino, while a similar measure

for Newport Grand was rejected. According to reports, Twin River Casino has commenced renovations to add 65 gaming tables by July 1, 2013.

#### *Massachusetts*

In November 2011, the governor of Massachusetts signed into law comprehensive gaming legislation which authorizes up to three casino resort licenses and one facility limited to 1,250 slot machines in Massachusetts to be licensed by the new gaming commission, which held its first meeting in April 2012. Each of the three casino resort licenses is restricted to one of three geographic regions of the state, including Western Massachusetts, where an affiliate owned by us and the Tribe has leased property which would serve as a potential site for gaming development.

#### *New York*

Racinos in Yonkers, Queens, Batavia, Hamburg, Nichols, Vernon, Monticello, Saratoga Springs and Farmington, New York, reportedly operate approximately 17,000 VLTs, including electronic table game positions. Approximately 10,000 of these VLTs are operated at the two racinos located in or close to New York City – Empire City Casino at Yonkers Raceway in Yonkers, or Empire City, and Resorts World New York in Queens, or Resorts World.

Given Empire City's and Resorts World's location in or near New York City, each has a distinct advantage over Mohegan Sun in competing for day-trip and other potential patrons from the New York metropolitan region.

In March 2012, the New York state legislature and governor approved the first step towards amending the state constitution to authorize traditional table game operations at up to seven full-scale casinos in the state. If approved by the next legislature, which convenes in January 2013, the constitutional amendment would have to be approved by a majority of voters in a state-wide ballot.

There are eight federally-recognized Indian tribes in the State of New York, and it has been reported that one of them, the Shinnecock Indian Nation of New York, is considering various sites on or near Long Island for a potential reservation and casino. Only three of the federally-recognized Indian tribes in the state, the Oneida Nation of New York, or the Oneida Nation, the Seneca Nation of New York, or the Seneca Nation, and the St. Regis Band of Mohawk Indians of New York, or the St. Regis Mohawk Tribe, currently engage in commercial casino gaming. However, several New York Indian tribes and at least two Indian tribes based in the State of Wisconsin have been pursuing potential gaming projects in the State of New York which, if completed, would add significant gaming space, as well as hotel capacity to the Northeastern United States gaming market.

In 2001, the state legislature approved legislation to permit as many as six new gaming operations by Indian tribes in addition to those then operated by the Oneida Nation and the St. Regis Mohawk Tribe. Under this legislation, three additional gaming operations are owned and operated by the Seneca Nation, while the remaining three may be located in either Ulster County or Sullivan County in the Catskills region of the state but have not received federal or final state approval to date. This legislation approved the use of traditional slot machines, rather than VLTs, where the possession and use of traditional slot machines are authorized pursuant to a tribal-state compact. The governor had reached tentative land claim settlements with various Indian tribes and supported legislation for as many as five tribal commercial casinos to be located in the Catskills region since that law was first adopted in 2001. However, a 2005 United States Supreme Court decision regarding tribal jurisdiction over Indian tribal lands not held in trust by the United States and subsequent federal court decisions led to the withdrawal of these land claim settlement agreements. Several federally-recognized Indian tribes, including the Seneca Nation, the St. Regis Mohawk Tribe and the Stockbridge-Munsee Tribe of Wisconsin, have continued to pursue tribal commercial casinos in the Catskills region.

In June 2011, the Assistant Secretary-Indian Affairs of the Department of the Interior withdrew earlier BIA policy guidance issued in January 2008 relating to trust land acquisitions for so-called off-reservation gaming projects. The January 2008 policy guidance had led to the rejection of certain trust land applications in the Catskills region. According to published reports, several tribes are now reconsidering or renewing efforts to develop gaming facilities in the Catskills region.

The following is a summary of current and potential gaming operations by federally-recognized Indian tribes in the State of New York:

- The Oneida Nation-The Oneida Nation operates Turning Stone Resort Casino in Verona, approximately 270 miles from Mohegan Sun.
- The St. Regis Mohawk Tribe-The St. Regis Mohawk Tribe operates Akwesasne Mohawk Casino in Hogansburg and Mohawk Bingo Palace in Akwesasne, each approximately 400 miles from Mohegan Sun.
- The Seneca Nation-The Seneca Nation operates three casinos in the western region of the state more than 400 miles from Mohegan Sun.
- The Cayuga Nation of New York-The Cayuga Nation of New York previously operated bingo gaming halls in Union

Springs and Seneca Falls, but the tribe's application with the BIA to take 125 acres into trust for gaming at those facilities was rejected in December 2011. The tribe also has pursued gaming in the Catskills region at various times.

- The Shinnecock Indian Nation of New York-The Shinnecock Indian Nation of New York has an approximately 800-acre state reservation on the east side of Shinnecock Bay, adjacent to Southampton on Long Island, but has reportedly considered as many as 30 other locations for a casino site. Gaming on the tribe's existing state reservation or any other location will likely require various regulatory approvals and/or legislation.

The Oneida Nation, the Seneca Nation and the St. Regis Mohawk Tribe reportedly have one or more ongoing disputes with the State of New York regarding property taxes, cigarette taxes or gaming revenue sharing payments. In 2010, the Seneca Nation and the St. Regis Mohawk Tribe ceased making certain gaming revenue sharing payments to the state. According to reports, the Seneca Nation, which has reportedly withheld more than \$460 million in payments, agreed to binding arbitration to resolve its gaming payment dispute with the state in November 2011 and, in September 2012, an arbitration panel was named to decide the matter. These disputes or their ultimate resolutions may increase the likelihood of new tribal or commercial gaming operations in the Catskills region and may impact competition in the Northeastern United States gaming market.

#### *New Jersey*

The Atlantic City gaming market currently consists of 12 gaming properties following the April 2012 opening of Revel Casino. These 12 properties reportedly offer approximately 27,000 slot machines and 1,650 table games. The State of New Jersey and the Atlantic City gaming market, in particular, continue to implement legislative reforms adopted in 2011 and public-private initiatives to revitalize gaming in the state and respond to competition from expanded gaming in nearby states. The State of New Jersey also has passed legislation related to sports wagering and is involved in litigation challenging the federal law which restricts legalized sports wagering to certain states.

#### *Maine*

Full-scale casinos are now operating in the State of Maine at two locations in Bangor and Oxford as a result of two successful referenda in 2010 and 2011. Hollywood Casino Bangor reportedly added 14 table games in March 2012 to its racino, which also offers approximately 1,000 slot machines and a six-story hotel. In June 2012, Oxford Casino opened its first phase with approximately 500 slot machines and 12 table games and, in September 2012, announced an expansion that will reportedly add hundreds of slot machines and 10 table games.

#### *New Hampshire*

Commercial casino gaming operations are not currently permitted in the State of New Hampshire, with the exception of limited charitable table gaming. There are no federally-recognized Indian tribes in the state.

#### *Vermont*

Currently, gaming is not permitted in the State of Vermont nor is there any significant initiative underway to legalize commercial casino gaming operations in the state. There are no federally-recognized Indian tribes in the state.

#### *Mohegan Sun at Pocono Downs*

The following is a summary of competition affecting Mohegan Sun at Pocono Downs:

In 2004, the Commonwealth of Pennsylvania passed the Pennsylvania Race Horse Development and Gaming Act, or the Pennsylvania Gaming Act, which permitted the operation of up to 61,000 slot machines at 14 locations throughout the state, 11 of which have commenced operations. In addition, the Pennsylvania Gaming Act authorized the operation of up to 500 slot machines at two resort facilities, one of which has commenced operations following the March 2012 opening of Valley Forge Casino Resort in Valley Forge. The Pennsylvania Gaming Act also includes prohibitions against locating facilities within close proximity to other operations, which, among other things, effectively prohibits locating a slot machine facility within twenty miles of Mohegan Sun at Pocono Downs or a smaller resort slot machine facility within fifteen miles of Mohegan Sun at Pocono Downs. In 2010, the Pennsylvania Gaming Act was amended to allow slot machine operators in the Commonwealth of Pennsylvania to operate certain table games, including poker. The amendment also authorized a resort facility to be awarded in 2017, which is prohibited from being located within thirty miles of Mohegan Sun at Pocono Downs. In addition, the amendment increased the number of slot machines at such smaller resort facilities from 500 to 600 and restricted the number of table games at such facilities to 50. All operating slot machine facilities in the state have added table game operations.

Mohegan Sun at Pocono Downs faces competition from several facilities in the Commonwealth of Pennsylvania, as well as neighboring states. However, its most immediate competitors are Mount Airy Casino Resort, or Mount Airy, and Sands Casino

Resort Bethlehem, or Sands Bethlehem, both of which are located in Northeastern Pennsylvania:

- Mount Airy-Mount Airy, located at the former Mount Airy Lodge in Mount Pocono, opened in October 2007 and is approximately 40 miles from Mohegan Sun at Pocono Downs. Mount Airy reportedly offers 2,100 slot machines, 70 table games, a 188-room hotel, a spa and a golf course.
- Sands Bethlehem-Sands Bethlehem, owned by Las Vegas Sands Corporation, opened in May 2009 and is approximately 70 miles from Mohegan Sun at Pocono Downs. Sands Bethlehem reportedly offers 3,000 slot machines and 150 table games.

In addition to existing slot machine and table game operations in the Commonwealth of Pennsylvania, Mohegan Sun at Pocono Downs faces existing competition from the VLT facility at the Monticello Raceway in Monticello, New York, approximately 90 miles from Mohegan Sun at Pocono Downs. Additionally, Mohegan Sun at Pocono Downs faces competition from Tioga Downs Casino in Nichols, New York, approximately 100 miles from Mohegan Sun at Pocono Downs. Tioga Downs Casino offers a racetrack and reportedly 750 VLTs. Mohegan Sun at Pocono Downs also faces potential competition from any gaming operation that is ultimately developed in the Catskills region of New York.

In 2010, the PGCB voted to revoke a license awarded to an affiliate of Foxwoods Development, LLC for a second stand-alone facility in Philadelphia and, in November 2012, the PGCB reportedly received applications from six different developers for that license at various locations in Philadelphia. Additionally, new gaming projects have opened in the past year in Maryland and Ohio and additional expansion is being pursued in those states; however, we do not believe that these developments will have a direct impact on Mohegan Sun at Pocono Downs. The expansion of gaming in nearby states may nevertheless impact the overall Pennsylvania gaming market.

## **Mohegan Tribe of Indians of Connecticut**

### *General*

The Tribe has lived in a cohesive community for hundreds of years in what is today southeastern Connecticut. The Tribe became a federally-recognized Indian tribe in 1994 and currently has approximately 2,000 members, including 1,200 adult voting members. The Tribe historically has cooperated with the United States and is proud of the fact that members of the Tribe have fought on the side of the United States in every war from the Revolutionary War to the wars in Iraq and Afghanistan. The Tribe believes that this philosophy of cooperation exemplifies its approach of developing Mohegan Sun and pursuing diversification of its business interests.

Although the Tribe is a sovereign entity, it has sought to work with, and to gain the support of, local communities. For example, the Tribe settled its claim to extensive tracts of land that had been guaranteed by various treaties in consideration for certain arrangements in the Mohegan Compact. As a result, local residents and businesses whose property values had been clouded by this dispute were able to gain clear title to their property. In addition, the Tribe has been sensitive to the concerns of the local community in developing Mohegan Sun. This philosophy of cooperation has enabled the Tribe to build a solid alliance among local, state and federal officials to achieve its goal of economic development through the success of Mohegan Sun and its other projects.

### *Governance of the Tribe*

The Tribe's Constitution provides for the governance of the Tribe by a Tribal Council, consisting of nine members, and a Council of Elders, consisting of seven members. The registered voters of the Tribe elect all members of the Council of Elders and the Mohegan Tribal Council. Pursuant to an amendment to the Tribe's Constitution in September 2003, the members of both the Council of Elders and the Mohegan Tribal Council are elected on a four-year staggered term basis. The term of three members of the Council of Elders expires in October 2014, while the term of the remaining four members expires in October 2016. The term for five members of the Mohegan Tribal Council expires in October 2013, while the term of the remaining four members expires in October 2015. Members of the Council of Elders must be at least 55 years of age when elected, while members of the Mohegan Tribal Council must be at least 21 years of age when elected. The members of the Mohegan Tribal Council also serve as members and officers on our Management Board.

The Tribe's Constitution vests all legislative and executive powers of the Tribe in the Mohegan Tribal Council, with the exception of enrollment of Tribal members and cultural duties, which are vested in the Council of Elders. The powers of the Mohegan Tribal Council include the power to establish an executive branch departmental structure with agencies and subdivisions and to delegate appropriate powers to such agencies and sub-divisions.

The Tribe may amend provisions of its Constitution that established us and the Gaming Disputes Court, which is described below. Such an amendment requires the approval of two-thirds of the members of the Mohegan Tribal Council and must be ratified

by registered voters of the Tribe by a two-thirds majority of all votes cast, with at least a 40% participation of registered voters of the Tribe. In addition, the Tribe's Constitution currently prohibits the Tribe from enacting any law that would impair the obligations of contracts entered into in furtherance of the development, construction, operation and promotion of gaming on Tribal lands. An amendment to this provision requires the affirmative vote of 75% of registered voters of the Tribe. Prior to the enactment of any such amendment by the Mohegan Tribal Council, any non-Tribal party would have the opportunity to seek a ruling from the Appellate Branch of the Gaming Disputes Court that the proposed amendment would constitute an impermissible impairment of contract.

The Council of Elders acts in the capacity of an appellate court of final review and may hear appeals of any case or controversy arising under the Tribe's Constitution, except those matters related to Mohegan Sun, which are required to be submitted to the Gaming Disputes Court.

### *Gaming Disputes Court*

Under the Constitution and laws of the Tribe, the Gaming Disputes Court is vested with exclusive jurisdiction over all disputes related to gaming and associated facilities on Tribal lands, including appeals from certain final administrative agency decisions. The Gaming Disputes Court is composed of a Trial Branch and an Appellate Branch. Cases tried in the Trial Branch are heard by a single judge, whose decision can be appealed to the Appellate Branch. Appeals are decided by a panel of three judges, consisting of a Chief Judge and two judges selected in rotation. A judge whose decision is on appeal may not serve on the appellate panel. Decisions of the Appellate Branch are final and no further appeal is available.

The Gaming Disputes Court has jurisdiction over all disputes or controversies related to gaming between any person or entity and us or the Tribe. The Gaming Disputes Court also has jurisdiction over certain appeals arising out of tribal agency regulatory powers, including licensing actions. The Tribe has adopted the substantive law of the State of Connecticut as the applicable law of the Gaming Disputes Court to the extent that such law is not in conflict with Mohegan Tribal Law. Also, the Tribe has adopted all of Connecticut's rules of civil and appellate procedure and professional and judicial conduct to govern the Gaming Disputes Court.

Judges of the Gaming Disputes Court are chosen by the Mohegan Tribal Council from a publicly available list of eligible retired federal judges and Connecticut Attorney Trial Referees, who are appointed by the Chief Justice of the Connecticut Supreme Court, each of whom must remain licensed to practice law in the State of Connecticut.

Judges are selected sequentially as cases are filed with the clerk of the Gaming Disputes Court. The Chief Judge of the Gaming Disputes Court, who serves as the Gaming Disputes Court's administrative superintendent, is chosen by the Mohegan Tribal Council from the list of eligible judges and serves a five-year term. The remaining judges may serve an unlimited term on the bench. Judges of the Gaming Disputes Court are subject to discipline and removal for cause pursuant to the rules of the Gaming Disputes Court. The Chief Judge is vested with the sole authority to revise the rules of the Gaming Disputes Court. Judges are compensated by the Tribe at an agreed rate of pay commensurate with their duties and responsibilities. Such rate cannot be diminished during a judge's tenure.

Below is a description of certain information regarding judges currently serving on the Gaming Disputes Court:

*Paul M. Guernsey, Chief Judge.* Age: 62. Judge Guernsey has served on the Gaming Disputes Court since 1996. He was appointed Acting Chief Judge in November 1999 and Chief Judge in January 2000. Judge Guernsey also served as Fact Finder for the New London Judicial District from 1990 to 1992 and as State of Connecticut Attorney Trial Referee, Judicial District of New London, since 1992.

*F. Owen Eagan, Judge.* Age: 82. Judge Eagan was appointed to the Gaming Disputes Court in 1996. He served as United States Magistrate Judge from 1975 to 1996 and was formerly Assistant United States Attorney for the District of Connecticut and United States Attorney for the District of Connecticut. He also served as an adjunct law faculty member at Western New England College School of Law.

*Frank A. Manfredi, Judge.* Age: 61. Judge Manfredi was appointed to the Gaming Disputes Court in 2001. He has been a partner at Cotter, Greenfield, Manfredi & Lanes, P.C., since 1983. Judge Manfredi also has served as State of Connecticut Attorney Trial Referee since 1993, State of Connecticut Attorney Fact Finder since 1992 and Town Attorney for the Town of Preston since 1988.

*Jeffrey A. McNamara, Judge.* Age: 53. Judge McNamara was appointed to the Gaming Disputes Court in 2012. He has served as a Probate Judge for the Niantic Regional Probate Court since 2010 and had been a Probate Judge for the District of East Lyme from 1988 to 2010. Judge McNamara has also served as a State of Connecticut Attorney Trial Referee for the Judicial District of New London since 2011. Judge McNamara has been a member of the Executive Committee for Probate Administration since 2009.

### ***Workers' Compensation Department***

Effective September 1, 2004, the Mohegan Tribal Council established a Workers' Compensation Department to oversee a self-administered workers' compensation program for employees of the Tribe and us, but does not include any employees of Mohegan Sun at Pocono Downs. Prior to the formation of this department, we participated in the State of Connecticut workers' compensation program. Duties of the Workers' Compensation Department, including judgment on claims, are performed by two commissioners retained by the Tribe.

Below is a description of certain information regarding the commissioners serving in the Workers' Compensation Department:

*Giancarlo Rossi, Chief Commissioner.* Age: 63. Mr. Rossi was appointed Chief Commissioner of the Workers' Compensation Department in September 2004. Mr. Rossi is a practicing attorney with over 20 years of workers' compensation experience in the State of Connecticut.

*Louis M. Pacelli, Commissioner.* Age: 58. Mr. Pacelli was appointed Commissioner of the Workers' Compensation Department in September 2004. Mr. Pacelli is a partner in the law firm of Grillo and Pacelli, L.L.C. and has practiced general law, including workers' compensation matters, for over 20 years in the State of Connecticut.

### **Mohegan Tribal Gaming Authority**

We were established by the Tribe in July 1995 with the exclusive authority to conduct and regulate gaming activities for the Tribe on Tribal lands and the non-exclusive authority to conduct such activities elsewhere. We are governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Tribe. Any change in the composition of the Mohegan Tribal Council results in a corresponding change in our Management Board. See "—Mohegan Tribe of Indians of Connecticut" and "Part III, Item 10, Directors and Executive Officers of the Registrant."

We have three major functions. The first function is to direct the operation, management and promotion of gaming enterprises and all related activities on tribal lands. The second function is to regulate gaming activities on tribal lands. Our Management Board has appointed an independent Director of Regulation responsible for the regulation of gaming activities at Mohegan Sun. The Director of Regulation serves at the will of the Management Board and ensures the integrity of gaming operation through the promulgation and enforcement of appropriate regulations. The Director of Regulation and his staff also are responsible for performing background investigations and licensing of non-gaming employees, as well as vendors seeking to provide non-gaming products or services within the casino. Pursuant to the Mohegan Compact, the State of Connecticut is responsible for performing background investigations and licensing of gaming employees, as well as gaming vendors seeking to provide gaming products or services within the casino. The third function is to identify and evaluate various diversification opportunities in conjunction with the Tribe. These opportunities primarily include the development and/or management, ownership or investment in other gaming enterprises through direct investments, acquisitions, joint venture arrangements and loan transactions.

### **Government Regulation**

#### ***General***

Our operations at Mohegan Sun are subject to certain federal, state and tribal laws applicable to both general commercial relationships with Indians and specific to Indian gaming and the management and financing of Indian casinos. Our operations at Mohegan Sun at Pocono Downs also are subject to Pennsylvania laws and regulations applicable to harness racing, simulcasting, slot machine and table gaming. The following description of the regulatory environment in which gaming takes place and in which we operate is only a summary and not a complete recitation of all applicable law. Moreover, since this regulatory environment is susceptible to changes in public policy considerations, it is impossible to predict how particular provisions will be interpreted, from time to time, or whether they will remain intact. Changes in such laws could have a material adverse impact on our operations. See "Risk Factors."

#### ***Tribal Law and Legal Systems***

##### ***Applicability of State and Federal Law***

Federally-recognized Indian tribes are independent governments, subordinate to the United States, with sovereign powers, except as those powers may have been limited by treaty or by Congress. The power of Indian tribes to enact their own laws to regulate gaming derives from the exercise of this tribal sovereignty. Indian tribes maintain their own governmental systems and often their own judicial systems. Indian tribes have the right to tax persons and enterprises conducting business on tribal lands, and also have the right to require licenses and to impose other forms of regulations and regulatory fees on persons and businesses operating on their lands.

Absent the consent of the Tribe or action of Congress, the laws of the State of Connecticut do not apply to us or the Tribe.

Pursuant to the federal law that settled the Tribe's land claims in 1994, the United States and the Tribe consented to, among other things, the extension of Connecticut criminal law and Connecticut state traffic controls over Mohegan Sun.

#### *Waiver of Sovereign Immunity; Jurisdiction; Exhaustion of Tribal Remedies*

Indian tribes enjoy sovereign immunity from unconsented suit similar to that of the states and the United States. In order to sue an Indian tribe (or an agency or instrumentality of an Indian tribe, such as us), the Tribe must have effectively waived its sovereign immunity with respect to the matter in dispute. Further, in most commercial disputes with Indian tribes, the jurisdiction of the federal courts, which are courts of limited jurisdiction, may be difficult or impossible to obtain. A commercial dispute is unlikely to present a federal question, and some courts have ruled that an Indian tribe as a party is not a citizen of any state for purposes of establishing diversity jurisdiction in the federal courts. State courts also may lack jurisdiction over suits brought by non-Indians against Indian tribes in the State of Connecticut. The remedies available against an Indian tribe also depend, at least in part, upon the rules of comity requiring initial exhaustion of remedies in tribal tribunals and, as to some judicial remedies, the tribe's consent to jurisdictional provisions contained in the disputed agreements. The U.S. Supreme Court has held that, where a tribal court exists, jurisdiction in that forum first must be exhausted before any dispute can be heard properly by federal courts which otherwise would have jurisdiction. Where a dispute as to the jurisdiction of the tribal forum exists, the tribal court first must rule as to the limits of its own jurisdiction.

In connection with some of our contractual arrangements, including substantially all of our outstanding indebtedness, we, the Tribe, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW and to the extent applicable, Mohegan Commercial Ventures-PA, LLC, Downs Racing, Backside, L.P., Mill Creek Land, L.P. and Northeast Concessions, L.P., or collectively the Pocono Downs subsidiaries, WTG, MTGA Gaming and certain of our subsidiaries and entities have agreed to waive our and their respective sovereign immunity from unconsented suit to permit any court of competent jurisdiction to: (1) enforce and interpret the terms of our applicable outstanding indebtedness, and award and enforce the award of damages owing as a consequence of a breach thereof, whether such award is the product of litigation, administrative proceedings, or arbitration; (2) determine whether any consent or approval of the Tribe or us has been granted improperly or withheld unreasonably; (3) enforce any judgment prohibiting the Tribe or us from taking any action, or mandating or obligating the Tribe or us to take any action, including a judgment compelling the Tribe or us to submit to binding arbitration; and (4) adjudicate any claim under the Indian Civil Rights Act of 1968, 25 U.S.C. § 1302 (or any successor statute).

#### *The Indian Gaming Regulatory Act of 1988*

##### *Regulatory Authority*

The operation of casinos and gaming on Indian lands is subject to IGRA, which is administered by the NIGC, an independent agency within the United States Department of the Interior, which exercises primary federal regulatory responsibility over Indian gaming. The NIGC has exclusive federal authority to issue regulations governing tribal gaming activities, approve tribal ordinances for regulating Class II and Class III Gaming (as described below), approve management agreements for gaming facilities, conduct investigations and generally monitor tribal gaming. Certain responsibilities under IGRA (such as the approval of gaming compacts, gaming revenue allocation plans for tribal members and the review of applications to take land into trust for gaming) are retained by the BIA. The BIA also has responsibility to review and approve certain agreements and land leases relating to Indian lands. The U.S. Department of Justice also retains responsibility for federal criminal law enforcement on the Mohegan reservation.

The NIGC is empowered to inspect and audit all Indian gaming facilities, to conduct background checks on all persons associated with Class II Gaming and management contractors involved in Class III Gaming, to hold hearings, issue subpoenas, take depositions, adopt regulations and assess fees and impose civil penalties for violations of IGRA. IGRA also prohibits illegal gaming on Indian lands and theft from Indian gaming facilities. The NIGC has adopted rules implementing specific provisions of IGRA, which govern, among other things, the submission and approval of tribal gaming ordinances or resolutions and require an Indian tribe to have the sole proprietary interest in and responsibility for the conduct of any gaming. Tribes are required to issue gaming licenses only under articulated standards, to conduct or commission financial audits of their gaming enterprises, to perform or commission background investigations for primary management officials and key employees and to maintain their facilities in a manner that adequately protects the environment and the public health and safety. These rules also set out review and reporting procedures for tribal licensing of gaming operation employees and tribal gaming facilities.

##### *Tribal Ordinances*

Under IGRA, except to the extent otherwise provided in a tribal-state compact, Indian tribal governments have primary regulatory authority over Class III Gaming on land within a tribe's jurisdiction. Therefore, our gaming operations, and persons engaged in gaming activities, are guided by and subject to the provisions of the Tribe's ordinances and regulations regarding gaming, in addition to the provisions of the Mohegan Compact.

IGRA requires that the NIGC review tribal gaming ordinances and authorizes the NIGC to approve such ordinances only if they meet specific requirements relating to: (1) the ownership, security, personnel background, record keeping and auditing of a tribe's gaming enterprises; (2) the use of the revenues from such gaming; and (3) the protection of the environment and the public health and safety. The Tribe adopted its gaming ordinance in July 1994, and the NIGC approved the gaming ordinance in November 1994.

### *Classes of Gaming*

IGRA classifies games that may be conducted on Indian lands into three categories. Class I Gaming includes social games solely for prizes of minimal value or traditional forms of Indian gaming engaged in by individuals as part of, or in connection with, tribal ceremonies or celebrations. Class II Gaming includes bingo, pull-tabs, lotto, punch boards, tip jars, certain non-banked card games (if such games are played legally elsewhere in the state), instant bingo and other games similar to bingo, if those games are played at the same location where bingo is played. Class III Gaming includes all other forms of gaming, such as slot machines, video casino games (e.g., video blackjack and video poker), so-called banked table games (e.g., blackjack, craps and roulette) and other commercial gaming (e.g., sports betting and pari-mutuel wagering).

Class I Gaming on Indian lands is within the exclusive jurisdiction of the Indian tribe and is not subject to IGRA. Class II Gaming is permitted on Indian lands if: (1) the state in which the Indian lands lie permits such gaming for any purpose by any person, organization or entity; (2) the gaming is not otherwise specifically prohibited on Indian lands by federal law; (3) the gaming is conducted in accordance with a tribal ordinance or resolution which has been approved by the NIGC; (4) an Indian tribe has sole proprietary interest and responsibility for the conduct of gaming; (5) the primary management officials and key employees are tribally licensed; and (6) several other requirements are met. Class III Gaming is permitted on Indian lands if the conditions applicable to Class II Gaming are met, and in addition, the gaming is conducted in conformance with the terms of a tribal-state compact (a written agreement between the tribal government and the government of the state within whose boundaries the tribe's lands lie).

With the growth of the Internet and other modern advances, computers and other technology aids are increasingly used to conduct specific kinds of gaming, such as poker or wagering on horse racing. Congress has adopted and continues to consider legislation to limit or otherwise regulate on-line gaming by U.S. residents. Individual states also are considering legislation to license and regulate Internet gaming on an intrastate basis under safe harbor provisions of the Unlawful Internet Gambling Enforcement Act of 2006, or the UIGEA, adopted in October 2006. To date, Congress has considered but not passed amendments to the UIGEA or new legislation to establish a licensing, taxing and enforcement framework for Internet gaming. The U.S. Department of Justice has brought indictments against various operators and payment processors involved in offshore on-line gaming transactions with persons located in the United States and also authored an opinion clarifying the department's view of permissible on-line activities by state lotteries under federal law.

### *Tribal-State Compacts*

IGRA requires states to negotiate in good faith with Indian tribes that seek to enter into tribal-state compacts for the conduct of Class III Gaming. Such tribal-state compacts may include provisions for the allocation of criminal and civil jurisdiction between the state and the Indian tribe necessary for the enforcement of laws and regulations, taxation by the Indian tribe of gaming activities in amounts comparable to those amounts assessed by the state for comparable activities, remedies for breach of compacts, standards for the operation of gaming and maintenance of gaming facilities, including licensing and any other subjects that are directly related to the operation of gaming activities. While the terms of tribal-state compacts vary from state to state, compacts within a state tend to be substantially similar. Tribal-state compacts usually specify the types of permitted games, establish technical standards for gaming, set maximum and minimum machine payout percentages, entitle the state to inspect casinos, require background investigations and licensing of casino employees and may require the tribe to pay a portion of the state's expenses for establishing and maintaining regulatory agencies. Some tribal-state compacts are for set terms, while others are for an indefinite duration.

IGRA provides that if an Indian tribe and state fail to successfully negotiate a tribal-state compact, the United States Department of the Interior may approve gaming procedures pursuant to which Class III Gaming may be conducted on Indian lands. Gaming compacts or approved gaming procedures take effect upon notice of approval by the Secretary of the Interior published in the Federal Register. The Mohegan Compact, approved by the United States Secretary of the Interior in 1994, does not have a specific term and will remain in effect until terminated by written agreement between both parties, or the provisions are modified as a result of a change in applicable law. Our gaming operations are subject to the requirements and restrictions contained in the Mohegan Compact, which authorizes the Tribe to conduct most forms of Class III Gaming.

Tribal-state compacts have been the subject of litigation in a number of states, including Alabama, California, Florida, Kansas, Michigan, Mississippi, New Mexico, New York, Oklahoma, Oregon, South Dakota, Texas, Washington and Wisconsin. Tribes frequently seek to enforce the provision of IGRA which entitles tribes to bring suit in federal court against a state that fails

to negotiate a tribal-state compact in good faith. The U.S. Supreme Court resolved this issue by holding that the Indian Commerce Clause does not grant Congress authority to abrogate sovereign immunity granted to the states under the Eleventh Amendment. Accordingly, IGRA does not grant jurisdiction over a state that did not consent to be sued.

There has been litigation in a number of states challenging the authority of state governors, under state law, to enter into tribal-state compacts without legislative approval. Federal courts have upheld such authority in the states of Louisiana and Mississippi. The highest state courts of Arizona, Kansas, Michigan, New Mexico, New York and Rhode Island have held that governors in those states did not have authority to enter into such compacts without the consent or authorization of the legislatures of those states. In the New Mexico and Kansas cases, the courts held that the authority to enter into such compacts is a legislative function under their respective state constitutions. The court in the New Mexico case also held that state law does not permit casino-style gaming.

In the State of Connecticut, there has been no litigation challenging the governor's authority to enter into tribal-state compacts. If such a suit was filed, however, the Tribe does not believe that the precedent in the New Mexico or Kansas cases would apply. At the time of execution of the Mohegan Compact, the Connecticut Attorney General issued a formal opinion, which states that, "existing state statutes provide the Governor with the authority to negotiate and execute the Mohegan Compact." Thus, the Attorney General declined to follow the Kansas case. In addition, in a case brought by the MPT, the United States Court of Appeals for the Second Circuit has held that Connecticut law authorizes casino gaming. After execution of the Mohegan Compact, the Connecticut General Assembly passed a law requiring that future gaming compacts be approved by the legislature, but that law does not apply to previously executed compacts such as the Mohegan Compact.

#### *Possible Changes in Federal Law*

Bills have been introduced in Congress from time to time seeking to amend IGRA. While there have been a number of technical amendments to the law, to date, there have been no material changes to IGRA. Any amendment to IGRA could change the regulatory environment and requirements within which the Tribe could conduct gaming.

#### *Pennsylvania Racing Regulations*

Our harness racing operations at Mohegan Sun at Pocono Downs is subject to extensive regulation under the Pennsylvania Racing Act. Under that law, the Pennsylvania Harness Racing Commission, or Harness Racing Commission, is responsible for, among other things:

- granting permission annually to maintain racing licenses and schedule races;
- approving, after a public hearing, the opening of additional OTWs and racetracks;
- approving simulcasting activities;
- licensing all officers, directors, racing officials and certain other employees of a company; and
- approving all contracts entered into by a company affecting racing, pari-mutuel wagering, phone/internet wagering and OTW operations.

As in most states, the regulations and oversight applicable to our operations in the Commonwealth of Pennsylvania are intended primarily to safeguard the legitimacy of the sport and its freedom from inappropriate or criminal influences. The Harness Racing Commission has broad authority to regulate in the best interests of racing and may disapprove the involvement of certain personnel in our operations, deny approval of certain acquisitions following their consummation or withhold permission for a proposed OTW site for a variety of reasons, including community opposition. The Pennsylvania legislature also has reserved the right to revoke the power of the Harness Racing Commission to approve additional OTWs and could, at any time, terminate pari-mutuel wagering as a form of legalized gaming in the Commonwealth of Pennsylvania or subject such wagering to additional restrictive regulation or taxation.

#### *Pennsylvania Gaming Regulations*

Our slot machine and table game operations at Mohegan Sun at Pocono Downs are subject to extensive regulation under the Pennsylvania Gaming Act. Under that law, as amended, the PGCB is responsible for, among other things:

- issuing and renewing slot machine licenses and table game certificates;
- approving, after a public hearing, the granting of additional slot machine licenses or table game certificates (to the extent allowed under the Pennsylvania Gaming Act);
- licensing all officers, directors, principals and certain other employees and vendors of a company with gaming operations; and
- approving certain contracts entered into by a company affecting gaming operations.

As in most states, the regulations and oversight applicable to our operations in the Commonwealth of Pennsylvania are intended primarily to safeguard the legitimacy of gaming and its freedom from inappropriate or criminal influences. The PGCB has broad authority to regulate in the best interests of gaming and may disapprove the involvement of certain personnel in our operations, reject certain transactions following their consummation, require divestiture by unsuitable persons or withhold permission on applicable gaming matters for a variety of reasons.

### Material Agreements

The following summarizes the terms of our material agreements. This summary does not restate in entirety the terms of each agreement. We urge you to read each agreement because they, and not this summary, define our rights and obligations and, in some cases, those of the Tribe. Material agreements are included by reference to previous filings in the schedule of exhibits to this Annual Report on Form 10-K.

#### *Gaming Compact with the State of Connecticut*

In April 1994, the Tribe and the State of Connecticut entered into the Mohegan Compact, which authorizes and regulates the Tribe's conduct of gaming on the Tribe's land in the State of Connecticut, and the U.S. Secretary of the Interior approved the Mohegan Compact by notice published in the Federal Register on December 16, 1994. The Mohegan Compact has a perpetual term and is substantively similar to the procedures that govern gaming operations of the MPT in the State of Connecticut and provide, among other things, as follows:

- (1) The Tribe is authorized to conduct on its reservation those Class III Gaming activities specifically enumerated in the Mohegan Compact or amendments thereto. The forms of Class III Gaming authorized under the Mohegan Compact include: (a) specific types of games of chance; (b) video facsimiles of such authorized games of chance (i.e., slot machines); (c) off-track pari-mutuel betting on animal races; (d) pari-mutuel betting, through simulcasting, on animal races; and (e) certain other types of pari-mutuel betting on games and races conducted at the gaming facility (some types currently are together with off-track pari-mutuel telephone betting on animal races, under a moratorium).
- (2) The Tribe must establish standards of operations and management of all gaming operations in order to protect the public interest, ensure the fair and honest operation of gaming activities and maintain the integrity of all Class III Gaming activities conducted on the Tribe's land. The first of these standards was set forth in the Mohegan Compact and approved by the State of Connecticut gaming agency. State of Connecticut gaming agency approval is required for any revision to such standards affecting gaming. The Tribe must supervise the implementation of these standards by regulation through a Tribal gaming agency.
- (3) Criminal law enforcement matters relating to Class III Gaming activities are under the concurrent jurisdiction of the State of Connecticut and the Tribe.
- (4) All gaming employees must obtain and maintain a gaming employee license issued by the State of Connecticut gaming agency.
- (5) Any enterprise providing gaming services or gaming equipment to the Tribe is required to hold a valid, current gaming services registration issued by the State of Connecticut gaming agency.
- (6) The State of Connecticut annually assesses the Tribe for the costs attributable to its regulation of the Tribe's gaming operations and for the provision of law enforcement at the Tribe's gaming facility.
- (7) Net revenues from the Tribe's gaming operations may be applied only for purposes related to Tribal government operations and general welfare, Tribal economic development, charitable contributions and payments to local governmental agencies.
- (8) Tribal ordinances and regulations governing health and safety standards at the gaming facilities shall be no less rigorous than certain State of Connecticut standards.
- (9) Service of alcoholic beverages within any gaming facility is subject to regulation by the State of Connecticut.
- (10) The Tribe waives any defense which it may have by virtue of sovereign immunity with respect to any action brought by the State of Connecticut to enforce the Mohegan Compact in the United States District Court for the District of Connecticut.

In May 1994, the Tribe and the State of Connecticut entered into the MOU, which sets forth certain matters regarding the implementation of the Mohegan Compact. The MOU stipulates that a portion of the revenues earned on slot machines must be paid to the State of Connecticut. This payment is known as the Slot Win Contribution. For each 12-month period commencing July 1, 1995, the Slot Win Contribution shall be the lesser of: (1) 30% of gross revenues from slot machines, or (2) the greater of (a) 25% of gross revenues from slot machines or (b) \$80.0 million. The Slot Win Contribution payments will not be required if the State of Connecticut legalizes any other gaming operations with slot machines or other commercial casino games within the

State of Connecticut except those operations consented to by the Tribe and the MPT.

#### ***Relinquishment Agreement***

In February 1998, we and Trading Cove Associates, or TCA, entered into a relinquishment agreement, or the relinquishment agreement. Effective January 1, 2000, or the relinquishment date, the relinquishment agreement superseded a then-existing management agreement with TCA. The relinquishment agreement provides, among other things, that we make certain payments to TCA out of, and determined as a percentage of, revenues, as defined under the relinquishment agreement, generated by Mohegan Sun over a 15-year period commencing on the relinquishment date. The payments, or senior relinquishment payments and junior relinquishment payments, have separate schedules and priorities. Senior relinquishment payments commenced on April 25, 2000, 25 days following the end of the first three-month period after the relinquishment date, and continue at the end of each three-month period thereafter until January 25, 2015. Junior relinquishment payments commenced on July 25, 2000, 25 days following the end of the first six-month period after the relinquishment date, and continue at the end of each six-month period thereafter until January 25, 2015. Each senior and junior relinquishment payment is 2.5% of revenues generated by Mohegan Sun over the immediate preceding three-month or six-month payment period, as the case may be. Revenues are defined under the relinquishment agreement as gross gaming revenues, other than Class II Gaming revenues, and all other revenues, as defined, including, without limitation, hotel revenues, room service revenues, food and beverage revenues, ticket revenues, fees or receipts from the convention/events center and all rental revenues or other receipts from lessees and concessionaires, but not the gross receipts of such lessees, licenses and concessionaires, derived directly or indirectly from the facilities, as defined. Revenues under the relinquishment agreement exclude revenues generated from certain expansion areas of Mohegan Sun, such as Casino of the Wind, as such areas do not constitute facilities as defined under the relinquishment agreement.

In the event of any bankruptcy, liquidation, reorganization or similar proceeding, the relinquishment agreement provides that senior and junior relinquishment payments then due and owing are subordinated in right of payment to our senior secured obligations, which include our bank credit facilities, senior secured notes and capital lease obligations, and that junior relinquishment payments then due and owing are further subordinated in right of payment to all of our other senior obligations, including our senior unsecured notes. The relinquishment agreement also provides that all relinquishment payments are subordinated in right of payment to minimum priority distribution payments, which are required monthly payments made by us to the Tribe under a priority distribution agreement, to the extent then due.

In connection with the relinquishment agreement, TCA granted us an exclusive, irrevocable, perpetual, world-wide and royalty-free license with respect to trademarks and other similar rights, including the "Mohegan Sun" name.

#### ***Priority Distribution Agreement***

In August 2001, we and the Tribe entered into an agreement, or the priority distribution agreement, which stipulates that we must make monthly payments to the Tribe to the extent of our net cash flow, as defined under the priority distribution agreement. The priority distribution agreement, which has a perpetual term, limits the maximum aggregate priority distribution payments in each calendar year to \$14.0 million, as adjusted annually in accordance with a formula specified in the priority distribution agreement to reflect the effects of inflation. Payments under the priority distribution agreement: (1) do not reduce our obligations to reimburse the Tribe for governmental and administrative services provided by the Tribe or to make payments under any other agreements with the Tribe; (2) are limited obligations and are payable only to the extent of our net cash flow, as defined under the priority distribution agreement; and (3) are not secured by a lien or encumbrance on any of our assets or properties.

#### ***Town of Montville Agreement***

In June 1994, the Tribe entered into an agreement with the Town of Montville, or the Town, under which the Tribe agreed to pay the Town \$500,000 annually to minimize the impact of Tribe's reservation being held in trust on the Town. The Tribe has assigned its rights and obligations under this agreement to us.

#### ***Land Lease Agreement***

The land upon which Mohegan Sun is located is held in trust for the Tribe by the United States. We entered into a land lease agreement with the Tribe to lease the property and improvements and related facilities constructed or installed on the property. In March 2007, the agreement was amended to update the legal description of the property, and, in April 2007, the amended agreement was approved by the Secretary of the Interior. The following summarizes the key provisions of the land lease agreement.

#### ***Term***

The term of the agreement is 25 years with an option, exercisable by us, to extend the term for one additional 25-year period. Upon termination of the agreement, we will be required to surrender to the Tribe possession of the property and improvements, excluding any equipment, furniture, fixtures or other personal property.

### ***Rent and Other Operating Costs and Expenses***

The agreement requires us to pay the Tribe a nominal annual rental fee. For any period that the Tribe or another agency or instrumentality of the Tribe is not the tenant, the rent will be 8% of such tenant's gross revenues from the property. We are responsible for all costs and expenses of owning, operating, constructing, maintaining, repairing, replacing and insuring the property.

### ***Use of Property***

We may utilize the property and improvements solely for the operation of Mohegan Sun, unless prior approval is obtained from the Tribe for any proposed alternative use. We may not construct or alter any building or improvement located on the property unless complete and final plans and specifications are approved by the Tribe. Following foreclosure of any mortgage on our interest under the agreement or any transfer of such interest to the holder of such mortgage in lieu of foreclosure, the property and improvements may be utilized for any lawful purpose, subject to applicable codes and governmental regulations; provided, however, that a non-Indian holder of the property may under no circumstance conduct gaming operations on the property.

### ***Permitted Mortgages and Rights of Permitted Mortgagees***

We may not mortgage, pledge or otherwise encumber our leasehold estate in the property except to a holder of a permitted mortgage. Under the terms of the agreement, permitted mortgages include the leasehold mortgage securing our obligations under our bank credit facilities and senior secured notes, provided that, among other things: (1) the Tribe will have the right to notice of, and to cure, any default by us; (2) the Tribe will have the right to prior notice of an intention by the holder to foreclose on the permitted mortgage and the right to purchase the mortgage in lieu of any foreclosure; and (3) the permitted mortgage is subject and subordinated to any and all access and utility easements granted by the Tribe under the agreement. Under the terms of the agreement, each holder of a permitted mortgage has the right to notice of any default by us under the agreement and the opportunity to cure such default within the applicable cure period.

### ***Default Remedies***

We will be in default under the agreement if, subject to the notice provisions, we fail to make lease payments or comply with covenants under the agreement or if we pledge, encumber or convey our interest in violation of the terms of the agreement. Following a default, the Tribe may, with approval from the Secretary of the Interior, terminate the agreement unless a permitted mortgage remains outstanding with respect to the property. In such case, the Tribe may not: (1) terminate the agreement or our right to possession of the property; (2) exercise any right of re-entry; (3) take possession of and/or relet the property or any portion thereof; or (4) enforce any other right or remedy, which may materially and adversely affect the rights of the holder of the permitted mortgage, unless the default triggering such rights was a monetary default of which such holder failed to cure after notice.

### ***Agreements with Other Indian Tribes***

#### ***Cowlitz Project***

In September 2004, Salishan-Mohegan entered into development and management agreements with the Cowlitz Tribe in connection with the Cowlitz Project, which agreements have been amended from time to time. Under the terms of the development agreement, Salishan-Mohegan will assist in securing financing, as well as administer and oversee the planning, designing, development, construction and furnishing of the proposed casino. The development agreement provides for development fees of 3% of total project costs, as defined under the development agreement, which are to be distributed to Mohegan Ventures-NW, pursuant to the Salishan-Mohegan operating agreement. In 2006, Salishan-Mohegan purchased a 152-acre site for the proposed casino, which will be transferred to the Cowlitz Tribe or the United States pursuant to the development agreement. Development of the Cowlitz Project is subject to certain governmental and regulatory approvals, including, but not limited to, negotiation of a gaming compact with the State of Washington and acceptance of land into trust on behalf of the Cowlitz Tribe by the United States Department of the Interior. The development agreement provides for termination of Salishan-Mohegan's exclusive development rights if the land is not taken into trust by December 31, 2015. Under the terms of the management agreement, Salishan-Mohegan will manage, operate and maintain the proposed casino for a period of seven years following its opening. The management agreement provides for management fees of 24% of net revenues, as defined under the management agreement, which approximates net income earned from the Cowlitz Project. Under the terms of the Salishan-Mohegan operating agreement, management fees will be allocated to the members of Salishan-Mohegan based on their respective membership interest. The management agreement is subject to approval by the NIGC.

### *Menominee Project*

In October 2004, we entered into a management agreement with the Menominee Tribe and the MKGA, in connection with the Menominee Project. However, in February 2012, the MKGA terminated its efforts to seek NIGC approval of the management agreement.

### **Certain Indebtedness**

The following summarizes the terms of our debt agreements. This summary does not restate in entirety the terms of each agreement. We urge you to read each agreement because they, and not this summary, define our rights and obligations, and, in some cases, those of the Tribe. Material agreements are included by reference to previous filings in the schedule of exhibits to this Annual Report on Form 10-K. Certain other matters relating to our debt obligations are further discussed under "Item 1A. Risk Factors," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 15. Exhibits, Financial Statement Schedules" to this Annual Report on Form 10-K.

### *Bank Credit Facilities*

#### *First Lien, First Out Credit Facility*

On March 6, 2012, we entered into a fourth amended and restated bank credit facility providing for a \$400.0 million term loan and a revolving loan with letter of credit and borrowing capacity of up to \$75.0 million from a syndicate of financial institutions and commercial banks, with Bank of America, N.A. serving as administrative agent, of the bank credit facility. Principal outstanding on the term loan under the bank credit facility is to be repaid at a rate of \$1.0 million per quarter. The bank credit facility matures on March 31, 2015, upon which date all outstanding balances are payable in full. As of September 30, 2012, there were \$397.0 million in term loans and no revolving loans outstanding under the bank credit facility. As of September 30, 2012, letters of credit issued under the bank credit facility totaled \$2.3 million, of which no amount was drawn. Inclusive of letters of credit, which reduce borrowing availability under the bank credit facility, and after taking into account restrictive financial covenant requirements, we had approximately \$64.9 million of borrowing capacity under the bank credit facility as of September 30, 2012.

Borrowings under the bank credit facility incur interest as follows: (i) for base rate revolving loans, base rate plus an applicable margin based on a leverage-based pricing grid between 2.25% and 3.25%; (ii) for Eurodollar rate revolving loans, the applicable LIBOR rate plus an applicable margin based on a leverage-based pricing grid between 3.50% and 4.50%; (iii) for base rate term loans, base rate plus an applicable margin equal to 3.25%; and (iv) for Eurodollar rate term loans, the applicable LIBOR rate plus 4.50%. For Eurodollar rate term loans, LIBOR is subject to a 1.0% floor. There also is a fee of between 0.25% and 0.50%, based on a leverage-based pricing grid, charged on unused revolving commitments. Interest on Eurodollar rate loans is payable at the end of each applicable interest period for periods of three months or less and for loans of more than three months, each March, June, September or December that occurs after the beginning of such interest period. Interest on base rate loans is payable quarterly in arrears. As of September 30, 2012, the \$397.0 million in term loans outstanding were based on the Eurodollar rate floor of 1.0% plus an applicable margin of 4.50%. The applicable margin for commitment fees was 0.50% as of September 30, 2012.

Our obligations under the bank credit facility are fully and unconditionally guaranteed, jointly and severally, by the Pocono Downs subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming, collectively, the guarantors. The bank credit facility is collateralized by a first priority lien on substantially all of our property and assets and those of the guarantors (other than MBC), including the assets that comprise Mohegan Sun at Pocono Downs and a leasehold mortgage on the land and improvements that comprise Mohegan Sun (we and the guarantors, other than MBC, are collectively referred to herein as the grantors). The grantors also are required to pledge additional assets as collateral for the bank credit facility as they and future guarantor subsidiaries acquire them. The liens and security interests granted by the grantors as security for our obligations under the bank credit facility are senior in priority to the liens on the same collateral securing the term loan facility (as defined below) and the 2009 second lien notes, 2012 second lien notes and 2012 third lien notes (each as defined below and, collectively, the secured notes). The collateral securing the bank credit facility constitutes substantially all of the grantors' property and assets that secure the term loan facility and the secured notes, but excludes certain excluded assets as defined in the bank credit facility.

The bank credit facility contains negative covenants applicable to us and the guarantors, including negative covenants governing incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions, mergers or consolidations and capital expenditures. Additionally, the bank credit facility includes financial maintenance covenants pertaining to total leverage, senior leverage and minimum fixed charge coverage.

### ***First Lien, Second Out Term Loan Facility***

On March 6, 2012, we entered into a loan agreement providing for a \$225.0 million first lien, second out term loan with Wells Fargo Gaming Capital, L.L.C. serving as Administrative Agent, or the term loan facility. The term loan facility was issued at a price of 98.0% of par, for an initial yield of approximately 9.6% *per annum*. The term loan facility has no mandatory amortization and is payable in full on March 31, 2016. The net proceeds from the term loan facility were used to refinance our existing indebtedness, permanently reduce commitments under the bank credit facility and pay accrued interest, fees and expenses in connection with our refinancing transactions consummated on March 6, 2012.

Loans under the term loan facility incur interest as follows: (i) for base rate loans, base rate plus 6.50% *per annum* and (ii) for Eurodollar rate loans, LIBOR plus 7.50% *per annum*. In all cases, LIBOR is subject to a 1.50% floor. Interest on Eurodollar rate loans is payable at the end of each applicable interest period or every quarter in arrears, if an interest period exceeds three months. Interest on base rate loans is payable quarterly in arrears. As of September 30, 2012, we had a \$225.0 million Eurodollar rate loan outstanding, which was based on the Eurodollar rate floor of 1.50% plus an applicable margin of 7.50%. As of September 30, 2012, accrued interest on the term loan facility was \$1.2 million.

Our term loan facility is fully and unconditionally guaranteed, jointly and severally, by each of the guarantors. The liens and security interests granted by the grantors as security for our obligations under the term loan facility are senior in priority to the liens on the same collateral securing any of the secured notes. The collateral securing the term loan facility constitutes substantially all of the grantors' property and assets that secure the bank credit facility and the secured notes, but excludes certain excluded assets as defined in the term loan facility.

The term loan facility contains negative covenants and financial maintenance covenants that are substantially the same as those contained in the bank credit facility. The term loan facility also includes a separate first lien leverage ratio covenant.

### ***Senior Secured Notes***

#### ***2009 11 1/2% Second Lien Senior Secured Notes***

In October 2009, we issued \$200.0 million second lien senior secured notes with fixed interest payable at a rate of 11.50% *per annum*, or the 2009 second lien notes. The 2009 second lien notes were issued at a price of 96.234% of par, to yield an effective interest rate of 12.25% *per annum*. The 2009 second lien notes mature on November 1, 2017. The first call date for the 2009 second lien notes is November 1, 2013. Interest on the 2009 second lien notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>.

On March 6, 2012, we completed a private exchange offer and consent solicitation for any or all of our outstanding 2009 second lien notes. As part of the exchange offer, we solicited and received consents from tendering holders to certain amendments to the indentures governing the 2009 second lien notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2009 second lien notes tendered and exchanged was \$199.8 million. An aggregate principal amount of \$200,000 of 2009 second lien notes remains outstanding as of September 30, 2012.

Our 2009 second lien notes are collateralized by a second priority lien on substantially all of the grantors' and future guarantor subsidiaries' properties and assets, and are effectively subordinated to all of our and our existing and future guarantor subsidiaries' first priority lien secured indebtedness, including borrowings under the bank credit facility and term loan facility, to the extent of the value of the collateral securing such indebtedness. The 2009 second lien notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The 2009 second lien notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

#### ***2012 11 3/4% Second Lien Senior Secured Notes***

On March 6, 2012, we issued \$199.8 million second lien senior secured notes with fixed interest payable at a rate of 11.50% *per annum*, or the 2012 second lien notes, in exchange for an equal amount of 2009 second lien notes. The 2012 second lien notes mature on November 1, 2017. We may redeem the 2012 second lien notes, in whole or in part, at any time prior to November 1, 2014, at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest. On or after November 1, 2014, we may redeem the 2012 second lien notes, in whole or in part, at a premium decreasing ratably to zero, plus accrued interest. If a change of control of us occurs, we must offer to repurchase the 2012 second lien notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if we undertake certain types of asset sales or suffers events of

loss, and we do not use the related sale or insurance proceeds for specified purposes, we may be required to offer to repurchase the 2012 second lien notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 second lien notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, commencing November 1, 2012.

Our 2012 second lien notes and the related guarantees are secured by second lien security interests in substantially all of the grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing our bank credit facility and term loan facility (and permitted replacements thereof) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 second lien notes constitutes substantially all of the grantors' property and assets that secure the bank credit facility and term loan facility, the 2009 second lien notes and 2012 third lien notes, but excludes certain excluded assets as defined in the 2012 second lien notes indenture. The 2012 second lien notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The 2012 second lien notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

#### *2012 10 3/8% Third Lien Senior Secured Notes*

On March 6, 2012, we issued \$417.7 million third lien senior secured notes with fixed interest payable at a rate of 10.50% *per annum*, or the 2012 third lien notes, in exchange for \$234.2 million of 2005 senior unsecured notes and \$183.5 million of 2002 senior subordinated notes. The 2012 third lien notes mature on December 15, 2016. We may redeem the 2012 third lien notes, in whole or in part, at any time at a price equal to 100% of the principal amount plus accrued interest. If a change of control of us occurs, we must offer to repurchase the 2012 third lien notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if we undertake certain types of asset sales or suffers events of loss, and we do not use the related sale or insurance proceeds for specified purposes, we may be required to offer to repurchase the 2012 third lien notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 third lien notes is payable semi-annually on June 15<sup>th</sup> and December 15<sup>th</sup>, commencing December 15, 2012.

Our 2012 third lien notes and the related guarantees are secured by third lien security interests in substantially all of the grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing our bank credit facility and term loan facility, the 2009 second lien notes and 2012 second lien notes (and permitted replacements of each of the foregoing) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 third lien notes constitutes substantially all of the grantors' property and assets that secure the bank credit facility and term loan facility, the 2009 second lien notes and 2012 second lien notes, but excludes certain excluded assets as defined in the 2012 third lien notes indenture. The 2012 third lien notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The 2012 third lien notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

#### *Senior Unsecured Notes*

##### *2005 6 1/8% Senior Unsecured Notes*

In February 2005, we issued \$250.0 million senior unsecured notes with fixed interest payable at a rate of 6.125% *per annum*, or the 2005 senior unsecured notes. The 2005 senior unsecured notes mature on February 15, 2013. The 2005 senior unsecured notes are callable at our option at par. Interest on the 2005 senior unsecured notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, we completed a private exchange offer and consent solicitation for any or all of our outstanding 2005 senior unsecured notes. As part of the exchange offer, we solicited and received consents from lending holders to certain amendments to the indentures governing the 2005 senior unsecured notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2005 senior unsecured notes tendered and exchanged was \$234.2 million. An aggregate principal amount of \$15.8 million of the 2005 senior unsecured notes remains outstanding as of September 30, 2012.

Our 2005 senior unsecured notes are uncollateralized general obligations, and are effectively subordinated to all of our and the guarantors' and future guarantor subsidiaries' senior secured indebtedness, including the bank credit facility, term loan facility, 2009 second lien notes, 2012 second lien notes and 2012 third lien notes, to the extent of the value of the collateral securing such indebtedness. The 2005 senior unsecured notes are fully and unconditionally guaranteed, jointly and severally, by the

guarantors.

### ***Senior Subordinated Notes***

#### ***2002 8% Senior Subordinated Notes***

In February 2002, we issued \$250.0 million senior subordinated notes with fixed interest payable at a rate of 8.000% *per annum*, or the 2002 senior subordinated notes. The 2002 senior subordinated notes matured on April 1, 2012. Subsequent to the March 6, 2012 private exchange offer, \$66.5 million 2002 senior subordinated notes remained outstanding, which amount, including accrued interest, was repaid at maturity with cash on hand.

#### ***2004 7<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes***

In August 2004, we issued \$225.0 million senior subordinated notes with fixed interest payable at a rate of 7.125% *per annum*, or the 2004 senior subordinated notes. The 2004 senior subordinated notes mature on August 15, 2014. The 2004 senior subordinated notes are callable at our option at par. Interest on the 2004 senior subordinated notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, we completed a private exchange offer and consent solicitation for any or all of our outstanding 2004 senior subordinated notes. As part of the exchange offer, we solicited and received consents from tendering holders to certain amendments to the indentures governing the 2004 senior subordinated notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2004 senior subordinated notes tendered and exchanged was \$203.8 million. An aggregate principal amount of \$21.2 million of the 2004 senior subordinated notes remains outstanding as of September 30, 2012.

#### ***2005 6<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes***

In February 2005, we issued \$150.0 million senior subordinated notes with fixed interest payable at a rate of 6.875% *per annum*, or the 2005 senior subordinated notes. The 2005 senior subordinated notes mature on February 15, 2015. The 2005 senior subordinated notes are callable at our option at par. Interest on the 2005 senior subordinated notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, we completed a private exchange offer and consent solicitation for any or all of our outstanding 2005 senior subordinated notes. As part of the exchange offer, we solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 senior subordinated notes, which eliminated certain covenants under the notes and related indenture. The aggregate principal amount of 2005 senior subordinated notes tendered and exchanged was \$140.3 million. An aggregate principal amount of \$9.7 million of the 2005 senior subordinated notes remains outstanding as of September 30, 2012.

#### ***2012 11% Senior Subordinated Notes***

On March 6, 2012, we issued \$344.2 million senior subordinated toggle notes with fixed interest payable at a rate of 11% *per annum*, or the 2012 senior subordinated notes, in exchange for \$203.8 million of 2004 senior subordinated notes and \$140.3 million of 2005 senior subordinated notes. The 2012 senior subordinated notes mature on September 15, 2018. We may redeem the 2012 senior subordinated notes, in whole or in part, at any time, at a price equal to 100% of the principal amount plus accrued interest. If a change of control of us occurs, we must offer to repurchase the 2012 senior subordinated notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if we undertake certain types of asset sales or suffers events of loss, and we do not use the related sale or insurance proceeds for specified purposes, we may be required to offer to repurchase the 2012 senior subordinated notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 senior subordinated notes is payable semi-annually on March 15<sup>th</sup> and September 15<sup>th</sup>, commencing September 15, 2012. The initial interest payment on the 2012 senior subordinated notes is payable entirely in cash. For any subsequent interest payment period through March 15, 2018, we may, at our option, elect to pay interest on the 2012 senior subordinated notes either entirely in cash or by paying up to 2% in 2012 senior subordinated notes, or PIK interest. If we elect to pay PIK interest, such election will increase the principal amount of the 2012 senior subordinated notes in an amount equal to the amount of PIK interest for the applicable interest payment period to holders of 2012 senior subordinated notes on the relevant record date.

The 2012 senior subordinated notes and guarantors have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

Our senior subordinated notes are uncollateralized general obligations, and are subordinated to borrowings under the bank credit facility, term loan facility, 2009 second lien notes, 2012 second lien notes, 2012 third lien notes and 2005 senior unsecured notes. The senior subordinated notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The senior and senior subordinated note indentures contain certain non-financial and financial covenant requirements with which we and the Tribe must comply. The non-financial covenant requirements include, among other things, reporting obligations, compliance with laws and regulations, maintenance of licenses and insurances and our continued existence. The financial covenant requirements include, among other things, subject to certain exceptions, limitations on our and the guarantors' ability to incur additional indebtedness, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company, transfer or sell assets or impair assets constituting collateral.

We or our affiliates may, from time to time, seek to purchase or otherwise retire outstanding indebtedness for cash in open market purchases, privately negotiated transactions or otherwise. Any such transaction will depend on prevailing market conditions and our liquidity and covenant requirement restrictions, among other factors.

#### *Line of Credit*

As of September 30, 2012, we had a \$16.5 million revolving credit facility with Bank of America, N.A., or the line of credit. The line of credit was amended in March 2012 to, among other things, extend the maturity date to March 31, 2015. Pursuant to provisions of the bank credit facility, the line of credit may be replaced by an autoborrow loan governed by the terms of an autoborrow agreement described in the bank credit facility. Under the line of credit, each advance accrues interest on the basis of a one-month LIBOR Rate plus an applicable margin based on our total leverage ratio, as each term is defined under the line of credit. Borrowings under the line of credit are uncollateralized obligations. As of September 30, 2012, no amount was drawn on the line of credit. The line of credit contains negative covenants and financial maintenance covenants that are substantially the same as those contained in the bank credit facility.

#### *2009 Mohegan Tribe Promissory Note*

In September 2009, the Tribe made a \$10.0 million loan to Salishan-Mohegan, referred to herein as the 2009 Mohegan Tribe promissory note. The 2009 Mohegan Tribe promissory note was amended in March 2012 to extend the maturity date to September 30, 2014. As amended, the 2009 Mohegan Tribe promissory note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly in the amount of \$1.2 million, commencing December 31, 2013 and continuing through June 31, 2014, with the balance of accrued and unpaid interest due at maturity. Principal outstanding under the 2009 Mohegan Tribe promissory note amortizes as follows: (i) \$1.625 million per quarter, commencing December 31, 2012 and continuing through September 30, 2013 and (ii) \$875,000 per quarter, commencing December 31, 2013.

#### *2012 Mohegan Tribe Minor's Trust Promissory Note*

In March 2012, Comerica Bank & Trust, N.A., Trustee f/b/o The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan, referred to herein as the 2012 Mohegan Tribe Minor's Trust promissory note, the proceeds of which were used to repay, among other things, the Salishan-Mohegan bank credit facility. The 2012 Mohegan Tribe Minor's Trust promissory note matures on March 31, 2016. The 2012 Mohegan Tribe Minor's Trust promissory note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly, commencing June 30, 2012. Principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note amortizes as follows: (i) \$500,000 per quarter, commencing December 31, 2012 and continuing through September 30, 2014 and (ii) \$1.5 million per quarter, commencing December 31, 2014 and continuing to maturity.

#### *Mohegan Tribe Credit Facility*

In 2011, the Tribe provided Salishan-Mohegan with a \$1.75 million revolving credit facility, or the Mohegan Tribe credit facility. The Mohegan Tribe credit facility was amended in March 2012 to extend the maturity date to September 30, 2013 and reduce the borrowing capacity to \$1.45 million. The Mohegan Tribe credit facility accrues interest at an annual rate of 15.0% payable at maturity. As amended, principal outstanding under the Mohegan Tribe credit facility amortizes at a rate of \$362,500 per quarter, commencing December 31, 2012. As of September 30, 2012, the Mohegan Tribe credit facility was fully drawn.

#### *Salishan-Mohegan Bank Credit Facility*

Salishan-Mohegan previously had a \$15.25 million revolving credit facility with Bank of America, N.A., or the Salishan-Mohegan bank credit facility. The Salishan-Mohegan bank credit facility, including accrued interest, matured in March 2012, at

which time it was repaid with proceeds from the 2012 Mohegan Tribe Minor's Trust promissory note.

#### ***Downs Lodging Credit Facility***

On July 16, 2012, Downs Lodging, a single purpose entity and our wholly-owned unrestricted subsidiary, entered into a credit agreement providing for a \$45.0 million term loan, or the Downs Lodging credit facility, from a third-party lender. The proceeds of the Downs Lodging credit facility will be used by Downs Lodging to finance Project Sunlight, a hotel and convention center expansion project being developed and built by Downs Lodging at Mohegan Sun at Pocono Downs. The Downs Lodging credit facility matures on July 12, 2016 and accrues interest at an annual rate of 13.0%. Under the terms of the Downs Lodging credit facility, accrued interest of 10.0% is payable monthly in cash during the term of the loan, with the remaining 3.0% due at maturity. In addition, a 3.0% exit fee is payable upon repayment of the loan principal. The Downs Lodging credit facility is a senior secured obligation of Downs Lodging, collateralized by all existing and future assets of Downs Lodging. The Downs Lodging credit facility subjects Downs Lodging to certain covenant requirements customarily found in loan agreements for similar transactions.

#### **Environmental Matters**

The site on which Mohegan Sun is located was formerly occupied by United Nuclear Corporation, a naval products manufacturer of, among other things, nuclear reactor fuel components. United Nuclear Corporation's facility was officially decommissioned in June 1994 when the Nuclear Regulatory Commission confirmed that all licensable quantities of such nuclear material had been removed from the site and that any residual contamination from such material was remediated according to the Nuclear Regulatory Commission approved decommissioning plan.

From 1991 through 1993, United Nuclear Corporation commissioned environmental audits and soil sampling programs which detected, among other things, volatile organic chemicals, heavy metals and fuel hydrocarbons in the soil and groundwater. The Connecticut Department of Environmental Protection, or the DEP, reviewed the environmental audits and reports and established cleanup requirements for the site. In December 1994, the DEP approved United Nuclear Corporation's remedial plan, which determined that groundwater remediation was unnecessary because although the groundwater beneath the site was contaminated, it met the applicable groundwater criteria given the classification of the groundwater under the site. In addition, extensive remediation of contaminated soils and additional investigation were completed to achieve the DEP's cleanup criteria and demonstrate that the remaining soils complied with applicable cleanup criteria. Initial construction at the site also involved extensive soil excavation. According to the data gathered in a 1995 environmental report commissioned by United Nuclear Corporation, remediation is complete and is consistent with the applicable Connecticut cleanup requirements. The DEP has reviewed and approved the cleanup activities at the site, and, as part of the DEP's approval, United Nuclear Corporation was required to perform post-closure groundwater monitoring at the site to ensure the adequacy of the cleanup. In addition, under the terms of United Nuclear Corporation's environmental certification and indemnity agreement with the Department of the Interior (which took the former United Nuclear Corporation land into trust for the Tribe), United Nuclear Corporation agreed to indemnify the Department of the Interior for environmental actions and expenses based on acts or conditions existing or occurring as a result of United Nuclear Corporation's activities on the property.

We are not currently incurring, and did not incur in the fiscal years ended September 30, 2012, 2011 and 2010, any material costs related to compliance with environmental requirements with respect to the Mohegan Sun site's former use by the United Nuclear Corporation. Notwithstanding the foregoing, no assurance can be given that any existing environmental studies reveal all environmental liabilities, or that future laws, ordinances or regulations will not impose any material environmental liability, or that a material environmental condition does not otherwise currently exist.

Prior to acquiring our interest in Mohegan Sun at Pocono Downs, we conducted an extensive environmental investigation of the Pocono Downs facilities. In the course of that investigation, we identified several environmental conditions that required corrective actions to bring the property into compliance with applicable laws and regulations. These remedial actions, including an ongoing monitoring program for the portion of the property that was formerly used as a solid waste landfill, were addressed as part of a comprehensive plan that was implemented in July 2008.

#### **Employees and Labor Relations**

As of September 30, 2012, the Connecticut facilities employed approximately 6,250 full-time employees and 1,500 seasonal, part-time and on-call employees. Pursuant to the Tribal Employment Rights Ordinance, when recruiting and hiring personnel, except with respect to key personnel, Mohegan Sun is obligated to give preference first to qualified members of the Tribe and then to enrolled members of other Indian tribes. See "Certain Relationships and Related Transactions." None of Mohegan Sun's employees are covered by collective bargaining agreements.

As of September 30, 2012, Mohegan Sun at Pocono Downs employed approximately 1,050 full-time employees and 780 part-time and on-call employees. Certain of our Mohegan Sun at Pocono Downs' employees are represented under collective bargaining agreements between Downs Racing and either, the International Union of Operating Engineers Local Union 542C, or Local Union 542C, or Teamsters Local No. 401, or Local No. 401. The agreement with Local Union 542C expires on March 31, 2013 and relates to equipment and heavy equipment operators. The agreement with Local No. 401 expires on January 31, 2017 and relates to truck drivers and maintenance employees.

#### Item 1A. Risk Factors.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, set forth below are cautionary statements identifying important factors that could cause actual events or results to differ materially from any forward-looking statements made by or on behalf of us, whether oral or written. We wish to ensure that any forward-looking statements are accompanied by meaningful cautionary statements in order to maximize to the fullest extent possible the protections of the safe harbor established in the Private Securities Litigation Reform Act of 1995. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause actual events or results to differ materially from our forward-looking statements. Refer also to "Cautionary Note Regarding Forward-Looking Statements" on page 1 to this Annual Report on Form 10-K.

##### *Risks Related to Our Business*

###### *Our substantial indebtedness could adversely affect our financial condition.*

We currently have and will continue to have a substantial amount of indebtedness. As of September 30, 2012, our debt totaled \$1.7 billion. As of September 30, 2012, there were \$622.0 million in term loans outstanding under our bank credit facilities. As of September 30, 2012, letters of credit issued under our bank credit facilities totaled \$2.3 million, of which no amount was drawn. Inclusive of letters of credit, which reduce borrowing availability under our bank credit facilities, and after taking into account restrictive financial covenant requirements, we had approximately \$64.9 million of borrowing capacity under our bank credit facilities as of September 30, 2012.

Our substantial indebtedness could have significant adverse effects on our business. Such adverse effects include, but are not limited to, the following:

- make it more difficult for us to satisfy our debt service obligations;
- increase our vulnerability to adverse economic, industry and competitive conditions;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital requirements, capital expenditures and other general operating requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the gaming industry, which may place us at a disadvantage compared to our competitors with stronger liquidity positions, thereby negatively affecting our results of operations and ability to meet our debt service obligations with respect to our outstanding indebtedness;
- restrict us from exploring or taking advantage of business opportunities;
- place us at a competitive disadvantage compared to our competitors that may have less debt; and
- limit, along with the financial and other restrictive covenants in our outstanding indebtedness, the ability to borrow additional funds for working capital requirements, capital expenditures, acquisitions, investments, debt service requirements, execution of our business strategy or other general operating requirements on satisfactory terms or at all.

In addition, our bank credit facilities and the indentures governing our existing senior and senior subordinated notes contain, and the agreements evidencing or governing other future indebtedness may contain, restrictive covenants that limit our ability to engage in activities that may be in our best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of the required repayment of some or all of our indebtedness.

*We, the Tribe and our wholly-owned subsidiaries may not be subject to the federal bankruptcy laws, which could impair the ability of creditors to participate in the realization on our or our subsidiaries' assets or the restructuring of related liabilities if we are unwilling or unable to meet our debt service obligations.*

We, the Tribe and our wholly-owned subsidiaries may or may not be subject to, or permitted to seek protection under, the federal bankruptcy laws since an Indian tribe and we, as an instrumentality of the Tribe, may or may not be eligible to be a debtor under the U.S. Bankruptcy Code. Therefore, our creditors may not be able to seek liquidation of our assets or other action under federal bankruptcy laws. Also, the Gaming Disputes Court may lack powers typically associated with a federal bankruptcy court, such as the power to non-consensually alter liabilities, direct the priority of creditors' claims and liquidate certain assets. The Gaming Disputes Court is a court of limited jurisdiction and may not have jurisdiction over all creditors of ours or our

subsidiaries or over all of the territory in which we and our subsidiaries carry on business.

*A person or entity's ability to enforce its rights against us is limited by our sovereign immunity and that of the Tribe, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW and, to the extent applicable, the Pocono Downs subsidiaries, WTG and MTGA Gaming.*

Although we, the Tribe, MBC, Mohegan Ventures-NW, Mohegan Golf, MVW, and to the extent applicable, the Pocono Downs subsidiaries, WTG and MTGA Gaming, each have sovereign immunity and generally may not be sued without our and their respective consents, a limited waiver of sovereign immunity and consent to suit has been granted in connection with substantially all of our outstanding indebtedness. Each such waiver includes suits against us to enforce our obligation to repay certain outstanding indebtedness. Generally, waivers of sovereign immunity have been held to be enforceable against Indian tribes. In the event that any waiver of sovereign immunity is held to be ineffective, a claimant could be precluded from judicially enforcing its rights and remedies. With limited exceptions, we, the Tribe, MBC, Mohegan Ventures-NW, Mohegan Golf, MVW, the Pocono Downs subsidiaries, WTG and MTGA Gaming have not waived sovereign immunity from private civil suits, including violations of the federal securities laws. For this reason, a claimant may not have any remedy against us, the Tribe, MBC, Mohegan Ventures-NW, Mohegan Golf, MVW, the Pocono Downs subsidiaries, WTG or MTGA Gaming for violations of federal securities laws.

Disputes may be brought in a federal or state court that has jurisdiction over the matter. However, federal courts may not exercise jurisdiction over disputes not arising under federal law or between litigants that are not citizens of different states, and some courts have ruled that an Indian tribe is not a citizen of any state for purposes of obtaining federal diversity jurisdiction. Without our consent, state courts may not exercise jurisdiction over disputes with us arising on the Mohegan reservation. In addition, the Tribe's Constitution has established a special court, the Gaming Disputes Court, to rule on disputes with respect to Mohegan Sun. The federal and state courts, under the doctrines of comity and exhaustion of tribal remedies, may (1) defer to the jurisdiction of the Gaming Disputes Court or (2) require that any plaintiff exhaust its remedies in the Gaming Disputes Court before bringing any action in federal or state court. Thus, there may be no federal or state court forum with respect to a dispute.

If an event of default occurs in connection with our indebtedness, no assurance can be given that a forum will be available to creditors other than the Gaming Disputes Court. In such court, there are presently limited precedents for the interpretation of Tribal law with respect to insolvency. Any execution of a judgment of the Gaming Disputes Court or any other court on Tribal lands will require the cooperation of the Tribe's officials in the exercise of their police powers. Thus, to the extent that a judgment of the Gaming Disputes Court must be executed on Tribal lands, the practical realization of any benefit of such a judgment will be dependent upon the willingness and ability of Tribal officials to carry out such judgment. In addition, the land on which Mohegan Sun is located is owned by the United States in trust for the Tribe, and our creditors and the creditors of the Tribe may not foreclose upon or obtain title to the land. Additionally, although we do not presently hold any fee interest in real property, if we did in the future, federal law may not allow for real property interest to be mortgaged or, if mortgaged, transferred as a result of foreclosure.

*Any rights as a creditor are limited to our assets and those of our guarantor subsidiaries.*

Any rights as a creditor in a bankruptcy, if applicable, liquidation or reorganization or similar proceeding would be limited to our assets and the assets of our guarantor subsidiaries, and would not encompass the assets of any other subsidiary that is not a guarantor, the Tribe or its other affiliates.

*Our failure to generate sufficient cash flows and current and future economic and credit market conditions could adversely affect our ability to fulfill our debt service obligations.*

Our ability to make payments on and to refinance our indebtedness will depend upon our ability to generate cash flows from operations in the future and current and future economic and credit market conditions. Our ability to generate cash flows is subject to financial, economic, political, competitive, regulatory and other factors beyond our control. We continue to monitor revenues and expenditures to ensure continued compliance with our financial covenant requirements under both our bank credit facilities and our bond indentures. While we anticipate that we will remain in compliance with all covenant requirements for all periods prior to maturity, we may need to increase revenues or offset any future declines in revenues by implementing further cost containment and other initiatives in order to maintain compliance with these financial covenant requirements. If we are unable to satisfy our financial covenant requirements, we would need to obtain waivers or consents; however, we can provide no assurance that we would be able to obtain such waivers or consents. If we are unable to obtain such waivers or consents, we would be in default under our debt documents, which may result in cross-defaults under our other outstanding indebtedness and allow our lenders and creditors to exercise their rights and remedies as defined under their respective agreements, including their right to accelerate the repayment of our outstanding indebtedness. If such acceleration were to occur, we can provide no assurance that we would be able to obtain the financing necessary to repay such accelerated indebtedness. There is also a risk that the banks that participate in our bank credit facilities may not be able to perform when we request additional funds to be advanced to us under our bank credit facilities. If funds are not available to be drawn under the terms of our bank credit facilities, we may not be able to secure additional financing.

*Restrictions contained in our bank credit facilities and the indentures to which we are a party may impose limits on our ability to pursue our business strategies.*

Our bank credit facilities and the indentures to which we are a party contain customary operating and financial restrictions that limit our discretion on various business matters. These restrictions include, among other things, covenants limiting our ability to:

- incur additional indebtedness;
- pay dividends or make other distributions;
- make certain investments;
- use assets as security in other transactions;
- sell certain assets or merge with or into another person;
- grant liens;
- make capital expenditures; and
- enter into transactions with affiliates.

These restrictions may, among other things, reduce our flexibility in planning for, or reacting to, changes in our business and the gaming industry in general and thereby may negatively impact our financial condition, results of operations and our ability to meet our debt service obligations.

Our bank credit facilities require us to maintain a fixed charge coverage ratio and not to exceed certain ratios of senior leverage and total leverage, and our term loan facility also requires us to maintain a first lien leverage ratio, all as defined under the applicable facility. If these ratios are not maintained or are exceeded, as applicable, it may not be possible for us to borrow additional funds to meet our obligations.

In addition, our indentures place certain limitations on our ability to incur indebtedness. Under these indentures, we are generally able to incur indebtedness that otherwise may be restricted, provided we meet a minimum fixed charge coverage ratio, as defined. At September 30, 2012, we were above the minimum fixed charge coverage ratio. If we were to fall below the minimum fixed charge coverage ratio, our ability to incur additional debt would be limited and subject to other applicable exceptions contained in the indentures, and the options available to us to refinance our existing indebtedness would be restricted. We may need to obtain waivers or consents from our lenders in order to obtain additional debt or refinance our existing debt on satisfactory terms; however, we cannot assure you that we will be able to obtain such waivers or consents. In such event, it may not be possible for us to borrow additional funds to meet our obligations or refinance our maturities.

Additionally, our failure to comply with covenants in our debt instruments could result in an event of default, which, if not cured or waived, could have a material adverse effect on us and could result in the acceleration of the required repayment of some or all of the then-outstanding amounts of such debt and an inability to make debt service payments.

*Continued weakness or a further downturn in the United States economy could negatively impact our financial performance.*

During periods of economic contraction, our revenues may decrease while some of our costs remain fixed, resulting in decreased earnings since gaming and other leisure activities that we offer are discretionary expenditures and participation in such activities may decline during economic downturns because consumers have less disposable income. Even an uncertain economic outlook may adversely affect consumer spending in our gaming operations and related facilities, because consumers spend less in anticipation of a potential economic downturn.

The recent global economic recession negatively impacted consumer confidence and the amount of consumer spending at Mohegan Sun and Mohegan Sun at Pocono Downs. Continued adverse economic conditions such as a prolonged regional, national or global general economic downturn or slow growth, including periods of increased inflation, rising unemployment levels, tax rates, interest rates, energy and gasoline prices or declining consumer confidence could also further reduce consumer spending. Reduced consumer spending has and may continue to result in an adverse impact on our business, financial condition and operating results. Furthermore, uncertainty and adverse changes in the economy could also increase the cost and reduce the availability of sources of financing, which could have a material adverse impact on our financial condition and operating results. If adverse economic conditions continue or worsen, our business, assets, financial condition and results of operations could continue to be affected adversely.

*Our diversification efforts may not be successful.*

We receive and evaluate various opportunities to diversify our business interests. These opportunities primarily include the development and/or management of, investment in, or ownership of other gaming enterprises through direct investments, acquisitions, joint venture arrangements and loan transactions. We are currently pursuing diversification efforts in Clark County,

Washington, and Palmer, Massachusetts, and we are evaluating other opportunities in various jurisdictions. Each of these efforts may require various levels of regulatory or legislative approval, and may require the commitment of financial and capital resources, and a failure to achieve any such approval or to obtain or generate sufficient funds to meet such financial or capital requirements may result in the termination of the respective project. Additionally, there can be no assurance that we will continue to pursue any of these opportunities or that any of them will be consummated.

*The loss of a key management member could have a material adverse effect on us, Mohegan Sun and Mohegan Sun at Pocono Downs.*

Our success depends in large part on the continued service of key management personnel. The loss of the services of key personnel could have a material adverse effect on our business, operating results and financial condition. Our key management personnel are currently retained pursuant to employment agreements.

*The non-impairment provision of the Tribe's Constitution is subject to change*

Unlike states, the Tribe is not subject to the U.S. Constitution's provision restricting governmental impairment of contracts. The Tribe's Constitution currently has a provision that prohibits the Tribe from enacting any law that would impair the obligations of contracts entered into in furtherance of the development, construction, operation and promotion of gaming on Tribal lands. However, this provision could be amended by a vote of 75% of the Tribe's registered voters to impair the obligation of such contracts.

*We and the Guarantors are controlled by a tribal government and may not necessarily be operated in the same way as if we and they were privately owned for-profit businesses.*

We and the guarantors are subject to control by the Tribe. Our Management Board is comprised of the same nine members as the Mohegan Tribal Council, the governing body of the Tribe with legislative and executive authority. As a sovereign government, the Tribe is governed by officials elected by tribal members who have a responsibility for the general welfare of all members of the Tribe. In making decisions relative to us and the guarantors, these officials may consider the interests of their electorate, instead of pure economic or other business factors.

*We may be subject to material environmental liability, including as a result of possible incomplete remediation of known environmental hazards and the existence of unknown environmental hazards.*

Our properties and operations are subject to a wide range of federal, state, local and tribal environmental laws and regulations governing, among other things, air emissions, wastewater discharges, the use, management and disposal of, or exposure to, hazardous and non-hazardous materials and wastes, and the clean-up of contamination. Noncompliance with such laws and regulations, and past or future activities resulting in environmental releases, could affect our operations or could cause us to incur substantial costs, including clean-up costs, fines and penalties, or investments to retrofit or upgrade our facilities and programs. In addition, should unknown contamination be discovered on our property, or should a release of hazardous material occur on our property, we could be required to investigate and clean up the contamination and could also be held responsible to a governmental entity or third-parties for personal injury, property damage or investigation and clean-up costs, which may be substantial. Moreover, such contamination may also impair the use or value of the affected property. Liability for contamination could be joint and several in nature, and in many instances can be imposed on the owner or operator of property regardless of whether it is responsible for creating the contamination or is otherwise at fault.

At both the Mohegan Sun and Mohegan Sun at Pocono Downs properties, investigations and remedial actions have been successfully undertaken to address significant site contamination resulting from historical operations. The site on which Mohegan Sun is located was formerly occupied by United Nuclear Corporation, a naval products manufacturer of, among other things, nuclear reactor fuel components. Prior to the decommissioning of the United Nuclear Corporation facilities on the site, extensive investigations were completed and contaminated soils were remediated to applicable standards. Prior to our taking possession of the property and development of Mohegan Sun, the site was determined to be safe for general public use.

Prior to acquiring our interest in Mohegan Sun at Pocono Downs, we conducted an extensive environmental investigation of the Pocono Downs facilities. In the course of that investigation, we identified several environmental conditions that required corrective actions to bring the property into compliance with applicable laws and regulations. These remedial actions, including an ongoing monitoring program for the portion of the property that was formerly used as a solid waste landfill, were addressed as part of a comprehensive plan that was implemented by Downs Racing in July 2008.

Notwithstanding the foregoing, we cannot assure you that:

- any environmental reports or studies prepared with respect to these sites or any other properties owned or operated by us revealed all environmental liabilities;

- prior owners or tenants did not create any material environmental condition not presently known to us that may be discovered in the future;
- future laws, ordinances or regulations will not impose any material environmental liability with regard to existing conditions or operations; or
- a material environmental condition does not otherwise exist on any site.

Any of the above could have a material adverse effect upon our future operating results and ability to meet our debt service obligations.

*Our business could be affected by weather-related factors.*

Our results of operations could be adversely affected by weather-related factors, such as the unfavorable winter weather conditions experienced during December 2010 and January and February 2011, and the effects of Hurricane Irene in August and September 2011 and Hurricane Sandy in September 2012. Severe weather conditions may discourage potential patrons from traveling, or may deter or prevent patrons from reaching our facilities. If this occurs, it could have a material adverse effect on our future operating results and ability to meet our debt service obligations.

*Energy and fuel price increases may adversely affect our business and results of operations.*

Our properties use significant amounts of electricity, natural gas and other forms of energy. Increases in the cost of any of our sources of energy may negatively affect our results of operations. In addition, energy and fuel price increases could negatively impact our business and results of operations by causing a decrease in visitation to our properties, including by making it difficult for potential patrons to travel to our properties, or by causing patrons who do visit our properties to decrease their spending, including due to reductions in disposable income as a result of escalating energy and fuel prices.

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

We rely upon sophisticated information technology networks, systems and infrastructure, some of which are managed by third-parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities. Additionally, we collect and store sensitive data, including proprietary business information. Despite security measures, our information technology networks and infrastructure may be vulnerable to damage, disruptions or shutdowns due to attack by hackers or breaches, employee error or malfeasance, power outages, computer viruses, telecommunication or utility failures, systems failures, natural disasters or other catastrophic events. Likewise, data privacy or security breaches by employees and others with permitted access to our systems, including in some cases third-party service providers to which we may outsource certain business functions, may pose a risk that sensitive data, including intellectual property or personal information, may be exposed to unauthorized persons or to the public. Security breaches and other disruptions to our information technology infrastructure could interfere with our operations, compromise information belonging to us and our customers and suppliers, and expose us to liability which could adversely impact our business and/or result in the loss of critical or sensitive information, which could result in financial, legal, business or reputational harm.

#### ***Risks Related to Mohegan Sun***

*We face intense competition in our primary market from Foxwoods.*

The existing gaming industry in our primary market is highly competitive. Mohegan Sun primarily competes with Foxwoods, which is owned and operated by the MPT. Foxwoods is located approximately 10 miles from Mohegan Sun and is reportedly one of the largest gaming facilities in the United States in terms of total gaming positions. Foxwoods has been in operation for more than 20 years. In addition, in August 2012, the MPT announced the planned restructuring of approximately \$2.2 billion of its debt obligations. It is uncertain whether this restructuring will give Foxwoods a competitive advantage over Mohegan Sun.

*In addition to Foxwoods, we also face competition from casinos and other gaming operations elsewhere in our market areas.*

While Mohegan Sun and Foxwoods are the only two current gaming operations in southern New England offering traditional slot machines and table games, we face new competition in the State of New York with the October 2011 opening of Resorts World and ongoing competition from other racino and VLT facilities in the states of New York and Rhode Island. In addition, in November 2012, voters in the State of Rhode Island approved the addition of table games at Twin River Casino. Casinos in Atlantic City, New Jersey, and several casinos and gaming facilities located on Indian tribal lands in the State of New York, as well as newly authorized or expanded gaming facilities and gaming offerings in the Northeast and Mid-Atlantic regions

also contribute to the competitive landscape in the northeastern United States. Additionally, we face existing and future competition in and from the Northeastern Pennsylvania gaming market, both in the immediate market for Mohegan Sun at Pocono Downs, and for Mohegan Sun, in marketing to and attracting patrons from the New York City metropolitan region. New or expanded gaming facilities in the states of Delaware, Maryland and West Virginia also may attract patrons from that region.

Racinos in Yonkers, Queens, Batavia, Hamburg, Nichols, Vernon, Monticello, Saratoga Springs and Farmington, New York, reportedly operate approximately 17,000 VLTs, including electronic table game positions. While Twin River Casino and Newport Grand in the State of Rhode Island reportedly offer approximately 5,700 VLTs, including electronic table game positions. Given the geographic proximity of Empire City and Resorts World to New York City and Twin River to Boston, these facilities may have distinct advantages over Mohegan Sun in competition for day-trip and other patrons from the New York and Boston metropolitan regions.

Mohegan Sun also competes for patrons with casinos in Atlantic City, New Jersey. Many of these casinos may have greater resources, operating experience and name recognition than Mohegan Sun. In addition, the State of New Jersey and the Atlantic City gaming market, in particular, continue to implement legislative reforms adopted in 2011 and public-private initiatives to revitalize gaming in the state and respond to competition from expanded gaming in nearby states.

*New market entrants in our market areas or the expansion of on-line gaming could adversely affect our operations and our ability to meet our financial obligations.*

In November 2011, the governor of Massachusetts signed into law comprehensive gaming legislation which authorizes up to three casino resort licenses and one facility limited to 1,250 slot machines in Massachusetts to be licensed by the new gaming commission, which held its first meeting in April 2012. In the State of Maine, Hollywood Casino Bangor added table games in March 2012 to its racino, while, in June 2012, Oxford Casino opened its first phase and, in September 2012, announced an expansion that will reportedly add hundreds of slot machines and several table games. In the State of Rhode Island, voters approved the addition of table game operation at Twin River Casino. In March 2012, the New York state legislature and governor approved the first step towards amending the state constitution to authorize traditional table game operations at up to seven full-scale casinos in the state. If approved by the next legislature, which convenes in January 2013, the constitutional amendment would have to be approved by a majority of voters in a state-wide ballot. Gaming compact and other disputes between the State of New York and Indian tribes currently engaged in gaming in that state may increase the likelihood of new Indian tribal or commercial gaming in the Catskills region or the passage of a constitutional amendment to allow table gaming at state-licensed racinos or elsewhere in the state.

Federal recognition of the Mashpee Wampanoag Tribe in the Commonwealth of Massachusetts in 2007 and the Shinnecock Indian Tribe of New York in October 2010 in addition to tribal gaming related provisions in the gaming legislation passed in the Commonwealth of Massachusetts also increase the likelihood that there will be new Indian tribal gaming in the region in the future. Other federally-recognized Indian tribes continue to pursue tribal commercial casinos in the Catskills region of the State of New York and elsewhere in the region. Other groups seeking federal recognition as Indian tribes with an interest in engaging in commercial casino gaming in the Northeastern United States also may continue those efforts. In addition, Indian tribal groups from the State of Connecticut whose petitions have been rejected in recent years by the BIA may be successful with appeals or reconsiderations of those petitions.

In the State of Connecticut, the state lottery has sought to expand its choice of games to include keno, and the new legislature in 2013 may again consider legislation to repeal a state statute which restricts the state lottery from conducting on-line interactive lottery games and promotions. Furthermore, Congress and various states, including New Hampshire and New Jersey, have renewed efforts to pass legislation to license and tax internet poker and other on-line gaming, while state lotteries in New York and Illinois have sought and received favorable opinions from the U.S. Department of Justice on their ability to conduct certain activities on-line under federal law. The State of New Jersey also has passed legislation related to sports wagering and is involved in litigation challenging the federal law which restricts legalized sports wagering to certain states.

Based on our analysis of existing and potential gaming activity in our market areas, we believe that competition from other commercial casino gaming operations will continue to increase in the future. In the Commonwealth of Massachusetts, where an affiliate owned by us and the Tribe has leased property which would serve as a potential site for gaming development, we are unable to predict if we will be successful in our efforts. We also are unable to predict whether any of the efforts discussed above by federally-recognized Indian tribes, Indian tribal groups attempting to gain federal recognition as Indian tribes or commercial casino gaming operators will be successful. In addition, we are unable to predict whether on-line gaming legislation will be adopted on a federal basis, an intrastate basis in one or more of the states in which we operate or compete for patrons or among more than one state under a multi-state compact, and the impact of such legislation on our business. Additionally, we are unable to predict whether on-line gaming or sports wagering will be expanded under existing law on an intrastate or national basis. If new gaming

operations are established or those operating or under construction are expanded, we are uncertain of the impact such gaming operations will have on our operations and our ability to meet our financial obligations.

*Because the gaming industry in the State of Connecticut has experienced seasonal fluctuations in the past, we also may experience seasonal variations in our revenues and operating results that could adversely affect our cash flows*

The gaming industry in the State of Connecticut has experienced seasonal fluctuations, with the heaviest gaming activity occurring between the months of May and August. Similarly, the heaviest gaming activity at Mohegan Sun has occurred between the months of May and August. As a result of these seasonal fluctuations, we likely will continue to experience seasonal variations in our quarterly revenues and operating results that could result in decreased cash flows during periods in which gaming activity is not at peak levels. These variations in quarterly revenues and operating results could adversely affect our overall financial condition.

*Negative conditions affecting the lodging industry may have an adverse effect on our revenues and cash flows.*

We depend on the revenues generated from the hotel at Mohegan Sun, together with the revenues generated from the other portions of Mohegan Sun, to meet our debt service obligations and fund our operations. Revenues generated from the operation of the hotel are subject primarily to conditions affecting our gaming operations, but also are subject to the lodging industry in general, and as a result, our cash flows and financial performance may be affected not only by the conditions in the gaming industry, but also by those in the lodging industry. Some of these conditions are as follows:

- changes in the local, regional or national economic climate;
- changes in local conditions such as an oversupply of hotel properties;
- decreases in the level of demand for hotel rooms and related services;
- the attractiveness of our hotel to patrons and competition from comparable hotels;
- cyclical over-building in the hotel industry;
- changes in travel patterns;
- public health concerns affecting public accommodations or travel generally or regionally;
- changes in room rates and increases in operating costs due to inflation and other factors; and
- the periodic need to repair and renovate the hotel.

The recent global economic recession has had a negative impact on the lodging industry and on our financial results. The continuation of, or adverse changes in, these conditions could further adversely affect our hotel's financial performance and results of operations.

*Our obligations under the relinquishment agreement could affect adversely our financial condition and prevent us from fulfilling our debt service obligations.*

Pursuant to the terms of the relinquishment agreement, we are required, among other things, to pay TCA 5% of certain revenues (as defined under the relinquishment agreement) generated by certain areas of Mohegan Sun during the 15-year period which commenced on January 1, 2000. Relinquishment payments totaled \$54.3 million and \$55.0 million for the fiscal years ended September 30, 2012 and 2011, respectively.

This obligation consumes a significant portion of our operating cash flows that might otherwise be available for, among other things, interest payments, capital expenditures, distributions to the Tribe, working capital needs and debt reduction. As a result, our flexibility in planning for, or reacting to, changes in our business and the gaming industry in general is reduced. This may place us at a disadvantage compared to our competitors that do not have such an obligation.

*Our renovation projects may face significant inherent risks that could adversely affect our financial condition*

Construction costs and completion dates for renovation projects are based on budgets, design documents and schedule estimates prepared with the assistance of architects, contractors and consultants. Such projects are inherently subject to significant development and construction risks, which could cause unanticipated cost increases. These include the following:

- escalation of construction costs above anticipated amounts;
- shortage of material and skilled labor;
- weather interference;
- engineering problems;
- environmental problems;

- fire, flood and other natural disasters;
- labor disputes; and
- geological, construction, demolition, excavation and/or equipment problems.

Furthermore, while construction activities may be planned to minimize disruption, construction noise and debris and the temporary closing of some of the facility, such activities may disrupt our current operations. Unexpected construction delays could exacerbate or magnify these disruptions. We cannot assure you that any construction, renovation or expansion projects will not have a material adverse effect on our results of operations.

*We may suspend or elect not to proceed with construction, renovation or expansion projects once they have been undertaken, resulting in charges that could adversely affect our financial condition.*

In connection with any of our construction, renovation or expansion projects, we may suspend, elect not to proceed with or fail to complete such projects once they have been undertaken. In such cases, we may be required to carry assets on our balance sheet for suspended projects or incur significant costs relating to design and construction work performed and materials purchased that may no longer be useful for terminated projects. In addition, our agreements or arrangements with third-parties relating to the suspension or termination of such projects could cause us to incur additional fees and costs. Our suspension of, election not to proceed with, or failure to complete any construction, renovation or expansion projects may result in adverse effects to our financial condition.

*The risks associated with operating expanded facilities and managing growth could have a material adverse effect on Mohegan Sun's future performance*

We may expand our facilities from time to time. We can provide no assurance that we will be successful in integrating the new amenities from such expansions into Mohegan Sun's current operations or in managing the expanded resort. Failure to successfully integrate and manage new services and amenities could have a material adverse effect on our results of operations and our ability to meet our debt service obligations.

#### ***Risks Related to the Indian Gaming Industry***

*Gaming is a highly regulated industry, and changes in applicable laws could have a material adverse effect on the Tribe's and our ability to conduct gaming, and thus on our operations and our ability to meet our financial obligations.*

Gaming on the Tribe's reservation is regulated extensively by federal, state and tribal regulatory agencies, including the NIGC and agencies of the State of Connecticut, such as the Department of Revenue Services' Division of Special Revenue, Consumer Protection's Gaming Division, Division of Liquor Control and the State Police. As is the case with any casino, changes in applicable laws and regulations could limit or materially affect the types of gaming that may be conducted, or services provided, by us and the revenues realized therefrom.

Currently, the operation of gaming on Indian tribal lands is subject to IGRA. Legislation has been introduced in Congress from time to time with the intent of modifying a variety of perceived problems with IGRA. Some of the proposals that have been considered would be prospective in effect and contain clauses that would grandfather existing Indian tribal gaming operations such as Mohegan Sun. Legislation also has been proposed, however, from time to time which would have the effect of repealing many of the key provisions of IGRA and prohibiting the continued operation of particular classes of gaming on Indian tribal reservations in states where such gaming is not otherwise allowed on a commercial basis. While none of the substantive proposed amendments to IGRA have been enacted, we cannot predict the effects of future legislative acts. In the event that Congress passes prohibitory legislation that does not include any grandfathering exemption for existing Indian tribal gaming operations, and if such legislation is sustained in the courts against tribal challenge, our ability to meet our debt service obligations would be materially and adversely affected.

In addition, under federal law, gaming on Indian tribal lands is dependent on the permissibility under state law of specific forms of gaming or similar activities, and gaming at Mohegan Sun is dependent on the perpetual tribal-state compact between the Mohegan Tribe and State of Connecticut. Adverse decisions or legal actions with respect to gaming or the Mohegan Compact may have an adverse effect on our ability to conduct our gaming operations.

*A change in our current tax-exempt status, and that of our subsidiaries, could reduce our cash flows and have a material adverse effect on our operations and our ability to meet our financial obligations.*

Based on current interpretation of the Internal Revenue Code of 1986, as amended, we, the Tribe and certain of our subsidiaries are not subject to U.S. federal income taxes. However, we can provide no assurance that Congress or the Internal Revenue Service will not reverse or modify the exemption for Indian tribes from U.S. federal income taxation. A change in the

tax law could have a material adverse effect on our financial performance.

*Risks Related to Mohegan Sun at Pocono Downs*

*The adoption of modifications to the Pennsylvania Gaming Act or other applicable laws in the Commonwealth of Pennsylvania and the implementation of the new table gaming legislation could negatively impact our operations and expected profitability.*

Changes in applicable laws or regulations, tax rates or the enforcement of applicable laws and regulations in the Commonwealth of Pennsylvania could limit or materially affect the types of gaming we may conduct and the services we may provide at Mohegan Sun at Pocono Downs or the profitability of such operations. Our ability to continue to operate Mohegan Sun at Pocono Downs also could be adversely affected by such legal or regulatory changes.

*The risks associated with our ability to successfully integrate table gaming, operate the expanded facility and manage its growth could have a material adverse effect on the future performance of Mohegan Sun at Pocono Downs*

In January 2010, the Pennsylvania Gaming Act was amended to allow slot machine operators in the Commonwealth of Pennsylvania to obtain a table game operation certificate and operate certain table games, including poker. Following the receipt of a table game operation certificate in July 2010, Mohegan Sun at Pocono Downs opened its table game and poker operations.

Table gaming remains relatively new to the Commonwealth of Pennsylvania. We can provide no assurance that we will be successful with table gaming at Mohegan Sun at Pocono Downs over the short or long term. The failure to successfully integrate and manage table gaming could have a material adverse effect on the profitability of Mohegan Sun at Pocono Downs.

*If Mohegan Sun at Pocono Downs is not able to compete successfully with existing and potential competitors, we may not be able to generate sufficient cash flows for our operations or to fulfill our financial obligations.*

Mohegan Sun at Pocono Downs faces competition from several facilities in the Commonwealth of Pennsylvania, as well as neighboring states. The closest competitors are Mount Airy and Sands Bethlehem, both of which are located in Northeastern Pennsylvania, approximately 40 miles and 70 miles from Mohegan Sun at Pocono Downs, respectively, and offer on-site hotel facilities not currently available at Mohegan Sun at Pocono Downs. Additionally, the state legislature has considered expanding the ability of bars, restaurants and other non-casino facilities throughout the state to offer expanded bingo, keno or other games of chance on a limited basis. The development of other gaming facilities in the Commonwealth of Pennsylvania also may impact the competitive environment for Mohegan Sun at Pocono Downs.

In addition to existing slot machine and table game operations in the Commonwealth of Pennsylvania, Mohegan Sun at Pocono Downs faces competition from the VLT facility at the Monticello Raceway in Monticello, New York, approximately 90 miles from Mohegan Sun at Pocono Downs. Additionally, Mohegan Sun at Pocono Downs faces competition from Tioga Downs Casino in Nichols, New York, approximately 100 miles from Mohegan Sun at Pocono Downs. Mohegan Sun at Pocono Downs also faces potential competition from any gaming operation that is ultimately developed in the Catskills region including Mohegan Sun at Concord Downs, proposed for the Town of Thompson, New York. Expanded gaming in any or all of Maryland, Ohio, New Jersey, Delaware and West Virginia may affect overall gaming in the Commonwealth of Pennsylvania, the OTW facilities and other gaming facilities with which Mohegan Sun at Pocono Downs competes for patrons.

We are uncertain of the impact these other facilities or the introduction or expansion of gaming elsewhere will have on our operations and ability to meet our financial obligations.

*Our operation of Mohegan Sun at Pocono Downs subjects us to regulation and enforcement by various state agencies.*

As owner and operator of Mohegan Sun at Pocono Downs, we are subject to extensive state regulation by the PGCB, the Pennsylvania State Harness Racing Commission, or the PSHRC, and other state regulatory agencies, such as the Liquor Control Board. Applicable rules and regulations may require that we obtain and periodically renew a variety of licenses, registrations, permits and approvals to conduct our operations. Regulatory agencies may, for any reason set forth in the applicable legislation, rules and regulations, limit, condition, suspend, deny or revoke our license to conduct our operations as intended. We can provide no assurance that we will be able to continually renew all registrations, permits, approvals or licenses necessary to conduct our operations in the Commonwealth of Pennsylvania as intended. Any of these events, or any changes in applicable laws or regulations or the enforcement thereof, could have a material adverse effect on our business, financial condition and results of operations.

*Changes in or the issuance of additional regulations by the PGCB may adversely affect our operations at Mohegan Sun at Pocono Downs.*

Under the Pennsylvania Gaming Act, the PGCB has extensive authority to regulate gaming activities. Casino gaming is

still a relatively new industry in the Commonwealth of Pennsylvania and many of the rules and regulations governing casino gaming are still evolving, particularly with respect to table gaming, which was authorized by legislation in January 2010. New or changing regulations could adversely affect our gaming operations at Mohegan Sun at Pocono Downs.

*Changes in or the issuance of additional regulations by the PSHRC may adversely affect our operations at Mohegan Sun at Pocono Downs.*

Under the Pennsylvania Race Horse Industry Reform Act, the PSHRC has extensive authority to regulate harness racing activities. While harness racing is a well-established industry in the Commonwealth of Pennsylvania, new or changing regulations could adversely affect our harness racing operations at Mohegan Sun at Pocono Downs. Our inability or failure to conduct harness racing operations at Mohegan Sun at Pocono Downs in accordance with applicable regulations could adversely affect our ability to conduct gaming operations at Mohegan Sun at Pocono Downs.

#### **Item 1B. Unresolved Staff Comments.**

None.

#### **Item 2. Properties.**

Mohegan Sun is located on a 185-acre site on the Tribe's reservation in Southeastern Connecticut, adjacent to Uncasville, Connecticut. The land upon which Mohegan Sun is located is held in trust for the Tribe by the United States. Mohegan Sun has its own exit from Connecticut Route 2A, providing patrons with direct access to Interstates 395 and 95, the main highways connecting New York City, New York, Boston, Massachusetts, and Providence, Rhode Island. Mohegan Sun is approximately 125 miles from New York City, 100 miles from Boston and 50 miles from Providence.

The land upon which Mohegan Sun is located is leased from the Tribe. The term of the lease is 25 years with an option, exercisable by us, to extend the term for one additional 25-year period provided that we are not in default under the lease. Upon termination of the lease, we will be required to surrender to the Tribe possession of the property and improvements, excluding any equipment, furniture, fixtures or other personal property. The lease requires us to pay the Tribe a nominal annual rental fee and assume all costs and expenses of owning, operating, constructing, maintaining, repairing, replacing and insuring the property.

We also have entered into various lease agreements with the Tribe for properties that are utilized for parking and access to Mohegan Sun.

The Mohegan Sun Country Club at Pautipaug is located in Sprague and Franklin, Connecticut, approximately 15 miles from Mohegan Sun.

Mohegan Sun at Pocono Downs is located on a 400-acre site in Plains Township, Pennsylvania. We also own OTW facilities located in Carbondale and Lehigh Valley (Allentown), Pennsylvania, and lease an OTW facility located in East Stroudsburg, Pennsylvania.

Salishan-Mohegan owns land located in Clark County, Washington for the purposes of developing a proposed casino to be owned by the Cowlitz Tribe. The land shall be transferred to the Cowlitz Tribe or the United States upon: (1) receipt of necessary financing for the development of the proposed casino; and (2) the underlying property being accepted to be taken into trust by the United States Department of the Interior.

#### **Item 3. Legal Proceedings.**

We are a defendant in various litigation matters resulting from our normal course of business. We believe that the aggregate liability, if any, arising from such litigations will not have a material impact on our financial position, results of operations or cash flows.

#### **Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

We have not issued or sold any equity securities.

### Item 6. Selected Financial Data.

	As of or for the Fiscal Years Ended September 30,				
	2012	2011	2010	2009	2008
<b>Operating Results:</b>					
Gross revenues	\$ 1,498,510	\$ 1,527,188	\$ 1,539,626	\$ 1,572,714	\$ 1,707,738
Promotional allowances	(99,197)	(108,809)	(117,664)	(117,597)	(135,555)
Net revenues	\$ 1,399,313	\$ 1,418,379	\$ 1,421,962	\$ 1,455,117	\$ 1,572,183
Income from operations (1)	\$ 225,424	\$ 238,404	\$ 139,257	\$ 242,746	\$ 263,366
Other expense, net (2)	(164,183)	(126,561)	(131,303)	(125,394)	(116,835)
Net income	61,241	111,843	7,454	117,352	146,531
Loss attributable to non-controlling interests	2,019	2,134	2,258	1,992	2,729
Net income attributable to Mohegan Tribal Gaming Authority	\$ 63,260	\$ 113,977	\$ 9,712	\$ 119,344	\$ 149,260
<b>Other Data:</b>					
Interest expense, net of capitalized interest	\$ 146,057	\$ 117,710	\$ 116,784	\$ 109,689	\$ 93,793
Capital expenditures incurred	\$ 43,642	\$ 46,477	\$ 43,544	\$ 93,532	\$ 383,688
Net cash flows provided by operating activities	\$ 176,997	\$ 194,278	\$ 170,506	\$ 170,197	\$ 170,672
<b>Balance Sheet Data:</b>					
Total assets	\$ 2,253,707	\$ 2,203,196	\$ 2,200,623	\$ 2,295,083	\$ 2,362,905
Long-term debt and capital leases, net of current portions	\$ 1,673,504	\$ 823,951	\$ 1,601,471	\$ 1,699,215	\$ 1,528,991

- (1) Operating costs and expenses, included in income from operations, include non-cash relinquishment liability reassessment credits of \$11.4 million, \$8.8 million, \$26.5 million, \$45.7 million and \$58.9 million in fiscal 2012, 2011, 2010, 2009 and 2008, respectively. A discussion of the relinquishment liability may be found in Notes 2 and 11 to our consolidated financial statements, beginning on page F-1 of this Annual Report on Form 10-K. Operating costs and expenses also include an impairment charge of \$58.1 million in fiscal 2010. A discussion of this impairment charge may be found in Note 4 to our consolidated financial statements, beginning on page F-1 of this Annual Report on Form 10-K.
- (2) Other expense, net, includes accretion of discount to the relinquishment liability of \$8.2 million, \$11.4 million, \$15.4 million, \$20.4 million and \$27.1 million in fiscal 2012, 2011, 2010, 2009 and 2008, respectively. A discussion of the accretion of discount to the relinquishment liability may be found in Notes 2 and 11 to our consolidated financial statements, beginning on page F-1 of this Annual Report on Form 10-K. Other expense, net, also includes a loss on early exchange of debt of \$14.3 million in fiscal 2012. A discussion of this loss on early exchange of debt may be found in Note 6 to our consolidated financial statements, beginning on page F-1 of this Annual Report on Form 10-K. In addition, other expense, net, includes interest expense, net of capitalized interest.

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes beginning on page F-1 of this Annual Report on Form 10-K, Item 1. Business and Item 6. Selected Financial Data.

#### Explanation of Key Financial Statement Captions

##### *Gross Revenues*

Our gross revenues are derived primarily from the following four sources:

- gaming revenues, which include revenues from slot machines, table games, poker, keno, live harness racing and racebook operations, including pari-mutuel wagering revenues from our racebook operations at Mohegan Sun and off-track wagering facilities in Pennsylvania;
- food and beverage revenues;
- hotel revenues; and
- retail, entertainment and other revenues, which primarily include revenues from our arena, gasoline and convenience centers, retail shops and basketball and golf operations.

The largest component of revenues is gaming revenues, which are recognized as amounts wagered less prizes paid out, and comprised primarily of revenues from slot machines and table games. Revenues from slot machines are the largest component of gaming revenues. Gross slot revenues, also referred to as gross slot win, represent all amounts wagered by patrons on slot machines reduced by: (1) free promotional slot plays redeemed; (2) winnings paid out; and (3) slot tickets issued. Pursuant to the

Mohegan Compact and requirements of our Category One slot machine license, we report gross slot revenues and other statistical information related to slot machine operations to the State of Connecticut and the Commonwealth of Pennsylvania. On a monthly basis, we also post such information on our website at [www.mtga.com](http://www.mtga.com).

Other commonly used slot machine related terms include base jackpots, progressive slot machines, progressive jackpots, net slot revenues, slot handle, gross slot hold percentage, net slot hold percentage, rated players and slot win efficiency. Base jackpots represent the fixed minimum amount of payouts for a specific combination. We record base jackpots as reductions to revenues when we become obligated to pay such jackpots. Progressive slot machines retain a portion of each amount wagered and aggregate the retained amounts with similar amounts from other slot machines in order to create one-time payouts that are substantially larger than those paid in the ordinary course of play. We refer to such aggregated amounts as progressive jackpots. Wide-area progressive jackpot amounts are paid by third-party vendors and remitted as a weekly payment to each vendor based on a percentage of slot handle for each wide-area progressive slot machine. We accrue in-house progressive jackpot amounts until paid, and such accrued amounts are deducted from gross slot revenues, along with wide-area progressive jackpot amounts to arrive at net slot revenues, also referred to as net slot win. Net slot revenues are included in gaming revenues in our consolidated statements of income. Slot handle is the total amount wagered by patrons on slot machines, including free promotional slot plays. Gross slot hold percentage is gross slot revenues as a percentage of slot handle. Net slot hold percentage is net slot revenues as a percentage of slot handle. Rated players are patrons whose gaming activities are tracked under our Player's Club program. Slot win efficiency is a measure of our percentage of gross slot revenues in a market area compared to the percentage of the slot machines we operate in that market area.

Commonly used table games related terms include table game revenues, table game drop and table game hold percentage. Table game revenues represent the closing table game inventory plus table game drop and credit slips for cash, chips or tokens returned to the casino cage, less opening table game inventory, discounts provided on patron losses, free bet coupons and chip fills to the tables. Table game drop is the total amount of cash, free bet coupons, cash advance drafts, customer deposit withdrawals, safekeeping withdrawals and credits issued at tables. Table game hold percentage is table game revenues as a percentage of table game drop.

Revenues from food and beverage, hotel, retail, entertainment and other services are recognized at the time such service is performed. Minimum rental revenues are recognized on a straight-line basis over the terms of the related leases. Percentage rental revenues are recognized in the periods in which the tenants exceed their respective percentage rent thresholds.

#### *Promotional Allowances*

We operate a program, without membership fees, for patrons at Mohegan Sun, Mohegan Sun at Pocono Downs and our managed property, Resorts Casino Hotel in Atlantic City, New Jersey, or Resorts Atlantic City. This program provides complimentary food and beverage, hotel, retail, entertainment and other services to patrons, as applicable, based on points that are awarded for patrons' gaming activities. Points may be utilized to purchase, among other things, items at retail stores and restaurants located within Mohegan Sun, Mohegan Sun at Pocono Downs and Resorts Atlantic City. Points also may be utilized at The Shops at Mohegan Sun and the Mohegan Sun gasoline and convenience center, as well as to purchase hotel services and tickets to entertainment events held at facilities located at Mohegan Sun, Mohegan Sun at Pocono Downs and Resorts Atlantic City. The retail value of these complimentary items is included in gross revenues when redeemed at facilities operated by us and then deducted as promotional allowances to arrive at net revenues. The cost associated with reimbursing third parties for the value of complimentary items redeemed at third-party outlets is charged to gaming costs and expenses.

In addition, we offer ongoing promotional coupon programs to patrons for the purchase of food and beverage, hotel and retail amenities offered within Mohegan Sun and Mohegan Sun at Pocono Downs, as applicable. The retail value of items or services purchased with coupons at facilities operated by us is included in gross revenues and the respective coupon value is deducted as promotional allowances to arrive at net revenues. The cost associated with reimbursing third parties for the value of coupons redeemed at third-party outlets is charged to gaming costs and expenses.

#### *Gaming Costs and Expenses*

Gaming costs and expenses primarily include portions of gaming revenues that must be paid to the State of Connecticut and the Pennsylvania Gaming Control Board, or the PGCB. Gaming costs and expenses also include, among other things, payroll costs, expenses associated with the operation of slot machines, table games, poker, keno, live harness racing and racebook, certain marketing expenditures and promotional expenses related to Player's Club point and coupon redemptions.

#### *Income from Operations*

Income from operations represents net revenues less total operating costs and expenses. Income from operations excludes accretion of discount to the relinquishment liability, interest income and expense, gain (loss) on early exchange and extinguishment

of debt, write-off of debt issuance costs, other non-operating income and expense and loss attributable to non-controlling interests.

#### *Reassessment and Accretion of Discount to the Relinquishment Liability*

In February 1998, we entered into a relinquishment agreement with Trading Cove Associates, or TCA. The relinquishment agreement provides, among other things, that we make certain payments to TCA out of, and determined as a percentage of, revenues, as defined under the relinquishment agreement, generated by Mohegan Sun over a 15-year period. We have recorded a relinquishment liability based on the estimated present value of our obligations under the relinquishment agreement. We reassess projected revenues and consequently the relinquishment liability: (1) annually in conjunction with our budgeting process, or (2) when necessary to account for material increases or decreases in projected revenues over the relinquishment period. In addition, we recognize a quarterly accretion to the relinquishment liability to reflect the impact of the time value of money. Since the calculation of this liability requires a high level of estimates and judgments (including those related to projected revenues and impact and timing of future competition), future events that affect such estimates and judgments may cause the actual liability to materially differ from the current estimate.

### Results of Operations

#### *Summary Operating Results*

As of September 30, 2012, we own and operate, either directly or through wholly-owned subsidiaries, Mohegan Sun, the Connecticut Sun franchise, and the Mohegan Sun Country Club at Pautipaug, or collectively, the Connecticut facilities, and the Pennsylvania facilities. All of our revenues are derived from these operations. The Connecticut Sun franchise and the Mohegan Sun Country Club at Pautipaug are aggregated with the Mohegan Sun operating segment because these operations all share similar economic characteristics, which is to generate gaming and entertainment revenues by attracting patrons to Mohegan Sun. Our executive officers review and assess the performance and operating results and determine the proper allocation of resources to the Connecticut facilities and the Pennsylvania facilities on a separate basis. Accordingly, we have two separate reportable segments: (1) Mohegan Sun, which includes the operations of the Connecticut facilities, and (2) Mohegan Sun at Pocono Downs, which includes the operations of the Pennsylvania facilities.

The following table summarizes our results on a property basis (in thousands, except where noted):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
<b>Net revenues:</b>							
Mohegan Sun	\$ 1,034,017	\$ 1,115,326	\$ 1,157,419	\$ (31,309)	\$ (42,093)	(2.8)%	(3.6)%
Mohegan Sun at Pocono Downs	314,990	303,053	264,543	11,946	38,510	3.9%	14.6%
Corporate	297	-	-	297	-	100.0%	-
<b>Total</b>	<b>\$ 1,399,313</b>	<b>\$ 1,418,379</b>	<b>\$ 1,421,962</b>	<b>\$ (19,066)</b>	<b>\$ (3,583)</b>	<b>(1.3)%</b>	<b>(0.3)%</b>
<b>Income (loss) from operations:</b>							
Mohegan Sun	\$ 199,358	\$ 223,778	\$ 142,143	\$ (24,420)	\$ 81,635	(10.9)%	57.4%
Mohegan Sun at Pocono Downs	43,256	31,491	15,652	11,805	15,839	37.5%	101.2%
Corporate	(17,230)	(16,865)	(18,538)	(365)	1,673	2.2%	(9.0)%
<b>Total</b>	<b>\$ 225,424</b>	<b>\$ 338,404</b>	<b>\$ 139,257</b>	<b>\$ (12,980)</b>	<b>\$ 99,147</b>	<b>(5.4)%</b>	<b>71.2%</b>
<b>Net income attributable to Mohegan Tribal Gaming Authority</b>	<b>\$ 63,260</b>	<b>\$ 113,977</b>	<b>\$ 9,712</b>	<b>\$ (50,717)</b>	<b>\$ 104,265</b>	<b>(44.5)%</b>	<b>1,073.6%</b>
<b>Operating margin:</b>							
Mohegan Sun	18.4%	20.1%	12.3%	(1.7)%	7.8%	(8.5)%	63.4%
Mohegan Sun at Pocono Downs	13.7%	10.4%	5.9%	3.3%	4.5%	31.7%	76.3%
<b>Total</b>	<b>16.1%</b>	<b>16.8%</b>	<b>9.8%</b>	<b>(0.7)%</b>	<b>7.0%</b>	<b>(4.2)%</b>	<b>71.4%</b>

The most significant factors and trends that we believe impacted our operating performance were as follows:

- additional gaming capacity in the Northeast gaming market;
- sluggish regional economic environment and the related impact on consumer spending;
- changes in operations designed to improve profitability;
- strong patron response to promotional offers at Mohegan Sun at Pocono Downs;
- improved non-gaming results;
- continued focus on managing expenses and enhancing operating efficiencies;

- cost saving initiatives implemented in September 2010 at Mohegan Sun; and
- the July 2010 addition of table game and poker operations at Mohegan Sun at Pocono Downs.

Other factors that affected our financial performance were as follows:

- higher interest expense in fiscal 2012 driven by our refinancing transactions;
- a \$14.3 million loss on early exchange of debt in fiscal 2012 related to refinancing transactions;
- severance charges related to workforce reductions of \$12.5 million and \$9.9 million in fiscal 2012 and 2010, respectively;
- non-cash relinquishment liability reassessment credits of \$11.4 million, \$8.8 million and \$26.5 million in fiscal 2012, 2011 and 2010, respectively; and
- a \$58.1 million impairment charge in fiscal 2010 related to the suspended elements of Project Horizon.

Net revenues for the fiscal year ended September 30, 2012 compared to the prior fiscal year declined primarily as a result of lower gaming revenues at Mohegan Sun. These results were partially offset by higher gaming revenues at Mohegan Sun at Pocono Downs and increased non-gaming revenues at both Mohegan Sun and Mohegan Sun at Pocono Downs.

Net revenues for the fiscal year ended September 30, 2011 compared to the prior fiscal year decreased primarily as a result of declines in slot and non-gaming revenues at Mohegan Sun. These results were partially offset by higher gaming and non-gaming revenues at Mohegan Sun at Pocono Downs, as well as increased table game revenues at Mohegan Sun.

Income from operations for the fiscal year ended September 30, 2012 compared to the prior fiscal year declined due to the reduction in net revenues, combined with \$12.5 million in severance charges resulting from a workforce reduction initiative implemented in September 2012. Income from operations for the fiscal year ended September 30, 2012 also reflects changes in our operations designed to improve profitability and our continued focus on managing expenses, as well as lower depreciation expense.

Income from operations for the fiscal year ended September 30, 2011 compared to the prior fiscal year increased primarily as a result of lower operating costs and expenses. The decline in operating costs and expenses reflects the impact of the non-recurring impairment charge related to the suspended elements of Project Horizon that was recorded in fiscal 2010. The decline in operating costs and expenses also reflects our focus on managing expenses and enhancing operating efficiencies. These results were partially offset by the decrease in the non-cash relinquishment liability reassessment credit, which was \$8.8 million for the fiscal year ended September 30, 2011 compared to \$26.5 million in the prior fiscal year. The non-cash relinquishment liability reassessment credits had the effect of reducing operating expenses.

Net income attributable to the Authority for the fiscal year ended September 30, 2012 compared to the prior fiscal year declined primarily due to higher interest expense and the loss on early exchange of debt, combined with the reduction in income from operations.

Net income attributable to the Authority for the fiscal year ended September 30, 2011 compared to the prior fiscal year increased primarily as a result of the growth in income from operations.

### *Mohegan Sun*

#### *Gross Revenues*

Gross revenues consisted of the following (in thousands):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Gaming	\$ 957,657	\$ 1,004,025	\$ 1,035,462	\$ (46,368)	\$ (31,437)	(4.6)%	(3.0)%
Food and beverage	66,651	66,828	78,767	(177)	(11,939)	(0.3)%	(15.2)%
Hotel	39,609	35,892	38,261	3,717	(2,369)	10.4 %	(6.2)%
Retail, entertainment and other	103,190	102,262	111,519	928	(9,257)	0.9 %	(8.3)%
Total	\$ 1,167,107	\$ 1,209,007	\$ 1,264,009	\$ (41,900)	\$ (55,002)	(3.5)%	(4.4)%

The following table summarizes the percentage of gross revenues from each of the four revenue sources:

	For the Fiscal Years Ended September 30,		
	2012	2011	2010
Gaming	82.1%	83.0%	81.9%
Food and beverage	5.7%	5.5%	6.3%
Hotel	3.4%	3.0%	3.0%
Retail, entertainment and other	8.8%	8.5%	8.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The following table presents data related to gaming operations (in thousands, except where noted):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
<b>Slots:</b>							
Handle	\$ 8,182,177	\$ 8,812,893	\$ 9,278,620	\$ (630,716)	\$ (465,727)	(7.2)%	(5.0)%
Gross revenues	\$ 675,117	\$ 707,218	\$ 746,392	\$ (32,101)	\$ (39,174)	(4.5)%	(5.2)%
Net revenues	\$ 647,966	\$ 679,035	\$ 718,517	\$ (31,469)	\$ (39,082)	(4.6)%	(5.4)%
Free promotional slot plays (1)	\$ 64,596	\$ 63,444	\$ 56,642	\$ 1,152	\$ 6,802	1.8%	12.0%
Weighted average number of machines (in units)	6,038	6,360	6,484	(322)	(124)	(5.1)%	(1.9)%
Hold percentage (gross)	8.3%	8.1%	8.0%	0.2%	0.1%	2.5%	1.3%
Win per unit per day (gross) (in dollars)	\$ 306	\$ 306	\$ 315	--	\$ (9)	--	(2.9)%
<b>Table games:</b>							
Drop	\$ 1,922,769	\$ 1,999,693	\$ 2,082,137	\$ (76,964)	\$ (82,444)	(3.8)%	(4.0)%
Revenues	\$ 291,348	\$ 304,665	\$ 296,183	\$ (13,317)	\$ 8,482	(4.4)%	2.9%
Weighted average number of games (in units)	311	325	326	(14)	(1)	(4.3)%	(0.3)%
Hold percentage (2)	15.2%	15.2%	14.2%	--	1.0%	--	7.0%
Win per unit per day (in dollars)	\$ 2,559	\$ 2,567	\$ 2,487	\$ (8)	\$ 80	(0.3)%	3.2%
<b>Poker:</b>							
Revenues	\$ 11,280	\$ 11,768	\$ 12,316	\$ (488)	\$ (548)	(4.1)%	(4.4)%
Weighted average number of tables (in units)	42	42	42	--	--	--	--
Revenue per unit per day (in dollars)	\$ 734	\$ 768	\$ 803	\$ (34)	\$ (35)	(4.4)%	(4.4)%

(1) Free promotional slot plays are included in slot handle, but not reflected in slot revenues.

(2) Table game hold percentage is relatively predictable over longer periods of time, but can significantly fluctuate over shorter periods.

Gaming revenues for the fiscal year ended September 30, 2012 compared to the prior fiscal year declined primarily as a result of lower slot and table game revenues. The reductions in slot and table game revenues reflect additional gaming capacity in the Northeast gaming market and a sluggish regional economic environment, which impacted consumer spending. In addition, gaming revenues declined due to changes in our operations designed to improve profitability, including changes in the slot mix on our gaming floor, and a shift in hotel occupancy from casino patrons to transient guests.

Gaming revenues for the fiscal year ended September 30, 2011 compared to the prior fiscal year declined primarily due to lower slot revenues, partially offset by higher table game revenues. The decline in slot revenues likely was attributable to the continued weakness in consumer spending, unfavorable weather conditions and changes in our operations designed to improve profitability. Slot revenues also were negatively impacted by additional gaming capacity in the Northeast gaming market. The growth in table game revenues was attributable to higher table game hold percentage, partially offset by lower table game drop. The decline in table game drop reflects changes in our operations designed to improve profitability which likely resulted in patrons in the State of New York choosing to visit expanded gaming facilities in the Commonwealth of Pennsylvania.

The following table presents data related to food and beverage operations (in thousands, except where noted):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Meals served	3,252	3,373	4,287	(121)	(914)	(3.6)%	(21.3)%
Average price per meal served (in dollars)	\$ 16.20	\$ 15.82	\$ 14.97	\$ 0.38	\$ 0.85	2.4 %	5.7 %

Food and beverage revenues for the fiscal year ended September 30, 2012 compared to the prior fiscal year were essentially flat.

Food and beverage revenues for the fiscal year ended September 30, 2011 compared to the prior fiscal year declined primarily due to the reduction in the number of meals served at Mohegan Sun-owned food and beverage outlets. The reduction in the number of meals served reflects the permanent closure of Sunburst Buffet and the temporary closure of Season's Buffet, as well as the replacement of the Fidelia's Market food court outlets and certain other Mohegan Sun-owned food and beverage outlets with third-party operators. The reduction in the number of meals served was partially offset by the increase in the average price per meal served resulting, in part, from the July 2011 re-opening of the renovated Season's Buffet featuring expanded offerings.

The following table presents data related to hotel operations (in thousands, except where noted):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Rooms occupied	413	415	410	(2)	5	(0.5)%	1.2 %
Occupancy rate	96.1%	96.8%	95.7%	(0.7)%	1.1%	(0.7)%	1.1 %
Average daily room rate (in dollars)	\$ 91	\$ 83	\$ 89	\$ 8	\$ (6)	9.6 %	(6.7)%
Revenue per available room (in dollars)	\$ 87	\$ 80	\$ 86	\$ 7	\$ (6)	8.8 %	(7.0)%

Hotel revenues for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased due to the increase in average daily room rate, reflecting a shift in hotel occupancy to higher paying transient guests.

Hotel revenues for the fiscal year ended September 30, 2011 compared to the prior fiscal year declined primarily as a result of the decline in average daily room rate, reflecting lower room rates offered to targeted gaming patrons.

The following table presents data related to entertainment operations (in thousands, except where noted):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Arena events (in events)	125	117	132	8	(15)	6.8 %	(11.4)%
Arena tickets	743	701	835	42	(134)	6.0 %	(16.0)%
Average price per Arena ticket (in dollars)	\$ 44.05	\$ 52.38	\$ 52.75	\$ (7.33)	\$ (1.37)	(14.3)%	(2.6)%

Retail, entertainment and other revenues for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased primarily as a result of additional gasoline revenues from the September 2011 opening of our employee gas station. These results were partially offset by lower entertainment revenues reflecting a reduction in the number of headliner shows at the Mohegan Sun Arena.

Retail, entertainment and other revenues for the fiscal year ended September 30, 2011 compared to the prior fiscal year declined primarily due to lower entertainment revenues. The decrease in entertainment revenues resulted from the reduction in the number of Arena tickets due to fewer events at the Mohegan Sun Arena. The decline in retail, entertainment and other revenues also reflects lower retail revenues.

### Promotional Allowances

The retail value of providing promotional allowances was included in revenues as follows (in thousands):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Food and beverage	\$ 26,594	\$ 30,284	\$ 37,714	\$ (3,690)	\$ (7,430)	(12.2)%	(19.7)%
Hotel	14,126	14,850	15,165	(724)	(515)	(4.9)%	(3.4)%
Retail, entertainment and other	42,370	48,547	53,511	(6,177)	(4,964)	(12.7)%	(9.3)%
Total	\$ 83,090	\$ 93,681	\$ 106,390	\$ (10,591)	\$ (12,909)	(11.3)%	(12.1)%

The estimated cost of providing promotional allowances was included in gaming costs and expenses as follows (in thousands):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Food and beverage	\$ 25,950	\$ 30,003	\$ 39,203	\$ (4,053)	\$ (9,200)	(13.5)%	(23.5)%
Hotel	7,353	8,873	9,117	(1,120)	(244)	(12.6)%	(2.7)%
Retail, entertainment and other	38,471	40,191	44,973	(1,720)	(4,782)	(4.3)%	(10.6)%
Total	\$ 72,174	\$ 79,067	\$ 93,293	\$ (6,893)	\$ (14,226)	(8.7)%	(15.2)%

Promotional allowances for the fiscal year ended September 30, 2012 compared to the prior fiscal year declined primarily due to changes in our operations designed to improve profitability, combined with lower redemptions under the Player's Club program.

Promotional allowances for the fiscal year ended September 30, 2011 compared to the prior fiscal year declined primarily as a result of changes in our operations designed to improve profitability.

### Operating Costs and Expenses

Operating costs and expenses consisted of the following (in thousands):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Gaming	\$ 555,664	\$ 578,678	\$ 630,842	\$ (23,014)	\$ (52,164)	(4.0)%	(8.3)%
Food and beverage	36,134	33,061	33,007	3,073	(5,946)	9.3%	(15.2)%
Hotel	14,293	12,996	13,770	1,297	(774)	10.0%	(5.6)%
Retail, entertainment and other	39,562	33,214	36,172	6,328	(2,938)	19.0%	(8.1)%
Advertising, general and administrative	167,968	172,309	179,252	(4,341)	(6,943)	(2.5)%	(3.9)%
Depreciation and amortization	69,912	69,833	74,794	79	(4,961)	0.1%	(6.6)%
Loss on disposition of assets	68	—	—	68	—	100.0%	—
Severance	12,497	242	9,830	12,255	(9,588)	5,064.0%	(97.5)%
Pre-opening	—	—	42	—	(42)	—	(100.0)%
Impairment of Project Horizon	—	—	58,079	—	(58,079)	—	(100.0)%
Relinquishment liability reassessment	(11,439)	(8,805)	(26,512)	(2,634)	17,707	29.9%	(66.8)%
Total	\$ 884,659	\$ 891,548	\$ 1,015,276	\$ (6,889)	\$ (123,728)	(0.8)%	(12.2)%

Gaming costs and expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year decreased primarily as a result of lower slot win contribution expenses commensurate with the decline in slot revenues. The reduction in gaming costs and expenses also reflect changes in our operations designed to improve profitability, including lower costs related to Player's Club point redemptions at third-party outlets and Mohegan Sun-owned facilities and reduced payroll costs. These results were partially offset by higher casino marketing and promotional expenses in response to the competitive promotional environment. Expenses associated with the combined slot win and free promotional slot play contributions totaled \$173.1 million and \$183.8 million for the fiscal years ended September 30, 2012 and 2011, respectively. Gaming costs and expenses as a percentage of gaming revenues were 58.0% and 57.6% for the fiscal years ended September 30, 2012 and 2011, respectively.

Gaming costs and expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year declined primarily due to reductions in payroll costs and promotional and advertising expenditures, resulting, in part, from our continued focus on managing expenses and enhancing operating efficiencies, including cost saving initiatives implemented in September 2010, targeted marketing programs and changes in our operations designed to improve profitability. The decline in gaming costs and expenses also reflect lower costs related to Player's Club point redemptions at third-party outlets and Mohegan Sun-owned facilities and reduced slot win contribution expenses commensurate with the decline in slot revenues. Expenses associated with the combined slot win and free promotional slot play contributions totaled \$183.8 million and \$190.5 million for the fiscal years ended September 30, 2011 and 2010, respectively. Gaming costs and expenses as a percentage of gaming revenues were 57.6% and 60.9% for the fiscal years ended September 30, 2011 and 2010, respectively.

Food and beverage costs and expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased primarily due to reduced use of food and beverage complimentarys, resulting in lower amounts of food and beverage costs being allocated to gaming costs and expenses.

Food and beverage costs and expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year declined primarily as a result of lower payroll costs and cost of goods sold resulting from the consolidation and replacement of certain Mohegan Sun-owned food and beverage outlets with third-party operators in connection with our cost containment initiatives implemented in September 2010. These results were partially offset by decreased use of food and beverage complimentarys, resulting in lower amounts of food and beverage costs being allocated to gaming costs and expenses.

Hotel costs and expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased primarily as a result of reduced use of hotel complimentarys, resulting in lower amounts of hotel costs being allocated to gaming costs and expenses.

Hotel costs and expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year declined primarily due to lower payroll costs, partially offset by decreased use of hotel complimentarys, resulting in lower amounts of hotel costs being allocated to gaming costs and expenses.

Retail, entertainment and other costs and expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased primarily due to higher cost of gasoline sold commensurate with the growth in gasoline revenues and reduced use of retail, entertainment and other complimentarys, resulting in lower amounts of retail, entertainment and other costs and expenses being allocated to gaming costs and expenses.

Retail, entertainment and other costs and expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year declined primarily as a result of lower direct entertainment costs due to the reduction in the number of events at the Mohegan Sun Arena. The decline in retail, entertainment and other costs and expenses also reflects lower payroll costs. These results were partially offset by decreased use of retail, entertainment and other complimentarys, resulting in lower amounts of retail, entertainment and other costs and expenses being allocated to gaming costs and expenses.

Advertising, general and administrative costs and expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year declined primarily as a result of reductions in insurance and utility costs, as well as expenses associated with services provided by the State of Connecticut.

Advertising, general and administrative costs and expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year declined primarily due to lower payroll costs reflecting our cost containment initiatives implemented in September 2010 and reduced utility costs.

Depreciation and amortization expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year were flat.

Depreciation and amortization expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year decreased primarily due to fully depreciated assets related to Project Sunburst.

Severance for the fiscal year ended September 30, 2012 resulted from the initial charges related to our September 2012 workforce reduction plan. We do not anticipate incurring any additional severance charges in connection with this workforce reduction, other than charges that may arise from adjustments to the initial estimates utilized under the plan. Cash payments commenced in October 2012 and are anticipated to be completed in September 2014.

Severance for the fiscal year ended September 30, 2011 resulted from adjustments to the initial estimates utilized under our September 2010 workforce reduction plan. Cash payments commenced in September 2010 and were completed in March 2012.

Impairment of Project Horizon for the fiscal year ended September 30, 2010 resulted from the re-evaluation of our plans with respect to the development of the new hotel element of the project. Based on our modified plan, which encompasses a smaller hotel to be located closer to the existing hotel, we determined that certain assets related to excavation and foundation work for the planned podium and hotel tower, as well as professional fees for design and architectural work, did not have any future benefit, and accordingly, we recorded the related \$58.1 million impairment charge.

Relinquishment liability reassessments for the fiscal years ended September 30, 2012 and 2011 had the effect of reducing operating expenses. The relinquishment liability reassessment credits resulted from reductions in Mohegan Sun revenue projections as of the end of each respective fiscal year compared to projections as of the end of the related prior fiscal year. Our accounting policy is to reassess Mohegan Sun revenue projections, and consequently the relinquishment liability, at least annually in conjunction with our budgeting process or when necessary to account for material increases or decreases in Mohegan Sun revenue projections over the remaining relinquishment period, which expires on December 31, 2014.

### *Mohegan Sun at Pocono Downs*

#### *Gross Revenues*

Gross revenues consisted of the following (in thousands):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Gaming	\$ 296,901	\$ 285,631	\$ 251,056	\$ 11,270	\$ 34,575	3.9%	13.8%
Food and beverage	25,498	21,244	17,821	1,254	6,423	5.2%	36.0%
Retail, entertainment and other	8,630	8,306	6,740	324	1,566	3.9%	23.2%
Total	\$ 331,029	\$ 318,181	\$ 275,617	\$ 12,848	\$ 42,564	4.0%	15.4%

The following table summarizes the percentage of gross revenues from each of the three revenue sources:

	For the Fiscal Years Ended September 30,		
	2012	2011	2010
Gaming	89.7%	89.8%	91.1%
Food and beverage	7.7%	7.6%	6.5%
Retail, entertainment and other	2.6%	2.6%	2.4%
Total	100.0%	100.0%	100.0%

The following table presents data related to gaming operations (in thousands, except where noted):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
<b>Slots:</b>							
Handle	\$ 2,976,891	\$ 2,916,204	\$ 2,876,068	\$ 60,687	\$ 40,136	2.1 %	1.4 %
Gross revenues	\$ 237,788	\$ 227,328	\$ 223,588	\$ 10,460	\$ 3,740	4.6 %	1.7 %
Net revenues	\$ 237,800	\$ 227,215	\$ 223,580	\$ 10,585	\$ 3,626	4.7 %	1.6 %
Free promotional slot plays (1)	\$ 61,790	\$ 65,098	\$ 46,043	\$ (3,308)	\$ 19,055	(5.1)%	41.4 %
Weighted average number of machines (in units)	2,332	2,390	2,356	(58)	34	(2.4)%	1.4 %
Hold percentage (gross)	8.0%	7.8%	7.8%	0.2%	—	2.6 %	—
Win per unit per day (gross) (in dollars)	\$ 279	\$ 261	\$ 260	\$ 18	\$ 1	6.9 %	0.4 %
<b>Table games (2)</b>							
Drop	\$ 211,244	\$ 206,922	\$ 49,220	\$ 4,322	\$ 157,702	2.1 %	320.4 %
Revenues	\$ 39,163	\$ 36,739	\$ 7,125	\$ 2,424	\$ 29,614	6.6 %	415.6 %
Weighted average number of games (in units)	66	66	57	—	9	-	15.8 %
Hold percentage (3)	18.5%	17.8%	14.5%	0.7%	3.3%	3.9 %	22.8 %
Win per unit per day (in dollars)	\$ 1,620	\$ 1,525	\$ 1,555	\$ 95	\$ (30)	6.2 %	(1.9)%
<b>Poker (2):</b>							
Revenues	\$ 3,839	\$ 4,286	\$ 1,029	\$ (447)	\$ 3,257	(10.4)%	316.5 %
Weighted average number of tables (in units)	18	18	17	—	1	—	5.9 %
Revenue per unit per day (in dollars)	\$ 583	\$ 652	\$ 766	\$ (69)	\$ (114)	(10.6)%	(14.9)%

(1) Free promotional slot plays are included in slot handle, but not reflected in slot revenues.

(2) Table game and poker operations commenced on July 13, 2010.

(3) Table game hold percentage is relatively predictable over longer periods of time, but can significantly fluctuate over shorter periods.

Gaming revenues for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased primarily as a result of higher slot revenues. The growth in slot revenues reflects strong patron response to our promotional offers.

Gaming revenues for the fiscal year ended September 30, 2011 compared to the prior fiscal year increased primarily due to higher table game revenues resulting from a full year of table game operations.

The following table presents data related to food and beverage operations (in thousands, except where noted):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Meals served	720	787	688	(67)	99	(8.5)%	14.4%
Average price per meal served (in dollars)	\$ 15.91	\$ 14.84	\$ 12.01	\$ 1.07	\$ 2.83	7.2 %	23.6%

Food and beverage revenues for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased due to changes in promotional beverage offers. The reduction in meals served, as well as the growth in average price per meal served primarily resulted from changes in our operations designed to improve profitability.

Food and beverage revenues for the fiscal year ended September 30, 2011 compared to the prior fiscal year increased primarily as a result of increased patron visitation to the facility due to a full year of table game and poker operations. The growth in food and beverage revenues also reflects the operations of an additional Mohegan Sun at Pocono Downs-owned food and beverage outlet.

Retail, entertainment and other revenues for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased primarily due to higher ATM commissions and changes in promotional tobacco offers.

Retail, entertainment and other revenues for the fiscal year ended September 30, 2011 compared to the prior fiscal year

increased primarily as a result of increased patron visitation to the facility due to a full year of table game and poker operations.

#### *Promotional Allowances*

The retail value of providing promotional allowances was included in revenues as follows (in thousands):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Food and beverage	\$ 14,276	\$ 13,426	\$ 9,733	\$ 850	\$ 3,693	6.3%	37.9%
Retail and entertainment	1,754	1,702	1,341	52	361	3.1%	26.9%
<b>Total</b>	<b>\$ 16,030</b>	<b>\$ 15,128</b>	<b>\$ 11,074</b>	<b>\$ 902</b>	<b>\$ 4,054</b>	<b>6.0%</b>	<b>36.6%</b>

The estimated cost of providing promotional allowances was included in gaming costs and expenses as follows (in thousands):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Food and beverage	\$ 11,135	\$ 10,801	\$ 8,348	\$ 334	\$ 2,453	3.1%	29.4%
Retail and entertainment	2,015	2,051	2,165	(39)	(111)	(1.9)%	(5.1)%
<b>Total</b>	<b>\$ 13,150</b>	<b>\$ 12,855</b>	<b>\$ 10,513</b>	<b>\$ 295</b>	<b>\$ 2,342</b>	<b>2.3%</b>	<b>22.3%</b>

Promotional allowances for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased as a result of higher redemptions under the Player's Club program and changes in certain promotional offers.

Promotional allowances for the fiscal year ended September 30, 2011 compared to the prior fiscal year increased primarily due to higher redemptions under the Player's Club program commensurate with the growth in gaming revenues.

#### *Operating Costs and Expenses*

Operating costs and expenses consisted of the following (in thousands):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Gaming	\$ 216,245	\$ 211,773	\$ 189,432	\$ 4,472	\$ 22,341	2.1%	11.8%
Food and beverage	8,415	8,454	6,338	361	2,116	4.3%	33.4%
Retail, entertainment and other	1,161	1,612	1,282	(451)	330	(28.0)%	25.7%
Advertising, general and administrative	30,203	29,683	26,847	520	2,836	1.8%	10.6%
Depreciation and amortization	14,994	20,040	22,252	(5,046)	(2,212)	(25.2)%	(9.9)%
Loss on disposition of assets	285	—	—	285	—	100.0%	—
Pre-opening	—	—	2,740	—	(2,740)	—	(100.0)%
<b>Total</b>	<b>\$ 271,703</b>	<b>\$ 271,562</b>	<b>\$ 248,891</b>	<b>\$ 141</b>	<b>\$ 22,671</b>	<b>0.1%</b>	<b>9.1%</b>

Gaming costs and expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased primarily due to higher Pennsylvania slot machine tax commensurate with the growth in slot revenues. The increase in gaming costs and expenses also reflect higher payroll costs. Expenses associated with the Pennsylvania slot machine tax totaled \$134.2 million and \$129.7 million for the fiscal years ended September 30, 2012 and 2011, respectively. Expenses associated with the Pennsylvania table game tax totaled \$6.8 million and \$6.6 million for the fiscal years ended September 30, 2012 and 2011, respectively. Gaming costs and expenses as a percentage of gaming revenues were 72.8% and 74.1% for the fiscal years ended September 30, 2012 and 2011, respectively.

Gaming costs and expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year increased primarily as a result of additional operating costs and expenses to support a full year of table game and poker operations, including payroll costs and expenses associated with the Pennsylvania table game tax. The increase in gaming costs and expenses also was attributable to higher costs related to Player's Club point redemptions at third-party outlets and Mohegan Sun at Pocono Downs-

owned facilities. Expenses associated with the Pennsylvania slot machine tax totaled \$129.7 million and \$128.5 million for the fiscal years ended September 30, 2011 and 2010, respectively. Expenses associated with the Pennsylvania table game tax totaled \$6.6 million and \$1.3 million for the fiscal years ended September 30, 2011 and 2010, respectively. Gaming costs and expenses as a percentage of gaming revenues were 74.1% and 75.5% for the fiscal years ended September 30, 2011 and 2010, respectively.

Food and beverage costs and expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased primarily due to higher cost of goods sold commensurate with the growth in food and beverage revenues, partially offset by increased use of food and beverage complimentarys, resulting in higher amounts of food and beverage costs being allocated to gaming costs and expenses.

Food and beverage costs and expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year increased primarily as a result of higher cost of goods sold commensurate with the growth in food and beverage revenues. These results were partially offset by increased use of food and beverage complimentarys, resulting in higher amounts of food and beverage costs being allocated to gaming costs and expenses.

Retail, entertainment and other costs and expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year declined primarily as a result of lower direct entertainment costs.

Retail, entertainment and other costs and expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year increased primarily due to higher cost of goods sold commensurate with the growth in retail revenues, partially offset by lower direct entertainment costs.

Advertising, general and administrative costs and expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased primarily due to higher insurance and payroll costs, partially offset by lower utility costs.

Advertising, general and administrative costs and expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year increased primarily as a result of additional costs and expenses to support a full year of table game and poker operations.

Depreciation and amortization expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year decreased primarily as a result of fully depreciated assets related to the Phase II facility.

Depreciation and amortization expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year decreased primarily as a result of fully depreciated assets related to the Phase I facility.

### *Corporate and Other*

Corporate and other consisted of the following (in thousands):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Corporate and other:							
Gross revenues	\$ 374	\$ —	\$ —	\$ 374	\$ —	100.0 %	—
Less-Promotional allowances	77	—	—	77	—	100.0 %	—
Net revenues	\$ 297	\$ —	\$ —	\$ 297	\$ —	100.0 %	—
Expenses	\$ 17,379	\$ 16,704	\$ 18,260	\$ 675	\$ (1,556)	4.0 %	(8.5)%
Depreciation and amortization	124	159	245	(35)	(84)	(22.0)%	(34.6)%
Severance (1)	24	2	35	22	(33)	1,100.0 %	(94.3)%
Total expenses	\$ 17,527	\$ 16,865	\$ 18,538	\$ 662	\$ (1,673)	3.9 %	(9.0)%

(1) Workforce reduction severance charges.

Corporate and other revenues for the fiscal year ended September 30, 2012 primarily represent management fees earned by Mohegan Gaming Advisors, LLC, our wholly-owned unrestricted subsidiary, which entered into a joint venture and management arrangement with the owner of Resorts Atlantic City in fiscal 2012.

Corporate and other expenses for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased primarily as a result of higher development related expenditures.

Corporate and other expenses for the fiscal year ended September 30, 2011 compared to the prior fiscal year decreased primarily due to lower professional expenses.

### *Other Income (Expense)*

Other income (expense) consisted of the following (in thousands):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Accretion of discount to the relinquishment liability (1)	\$ (8,248)	\$ (11,366)	\$ (15,426)	\$ 3,118	\$ 4,060	(27.4)%	(26.3)%
Interest income (2)	4,492	2,732	2,755	1,760	(23)	64.4 %	(0.8)%
Interest expense, net of capitalized interest	(146,057)	(117,710)	(116,784)	(28,347)	(926)	24.1 %	0.8 %
Loss on early exchange and extinguishment of debt	(14,326)	—	(1,581)	(14,326)	1,584	100.0 %	(100.0)%
Write-off of debt issuance costs (3)	—	—	(338)	—	338	—	(100.0)%
Other expense, net	(44)	(217)	(426)	173	209	(79.7)%	(49.1)%
<b>Total other expense</b>	<b>\$ (164,183)</b>	<b>\$ (126,561)</b>	<b>\$ (131,803)</b>	<b>\$ (37,622)</b>	<b>\$ 5,242</b>	<b>29.7 %</b>	<b>(4.0)%</b>

(1) Reflects accretion of the discount to the present value of the relinquishment liability for the impact of the time value of money.

(2) Primarily represents interest earned on long-term receivables. Interest income for the fiscal year ended September 30, 2012, includes an adjustment of \$1.1 million, which related to prior periods.

(3) Represents unamortized debt issuance costs written-off upon the amendment of our bank credit facility.

Interest expense for the fiscal year ended September 30, 2012 compared to the prior fiscal year increased as a result of higher weighted average interest rate. Weighted average interest rate was 8.8% for the fiscal year ended September 30, 2012 compared to 7.1% in the prior fiscal year. The increase in weighted average interest rate was primarily driven by our March 6, 2012 refinancing transactions. Weighted average outstanding debt was \$1.66 billion for the fiscal year ended September 30, 2012 compared to \$1.65 billion in the prior fiscal year.

Interest expense for the fiscal year ended September 30, 2011 compared to the prior fiscal year increased due to higher weighted average interest rate. Weighted average interest rate was 7.1% for the fiscal year ended September 30, 2011 compared to 7.0% in the prior fiscal year. Weighted average outstanding debt was \$1.65 billion for the fiscal year ended September 30, 2011 compared to \$1.67 billion in the prior fiscal year.

Loss on early exchange of debt for the fiscal year ended September 30, 2012 represents financing fees written-off in connection with our March 6, 2012 refinancing transactions. We incurred approximately \$57.6 million in transaction costs in connection with our refinancing, of which \$14.3 million was written-off and \$43.3 million was capitalized and will be amortized over the terms of the related debt.

Loss on early exchange of debt for the fiscal year ended September 30, 2011 represents unamortized debt issuance costs written-off upon the early extinguishment of a then-existing term loan under our bank credit facility.

### *Seasonality*

The gaming market in the Northeastern United States is seasonal in nature, with peak gaming activities often occurring at Mohegan Sun and Mohegan Sun at Pocono Downs during the months of May through August. Accordingly, our results of operations for the fiscal year ended September 30, 2012 are not necessarily indicative of the operating results for interim periods.

## Liquidity and Capital Resources

Our cash flows consisted of the following (in thousands):

	For the Fiscal Years Ended September 30,						
	2012	2011	2010	Variance		Percentage Variance	
				12 vs. 11	11 vs. 10	12 vs. 11	11 vs. 10
Net cash provided by operating activities	\$ 176,997	\$ 194,278	\$ 170,506	\$ (17,281)	\$ 23,772	(8.9)%	13.9%
Net cash used in investing activities	(91,336)	(52,177)	(64,079)	(39,159)	11,902	75.1%	(18.6)%
Net cash used in financing activities	(83,751)	(93,824)	(107,194)	10,073	13,370	(10.7)%	(12.5)%
Net increase (decrease) in cash and cash equivalents	\$ 1,910	\$ 48,277	\$ (767)	\$ (46,367)	\$ 49,044	(96.0)%	(6,394.3)%

As of September 30, 2012 and 2011, we held cash and cash equivalents of \$14.1 million and \$112.2 million, respectively. As a result of the cash-based nature of our business, operating cash flow levels tend to follow trends in our operating income, excluding the effects of non-cash charges, such as depreciation and amortization, accretion of discounts and relinquishment liability reassessments. The decline in cash provided by operating activities for the fiscal year ended September 30, 2012 compared to the prior fiscal year reflects a reduction in net income after adjustments for non-cash items, partially offset by lower working capital requirements. The increase in cash provided by operating activities for the fiscal year ended September 30, 2011 compared to the prior fiscal year was attributable to increased net income after adjustments for non-cash items, partially offset by higher working capital requirements.

Operating activities are a significant source of our cash flows. We utilize cash flows from operations for scheduled interest payments, relinquishment payments, planned capital expenditures, distributions to the Tribe, projected working capital needs and debt reduction, as well as to make investments, from time to time. There are numerous potential factors which may cause a substantial reduction in the amount of such cash flows, including, but not limited to, the following:

- reduced discretionary spending by patrons on activities such as gaming, leisure and hospitality;
- increased competition, including the legalization or expansion of gaming in New England, New York, New Jersey, Pennsylvania or other states in the mid-Atlantic region, or the expansion of on-line gaming in the United States;
- unfavorable weather conditions;
- changes in applicable laws or policies regarding smoking or alcohol service at Mohegan Sun and Mohegan Sun at Pocono Downs;
- an infrastructure or transportation disruption, such as the closure of a major highway near Mohegan Sun or Mohegan Sun at Pocono Downs, for an extended period of time; and
- an act of terrorism on the United States.

The increase in cash used in investing activities for the fiscal year ended September 30, 2012 compared to the prior fiscal year primarily reflects cash held by Downs Lodging, LLC, or Downs Lodging, our wholly-owned unrestricted subsidiary, which use is restricted to payments for construction expenditures in connection with Project Sunlight, a hotel and convention center expansion at Mohegan Sun at Pocono Downs. The decrease in cash used in investing activities for the fiscal year ended September 30, 2011 compared to the prior fiscal year primarily reflects a non-recurring table game certificate fee payment of \$16.5 million to the PGCB in fiscal 2010.

The decrease in cash used in financing activities for the fiscal year ended September 30, 2012 compared to the prior fiscal year resulted from increased borrowings primarily reflecting proceeds from a \$45.0 million credit facility obtained by Downs Lodging to fund construction expenditures in connection with Project Sunlight. These results were partially offset by higher payments of financing fees and distributions to the Tribe. The decrease in cash used in financing activities for the fiscal year ended September 30, 2011 compared to the prior fiscal year was primarily attributable to lower distributions to the Tribe.

### Cost Saving Initiatives

In September 2012, we implemented a workforce reduction of approximately 330 positions in Uncasville, Connecticut, in an effort to further streamline our organization and better align operating costs with current market and business conditions. In addition, we implemented a number of other cost saving initiatives, including changes to the slot mix on the gaming floor, modifications to employee medical benefits and replacement of certain Mohegan Sun-owned food and beverage outlets with third-party operators. Labor and operating cost savings for fiscal 2013 are forecasted to be at least \$20.0 million.

In September 2010, we implemented a 475 position reduction of our workforce in Uncasville, Connecticut, as well as a number of other cost saving initiatives, including modifications to employee medical benefits, consolidation of certain Mohegan

Sun-owned food and beverage outlets and replacement of certain other Mohegan Sun-owned food and beverage outlets with third-party operators. These cost saving initiatives yielded labor and operating cost savings totaling approximately \$34.0 million for the fiscal year ended September 30, 2011.

#### *External Sources of Liquidity*

On March 6, 2012, we completed a comprehensive refinancing of our outstanding indebtedness, including the consummation of private exchange offers and consent solicitations with respect to our outstanding notes, an amendment and restatement of our bank credit facility and the execution and funding of a term loan facility (all further discussed below).

#### *Bank Credit Facilities*

##### *First Lien, First Out Credit Facility*

On March 6, 2012, we entered into a fourth amended and restated bank credit facility providing for a \$400.0 million term loan and a revolving loan with letter of credit and borrowing capacity of up to \$75.0 million from a syndicate of financial institutions and commercial banks, with Bank of America, N.A. serving as administrative agent, of the bank credit facility. Principal outstanding on the term loan under the bank credit facility is to be repaid at a rate of \$1.0 million per quarter. The bank credit facility matures on March 31, 2015, upon which date all outstanding balances are payable in full. As of September 30, 2012, there were \$397.0 million in term loans and no revolving loans outstanding under the bank credit facility. As of September 30, 2012, letters of credit issued under the bank credit facility totaled \$2.3 million, of which no amount was drawn. Inclusive of letters of credit, which reduce borrowing availability under the bank credit facility, and after taking into account restrictive financial covenant requirements, we had approximately \$64.9 million of borrowing capacity under the bank credit facility as of September 30, 2012.

Borrowings under the bank credit facility incur interest as follows: (i) for base rate revolving loans, base rate plus an applicable margin based on a leverage-based pricing grid between 2.25% and 3.25%; (ii) for Eurodollar rate revolving loans, the applicable LIBOR rate plus an applicable margin based on a leverage-based pricing grid between 3.50% and 4.50%; (iii) for base rate term loans, base rate plus an applicable margin equal to 3.25%; and (iv) for Eurodollar rate term loans, the applicable LIBOR rate plus 4.50%. For Eurodollar rate term loans, LIBOR is subject to a 1.0% floor. There also is a fee of between 0.25% and 0.50%, based on a leverage-based pricing grid, charged on unused revolving commitments. Interest on Eurodollar rate loans is payable at the end of each applicable interest period for periods of three months or less and for loans of more than three months, each March, June, September or December that occurs after the beginning of such interest period. Interest on base rate loans is payable quarterly in arrears. As of September 30, 2012, the \$397.0 million in term loans outstanding were based on the Eurodollar rate floor of 1.0% plus an applicable margin of 4.50%. The applicable margin for commitment fees was 0.50% as of September 30, 2012.

Our obligations under the bank credit facility are fully and unconditionally guaranteed, jointly and severally, by the Pocono Downs subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MYW, WTG and MTGA Gaming, collectively, the guarantors. The bank credit facility is collateralized by a first priority lien on substantially all of our property and assets and those of the guarantors (other than MBC), including the assets that comprise Mohegan Sun at Pocono Downs and a leasehold mortgage on the land and improvements that comprise Mohegan Sun (we and the guarantors, other than MBC, are collectively referred to herein as the grantors). The grantors also are required to pledge additional assets as collateral for the bank credit facility as they and future guarantor subsidiaries acquire them. The liens and security interests granted by the grantors as security for our obligations under the bank credit facility are senior in priority to the liens on the same collateral securing the term loan facility (as defined below) and the 2009 second lien notes, 2012 second lien notes and 2012 third lien notes (each as defined below and, collectively, the secured notes). The collateral securing the bank credit facility constitutes substantially all of the grantors' property and assets that secure the term loan facility and the secured notes, but excludes certain excluded assets as defined in the bank credit facility.

The bank credit facility contains negative covenants applicable to us and the guarantors, including negative covenants governing incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions, mergers or consolidations and capital expenditures. Additionally, the bank credit facility includes financial maintenance covenants pertaining to total leverage, senior leverage and minimum fixed charge coverage. The levels of these covenants as of September 30, 2012 through the remaining term of the bank credit facility are as follows:

Minimum fixed charge coverage ratio covenant, as defined under the bank credit facility:

Fiscal Quarters Ending:

September 30, 2012 and thereafter

1.05100

Maximum total leverage ratio covenant, or ratio of total debt to annualized EBITDA, as such terms are defined under

the bank credit facility:

<u>Fiscal Quarters Ending:</u>	
September 30, 2012	7.25:1.00
December 31, 2012 through March 31, 2013	7.00:1.00
June 30, 2013 through December 31, 2013	6.75:1.00
March 31, 2014 through June 30, 2014	6.50:1.00
September 30, 2014 and thereafter	6.25:1.00

Maximum senior leverage ratio covenant, or ratio of total debt outstanding under the bank credit facility to annualized EBITDA, as such terms are defined under the bank credit facility:

<u>Fiscal Quarters Ending:</u>	
September 30, 2012 and thereafter	1.75:1.00

As of September 30, 2012, we and the Tribe were in compliance with all respective covenant requirements under the bank credit facility.

#### ***First Lien, Second Out Term Loan Facility***

On March 6, 2012, we entered into a loan agreement providing for a \$225.0 million first lien, second out term loan with Wells Fargo Gaming Capital, LLC serving as Administrative Agent, or the term loan facility. The term loan facility was issued at a price of 98.0% of par, for an initial yield of approximately 9.6% *per annum*. The term loan facility has no mandatory amortization and is payable in full on March 31, 2016. The net proceeds from the term loan facility were used to refinance our existing indebtedness, permanently reduce commitments under the bank credit facility and pay accrued interest, fees and expenses in connection with our refinancing transactions consummated on March 6, 2012.

Loans under the term loan facility incur interest as follows: (i) for base rate loans, base rate plus 6.50% per annum and (ii) for Eurodollar rate loans, LIBOR plus 7.50% per annum. In all cases, LIBOR is subject to a 1.50% floor. Interest on Eurodollar rate loans is payable at the end of each applicable interest period or every quarter in arrears, if an interest period exceeds three months. Interest on base rate loans is payable quarterly in arrears. As of September 30, 2012, we had a \$225.0 million Eurodollar rate loan outstanding, which was based on the Eurodollar rate floor of 1.50% plus an applicable margin of 7.50%. As of September 30, 2012, accrued interest on the term loan facility was \$1.2 million.

Our term loan facility is fully and unconditionally guaranteed, jointly and severally, by each of the guarantors. The liens and security interests granted by the grantors as security for our obligations under the term loan facility are senior in priority to the liens on the same collateral securing any of the secured notes. The collateral securing the term loan facility constitutes substantially all of the grantors' property and assets that secure the bank credit facility and the secured notes, but excludes certain excluded assets as defined in the term loan facility.

The term loan facility contains negative covenants and financial maintenance covenants that are substantially the same as those contained in the bank credit facility. The term loan facility also includes a separate first lien leverage ratio covenant.

As of September 30, 2012, we and the Tribe were in compliance with all respective covenant requirements under the term loan facility.

We continue to monitor revenues and expenditures to ensure continued compliance with our financial covenant requirements under both the bank credit facility and the term loan facility. While we anticipate that we will remain in compliance with all covenant requirements under our bank credit facilities for all periods prior to maturity, we may need to increase revenues or offset any future declines in revenues by implementing further cost containment and other initiatives in order to maintain compliance with these financial covenant requirements. If we are unable to satisfy our financial covenant requirements, we would need to obtain waivers or consents under the bank credit facilities; however, we can provide no assurance that we would be able to obtain such waivers or consents. If we are unable to obtain such waivers or consents, we would be in default under our bank credit facilities, which may result in cross-defaults under our other outstanding indebtedness and allow our lenders and creditors to exercise their rights and remedies as defined under their respective agreements, including their right to accelerate the repayment of our outstanding indebtedness. If such acceleration were to occur, we can provide no assurance that we would be able to obtain the financing necessary to repay such accelerated indebtedness.

### **Senior Secured Notes**

#### **2009 11 1/2% Second Lien Senior Secured Notes**

In October 2009, we issued \$200.0 million second lien senior secured notes with fixed interest payable at a rate of 11.50% *per annum*, or the 2009 second lien notes. The 2009 second lien notes were issued at a price of 96.234% of par, to yield an effective interest rate of 12.25% *per annum*. The 2009 second lien notes mature on November 1, 2017. The first call date for the 2009 second lien notes is November 1, 2013. Interest on the 2009 second lien notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>.

On March 6, 2012, we completed a private exchange offer and consent solicitation for any or all of our outstanding 2009 second lien notes. As part of the exchange offer, we solicited and received consents from tendering holders to certain amendments to the indentures governing the 2009 second lien notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2009 second lien notes tendered and exchanged was \$199.8 million. An aggregate principal amount of \$200,000 of 2009 second lien notes remains outstanding as of September 30, 2012.

Our 2009 second lien notes are collateralized by a second priority lien on substantially all of the grantors' and future guarantor subsidiaries' properties and assets, and are effectively subordinated to all of our and our existing and future guarantor subsidiaries' first priority lien secured indebtedness, including borrowings under the bank credit facility and term loan facility, to the extent of the value of the collateral securing such indebtedness. The 2009 second lien notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The 2009 second lien notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

#### **2012 11 1/2% Second Lien Senior Secured Notes**

On March 6, 2012, we issued \$199.8 million second lien senior secured notes with fixed interest payable at a rate of 11.50% *per annum*, or the 2012 second lien notes, in exchange for an equal amount of 2009 second lien notes. The 2012 second lien notes mature on November 1, 2017. We may redeem the 2012 second lien notes, in whole or in part, at any time prior to November 1, 2014, at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest. On or after November 1, 2014, we may redeem the 2012 second lien notes, in whole or in part, at a premium decreasing ratably to zero, plus accrued interest. If a change of control of us occurs, we must offer to repurchase the 2012 second lien notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if we undertake certain types of asset sales or suffers events of loss, and we do not use the related sale or insurance proceeds for specified purposes, we may be required to offer to repurchase the 2012 second lien notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 second lien notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, commencing November 1, 2012.

Our 2012 second lien notes and the related guarantees are secured by second lien security interests in substantially all of the grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing our bank credit facility and term loan facility (and permitted replacements thereof) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 second lien notes constitutes substantially all of the grantors' property and assets that secure the bank credit facility and term loan facility, the 2009 second lien notes and 2012 third lien notes, but excludes certain excluded assets as defined in the 2012 second lien notes indenture. The 2012 second lien notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The 2012 second lien notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

#### **2012 10 1/2% Third Lien Senior Secured Notes**

On March 6, 2012, we issued \$417.7 million third lien senior secured notes with fixed interest payable at a rate of 10.50% *per annum*, or the 2012 third lien notes, in exchange for \$234.2 million of 2005 senior unsecured notes and \$183.5 million of 2002 senior subordinated notes. The 2012 third lien notes mature on December 15, 2016. We may redeem the 2012 third lien notes, in whole or in part, at any time at a price equal to 100% of the principal amount plus accrued interest. If a change of control of us occurs, we must offer to repurchase the 2012 third lien notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if we undertake certain types of asset sales or suffers events of loss, and we do not use the related sale or insurance proceeds for specified purposes, we may be required to offer to repurchase the 2012 third lien notes at a price equal to 100% of

the principal amount, plus accrued interest. Interest on the 2012 third lien notes is payable semi-annually on June 15<sup>th</sup> and December 15<sup>th</sup>, commencing December 15, 2012.

Our 2012 third lien notes and the related guarantees are secured by third lien security interests in substantially all of the grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing our bank credit facility and term loan facility, the 2009 second lien notes and 2012 second lien notes (and permitted replacements of each of the foregoing) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 third lien notes constitutes substantially all of the grantors' property and assets that secure the bank credit facility and term loan facility, the 2009 second lien notes and 2012 second lien notes, but excludes certain excluded assets as defined in the 2012 third lien notes indenture. The 2012 third lien notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The 2012 third lien notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

### *Senior Unsecured Notes*

#### *2005 6 1/8% Senior Unsecured Notes*

In February 2005, we issued \$250.0 million senior unsecured notes with fixed interest payable at a rate of 6.125% *per annum*, or the 2005 senior unsecured notes. The 2005 senior unsecured notes mature on February 15, 2013. The 2005 senior unsecured notes are callable at our option at par. Interest on the 2005 senior unsecured notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, we completed a private exchange offer and consent solicitation for any or all of our outstanding 2005 senior unsecured notes. As part of the exchange offer, we solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 senior unsecured notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2005 senior unsecured notes tendered and exchanged was \$234.2 million. An aggregate principal amount of \$15.8 million of the 2005 senior unsecured notes remains outstanding as of September 30, 2012.

Our 2005 senior unsecured notes are uncollateralized general obligations, and are effectively subordinated to all of our and the guarantors' and future guarantor subsidiaries' senior secured indebtedness, including the bank credit facility, term loan facility, 2009 second lien notes, 2012 second lien notes and 2012 third lien notes, to the extent of the value of the collateral securing such indebtedness. The 2005 senior unsecured notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

### *Senior Subordinated Notes*

#### *2002 8% Senior Subordinated Notes*

In February 2002, we issued \$250.0 million senior subordinated notes with fixed interest payable at a rate of 8.000% *per annum*, or the 2002 senior subordinated notes. The 2002 senior subordinated notes matured on April 1, 2012. Subsequent to the March 6, 2012 private exchange offer, \$66.5 million 2002 senior subordinated notes remained outstanding, which amount, including accrued interest, was repaid at maturity with cash on hand.

#### *2004 7 1/8% Senior Subordinated Notes*

In August 2004, we issued \$225.0 million senior subordinated notes with fixed interest payable at a rate of 7.125% *per annum*, or the 2004 senior subordinated notes. The 2004 senior subordinated notes mature on August 15, 2014. The 2004 senior subordinated notes are callable at our option at par. Interest on the 2004 senior subordinated notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, we completed a private exchange offer and consent solicitation for any or all of our outstanding 2004 senior subordinated notes. As part of the exchange offer, we solicited and received consents from tendering holders to certain amendments to the indentures governing the 2004 senior subordinated notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2004 senior subordinated notes tendered and exchanged was \$203.8 million. An aggregate principal amount of \$21.2 million of the 2004 senior subordinated notes remains outstanding as of September 30, 2012.

### *2005 6<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes*

In February 2005, we issued \$150.0 million senior subordinated notes with fixed interest payable at a rate of 6.875% *per annum*, or the 2005 senior subordinated notes. The 2005 senior subordinated notes mature on February 15, 2015. The 2005 senior subordinated notes are callable at our option at par. Interest on the 2005 senior subordinated notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, we completed a private exchange offer and consent solicitation for any or all of our outstanding 2005 senior subordinated notes. As part of the exchange offer, we solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 senior subordinated notes, which eliminated certain covenants under the notes and related indenture. The aggregate principal amount of 2005 senior subordinated notes tendered and exchanged was \$140.3 million. An aggregate principal amount of \$9.7 million of the 2005 senior subordinated notes remains outstanding as of September 30, 2012.

### *2012 11% Senior Subordinated Notes*

On March 6, 2012, we issued \$344.2 million senior subordinated toggle notes with fixed interest payable at a rate of 11% *per annum*, or the 2012 senior subordinated notes, in exchange for \$205.8 million of 2004 senior subordinated notes and \$140.3 million of 2005 senior subordinated notes. The 2012 senior subordinated notes mature on September 15, 2018. We may redeem the 2012 senior subordinated notes, in whole or in part, at any time, at a price equal to 100% of the principal amount plus accrued interest. If a change of control of us occurs, we must offer to repurchase the 2012 senior subordinated notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if we undertake certain types of asset sales or suffers events of loss, and we do not use the related sale or insurance proceeds for specified purposes, we may be required to offer to repurchase the 2012 senior subordinated notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 senior subordinated notes is payable semi-annually on March 15<sup>th</sup> and September 15<sup>th</sup>, commencing September 15, 2012. The initial interest payment on the 2012 senior subordinated notes is payable entirely in cash. For any subsequent interest payment period through March 15, 2018, we may, at our option, elect to pay interest on the 2012 senior subordinated notes either entirely in cash or by paying up to 2% in 2012 senior subordinated notes, or PIK interest. If we elect to pay PIK interest, such election will increase the principal amount of the 2012 senior subordinated notes in an amount equal to the amount of PIK interest for the applicable interest payment period to holders of 2012 senior subordinated notes on the relevant record date.

The 2012 senior subordinated notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

Our senior subordinated notes are uncollateralized general obligations, and are subordinated to borrowings under the bank credit facility, term loan facility, 2009 second lien notes, 2012 second lien notes, 2012 third lien notes and 2005 senior unsecured notes. The senior subordinated notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The senior and senior subordinated note indentures contain certain non-financial and financial covenant requirements with which we and the Tribe must comply. The non-financial covenant requirements include, among other things, reporting obligations, compliance with laws and regulations, maintenance of licenses and insurances and our continued existence. The financial covenant requirements include, among other things, subject to certain exceptions, limitations on our and the guarantors' ability to incur additional indebtedness, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company, transfer or sell assets or impair assets constituting collateral.

As of September 30, 2012, we and the Tribe were in compliance with all respective covenant requirements under the senior and senior subordinated note indentures.

We or our affiliates may, from time to time, seek to purchase or otherwise retire outstanding indebtedness for cash in open market purchases, privately negotiated transactions or otherwise. Any such transaction will depend on prevailing market conditions and our liquidity and covenant requirement restrictions, among other factors.

### *Line of Credit*

As of September 30, 2012, we had a \$16.5 million revolving credit facility with Bank of America, N.A., or the line of credit. The line of credit was amended in March 2012 to, among other things, extend the maturity date to March 31, 2015. Pursuant to provisions of the bank credit facility, the line of credit may be replaced by an autoborrow loan governed by the terms of an autoborrow agreement described in the bank credit facility. Under the line of credit, each advance accrues interest on the basis of

a one-month LIBOR Rate plus an applicable margin based on our total leverage ratio, as each term is defined under the line of credit. Borrowings under the line of credit are uncollateralized obligations. As of September 30, 2012, no amount was drawn on the line of credit. The line of credit contains negative covenants and financial maintenance covenants that are substantially the same as those contained in the bank credit facility. As of September 30, 2012, we were in compliance with all covenant requirements under the line of credit and had \$16.5 million of borrowing capacity thereunder.

#### *2009 Mohegan Tribe Promissory Note*

In September 2009, the Tribe made a \$10.0 million loan to Salishan-Mohegan, referred to herein as the 2009 Mohegan Tribe promissory note. The 2009 Mohegan Tribe promissory note was amended in March 2012 to extend the maturity date to September 30, 2014. As amended, the 2009 Mohegan Tribe promissory note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly in the amount of \$1.2 million, commencing December 31, 2013 and continuing through June 30, 2014, with the balance of accrued and unpaid interest due at maturity. Principal outstanding under the 2009 Mohegan Tribe promissory note amortizes as follows: (i) \$1.625 million per quarter, commencing December 31, 2012 and continuing through September 30, 2013 and (ii) \$875,000 per quarter, commencing December 31, 2013.

#### *2012 Mohegan Tribe Minor's Trust Promissory Note*

In March 2012, Comerica Bank & Trust, N.A., Trustee E/b/o The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan, referred to herein as the 2012 Mohegan Tribe Minor's Trust promissory note, the proceeds of which were used to repay, among other things, the Salishan-Mohegan bank credit facility. The 2012 Mohegan Tribe Minor's Trust promissory note matures on March 31, 2016. The 2012 Mohegan Tribe Minor's Trust promissory note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly, commencing June 30, 2012. Principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note amortizes as follows: (i) \$500,000 per quarter, commencing December 31, 2012 and continuing through September 30, 2014 and (ii) \$1.5 million per quarter, commencing December 31, 2014 and continuing to maturity.

#### *Mohegan Tribe Credit Facility*

In 2011, the Tribe provided Salishan-Mohegan with a \$1.75 million revolving credit facility, or the Mohegan Tribe credit facility. The Mohegan Tribe credit facility was amended in March 2012 to extend the maturity date to September 30, 2013 and reduce the borrowing capacity to \$1.45 million. The Mohegan Tribe credit facility accrues interest at an annual rate of 15.0% payable at maturity. As amended, principal outstanding under the Mohegan Tribe credit facility amortizes at a rate of \$362,500 per quarter, commencing December 31, 2012. As of September 30, 2012, the Mohegan Tribe credit facility was fully drawn.

#### *Salishan-Mohegan Bank Credit Facility*

Salishan-Mohegan previously had a \$15.25 million revolving credit facility with Bank of America, N.A., or the Salishan-Mohegan bank credit facility. The Salishan-Mohegan bank credit facility, including accrued interest, matured in March 2012, at which time it was repaid with proceeds from the 2012 Mohegan Tribe Minor's Trust promissory note.

#### *Downs Lodging Credit Facility*

On July 16, 2012, Downs Lodging, a single purpose entity and our wholly-owned unrestricted subsidiary, entered into a credit agreement providing for a \$45.0 million term loan, or the Downs Lodging credit facility, from a third-party lender. The proceeds of the Downs Lodging credit facility will be used by Downs Lodging to finance Project Sunlight, a hotel and convention center expansion project being developed and built by Downs Lodging at Mohegan Sun at Pocono Downs. The Downs Lodging credit facility matures on July 12, 2016 and accrues interest at an annual rate of 13.0%. Under the terms of the Downs Lodging credit facility, accrued interest of 10.0% is payable monthly in cash during the term of the loan, with the remaining 3.0% due at maturity. In addition, a 3.0% exit fee is payable upon repayment of the loan principal. The Downs Lodging credit facility is a senior secured obligation of Downs Lodging, collateralized by all existing and future assets of Downs Lodging. The Downs Lodging credit facility subjects Downs Lodging to certain covenant requirements customarily found in loan agreements for similar transactions. As of September 30, 2012, Downs Lodging was in compliance with all covenant requirements under the Downs Lodging credit facility.

### Capital Expenditures

The following table presents data related to capital expenditures (in millions, including capitalized interest):

	Capital Expenditures			
	Fiscal Year Ended September 30, 2012	Fiscal Year Ended September 30, 2011	Fiscal Year Ended September 30, 2010	Forecasted Fiscal Year 2013
<b>Mohegan Sun</b>				
Maintenance	\$ 29.4	\$ 19.7	\$ 16.9	\$ 25.7
Development	6.8	20.7	5.5	3.9
Expansion	0.3	0.9	4.7	-
Subtotal	36.5	41.3	27.1	29.6
<b>Mohegan Sun at Pocono Downs</b>				
Maintenance	4.1	4.5	2.2	4.9
Development	-	0.5	0.2	-
Expansion	(0.6)	0.2	14.0	0.6
Subtotal	3.5	5.2	16.4	5.5
<b>Corporate:</b>				
Expansion - Project Sunlight	3.6	-	-	41.9
Subtotal	3.6	-	-	41.9
<b>Total</b>	<b>\$ 43.6</b>	<b>\$ 46.5</b>	<b>\$ 43.5</b>	<b>\$ 77.0</b>

We primarily rely on cash flows provided by operating activities to fund maintenance capital expenditures at Mohegan Sun and Mohegan Sun at Pocono Downs. We plan to fund any development or expansion capital expenditures at Mohegan Sun and Mohegan Sun at Pocono Downs through a combination of existing cash, cash flows provided by operating activities and draws under our bank credit facility. The costs for Project Sunlight are being funded through a combination of a \$45 million non-recourse term loan obtained by Downs Lodging and a \$5 million investment by us. Project Sunlight is expected to be completed by the end of 2013.

### Interest Expense

The following table presents our interest expense (in thousands, net of capitalized interest):

	For the Fiscal Years Ended September 30,		
	2012	2011	2010
Bank credit facility	\$ 21,723	\$ 22,974	\$ 23,714
Term loan facility, including accretion of discount	12,280	—	—
2009 11 <sup>1</sup> / <sub>2</sub> % second lien senior secured notes, includes accretion of bond discount	10,226	23,661	21,949
2012 11 <sup>1</sup> / <sub>2</sub> % second lien senior secured notes, includes accretion of bond discount	13,505	—	—
2012 10 <sup>1</sup> / <sub>2</sub> % third lien senior secured notes	24,979	—	—
2005 6 <sup>3</sup> / <sub>8</sub> % senior unsecured notes	7,143	15,313	15,313
2001 8 <sup>3</sup> / <sub>8</sub> % senior subordinated notes	—	126	168
2002 8% senior subordinated notes	8,980	20,000	20,000
2004 7 <sup>1</sup> / <sub>8</sub> % senior subordinated notes	7,761	16,031	16,031
2005 6 <sup>7</sup> / <sub>8</sub> % senior subordinated notes	4,818	10,313	10,313
2012 11% senior subordinated notes	21,560	—	—
Line of credit	95	260	290
WNBA promissory note	—	6	25
Salishan-Mohegan bank credit facility	250	576	561
2009 Mohegan Tribe promissory note (Salishan-Mohegan)	1,248	1,500	1,496
2012 Mohegan Tribe Minor's Trust promissory note (Salishan-Mohegan)	1,011	—	—
Mohegan Tribe credit facility (Salishan-Mohegan)	202	47	—
Downs Lodging credit facility	1,263	—	—
Capital leases	559	220	251
Amortization of net deferred gain on settlement of derivative instruments	(255)	(467)	(467)
Amortization of debt issuance costs	8,743	7,150	7,206
Capitalized interest	(34)	—	(66)
Total interest expense, net of capitalized interest	\$ 146,057	\$ 117,710	\$ 116,784

### Sufficiency of Resources

We believe that existing cash balances, financing arrangements and operating cash flows will provide us with sufficient resources to meet our existing debt obligations, relinquishment payments, foreseeable capital expenditure requirements and distributions to the Tribe for at least the next twelve months; however, we can provide no assurance in this regard. Please refer to "Part I, Item 1A, Risk Factors" for further details regarding risks relating to our sufficiency of resources. Any future investments in Mohegan Sun and Mohegan Sun at Pocono Downs are anticipated to be funded through a combination of existing cash balances, future operating cash flows and draws under our bank credit facility. The costs for Project Sunlight are being funded through a combination of a \$45 million non-recourse term loan obtained by Downs Lodging and a \$5 million investment by us. Inclusive of letters of credit, which reduce borrowing availability under the bank credit facility, and after taking into account restrictive financial covenant requirements, we had approximately \$64.9 million of borrowing capacity under the bank credit facility and line of credit as of September 30, 2012. Distributions to the Tribe are anticipated to total approximately \$50.0 million for fiscal 2013.

### Contractual Obligations and Commitments

The following table presents estimated future payment obligations related to our debt and certain other material contractual obligations and the timing of those payments as of September 30, 2012 (in thousands):

Contractual Obligations	Total	Payments due by period			
		Less than 1 year (1)	1-3 years	3-5 years	More than 5 years
Long-term debt	\$ 1,706,996	\$ 29,725	\$ 435,310	\$ 697,771	\$ 544,190
Capital and operating leases	11,406	4,388	4,539	1,815	664
Interest payments on long-term debt and capital leases	734,628	173,487	302,919	208,850	49,372
Procurement	53,084	18,746	21,946	7,362	5,030
Construction	31,186	24,377	6,809	—	—
Total	\$ 2,537,300	\$ 250,725	\$ 771,523	\$ 915,798	\$ 599,256

(1) Represents payment obligations from October 1, 2012 to September 30, 2013

In addition to the above listed contractual obligations, we have certain other contractual commitments as of September 30, 2012. The calculation of estimated future payments related to these contractual commitments as presented in the following table is based, in large part, on revenue projections over an extended period of time, as well as other factors that are more fully described below. Given the high level of estimate and judgment utilized in the calculation of these liabilities, future events that affect such estimates and judgments may cause actual payments to materially differ from current estimates. The amounts presented in the following table are estimates, and, while certain agreements have perpetual terms, for the purposes of calculating these amounts, we have assumed that the table contains information for only ten years (in thousands):

Contractual Commitments	Payments due by period			
	Less than 1 year (1)	1-3 years	3-5 years	5-10 years
Combined minimum slot win and free promotional slot play contributions (2)	\$ 160,936	\$ 322,319	\$ 329,032	\$ 878,297
Pennsylvania slot machine tax (3)	136,910	291,013	301,524	807,850
Pennsylvania table game tax (4)	6,149	14,316	15,073	40,395
Horsemen purses (5)	2,701	3,216	—	—
Relinquishment (6)	51,527	63,481	—	—
Priority distributions (7)	19,227	39,907	41,928	114,343
Town of Montville (8)	500	1,000	1,000	2,500
<b>Total</b>	<b>\$ 377,970</b>	<b>\$ 735,252</b>	<b>\$ 688,557</b>	<b>\$ 1,843,385</b>

(1) Represents payment obligations from October 1, 2012 to September 30, 2013.

(2) Represents portions of revenues earned on slot machines and free promotional slot plays that must be paid to the State of Connecticut. Slot win contribution payments are the lesser of (1) 30% of gross revenues from slot machines at Mohegan Sun, or (2) the greater of (a) 25% of gross revenues from slot machines at Mohegan Sun or (b) \$80.0 million. Free promotional slot play contribution payments are 25% of the face amount of free promotional slot plays in excess of 11% of monthly gross revenues from slot machines at Mohegan Sun.

(3) Represents portion of revenues earned on slot machines that must be paid to the PGCB. Pennsylvania slot machine tax payments are 55% of gross revenues from slot machines at Mohegan Sun at Pocono Downs, 2% of which is subject to a \$10.0 million minimum annual threshold.

(4) Represents portion of revenues earned on table games that must be paid to the PGCB. Pennsylvania Table Game Tax payments are 12%, plus 2% in local share assessments.

(5) Represents portion of racing handle that must be paid in purses pursuant an agreement with the Pennsylvania Harness Horsemen's Association. Payments consist of 2.5% of wagers on live races at Mohegan Sun at Pocono Downs that are simulcasted to other racetracks with the Commonwealth of Pennsylvania and 1.1% of wagers on races simulcasted to locations outside the Commonwealth of Pennsylvania.

(6) Represents payment obligations to TCA pursuant to a relinquishment agreement. Relinquishment payments are 5% of revenues, as defined under the relinquishment agreement. Payment obligations reflect our estimate of amounts to be paid over the remaining relinquishment period, which expires on December 31, 2014.

(7) Represents payment obligations to the Tribe pursuant to a priority distribution agreement. Priority distribution payments are calculated based on our net cash flows, as defined under the priority distribution agreement, and are limited to a maximum amount of \$14.0 million, adjusted annually based on the Consumer Price Index, or the CPI. Payment obligations reflect our estimate of maximum amounts to be paid, adjusted by an annual CPI of 2.5%.

(8) Represents payment obligations to the Town of Montville of \$500,000 per year to minimize the impact of Tribe's reservation being held in trust.

### Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate such estimates, including those related to revenue recognition, reserves for doubtful accounts, the liabilities associated with unredeemed Player's Club points, self-insurance and relinquishment, asset valuation, contingencies and litigation. These estimates are based on information currently available to us, as well as various other assumptions that we believe to be reasonable under current circumstances. Actual results could differ from those estimates.

We believe the following accounting policies impact significant judgments and estimates utilized in the preparation of our consolidated financial statements.

#### Revenue Recognition

We recognize gaming revenues as amounts wagered less prizes paid out. Revenues from food and beverage, hotel, retail, entertainment and other services are recognized at the time such service is performed. Minimum rental revenues are recognized on a straight-line basis over the terms of the related leases. Percentage rental revenues are recognized in the periods in which the tenants exceed their respective percentage rent thresholds.

#### Reserves for Doubtful Accounts

We maintain a reserve for doubtful collection of casino, hotel and other non-gaming receivables based on our estimate

of the probability that these receivables will be collected. We assess the adequacy of this reserve by continuously evaluating historical experience, creditworthiness of the related patron and all other available information. Future business or economic trends could affect the collectability of these receivables and the related reserve.

We also maintain reserves for doubtful collection of reimbursable costs and expenses advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe for the Cowlitz Project and WTC on behalf of the Menominee Tribe for the Menominee Project based on our estimate of the probability that the receivables will be collected. We assess the reserve for doubtful collection of the Salishan-Mohegan receivables for adequacy on a quarterly basis. Future developments in the receipt of financing, the relevant land being taken into trust or other matters affecting the Cowlitz Project could affect the collectability of the Salishan-Mohegan receivables and the related reserve. The WTC receivables are fully reserved.

#### *Unredeemed Player's Club Points*

We maintain an accrual for unredeemed Player's Club points. This accrual is based on the estimated cost of Player's Club points expected to be redeemed as of the respective balance sheet date. We assess the adequacy of this accrual by periodically evaluating historical redemption experiences and projected trends related to the accrual. Actual results could differ from these estimates.

#### *Self-insurance Accruals*

We are self-insured up to certain limits for costs associated with workers' compensation, general liability and employee medical coverage. Insurance claims and reserves include accruals of estimated settlements of known claims, as well as accruals of estimates of incurred but not reported claims. In estimating self-insurance accruals, we consider historical loss experiences and expected levels of costs per claim. Claims are accounted for based on estimates of undiscounted claims, including claims incurred but not reported. We believe that this method provides a consistent and effective way to measure these liabilities; however, changes in health care costs, accident frequency and severity and other factors could materially impact estimated liabilities. We continuously monitor estimates and makes adjustments when necessary.

#### *Relinquishment Liability*

We recorded a relinquishment liability based on the estimated present value of our obligations under a relinquishment agreement. We reassess projected revenues and consequently the relinquishment liability: (1) annually in conjunction with our budgeting process, or (2) when necessary to account for material increases or decreases in projected revenues over the relinquishment period. If the reassessment results in an overall increase in projected revenues over the relinquishment period, the relinquishment liability is increased by 5% of such increase in revenues, discounted at our risk-free rate of investment, which is an incremental layer. If the reassessment results in an overall decrease to projected revenues over the relinquishment period, the relinquishment liability is decreased by 5% of such decrease in revenues, discounted on the basis of a weighted-average discount rate, which is a decremental layer. The weighted-average discount rate is defined as the average discount rate utilized to discount all previous incremental layers weighted by the amount of each incremental layer. In addition, we recognize a quarterly accretion to the relinquishment liability to reflect the impact of the time value of money. Since the calculation of this liability requires a high level of estimates and judgments (including those related to projected revenues and impact and timing of future competition), future events that affect such estimates and judgments may cause the actual liability to materially differ from the current estimate.

#### *Property and Equipment*

Property and equipment are stated at cost. Depreciation is recognized over the estimated useful lives of the assets, other than land, on a straight-line basis. Leasehold improvements are amortized over the shorter of the lease terms or the estimated useful lives of the improvements. Estimated useful lives by asset categories are as follows:

Buildings and land improvements	40 years
Furniture and equipment	3 - 7 years

The costs of significant improvements are capitalized. Costs of normal repairs and maintenance are expensed as incurred. Gains or losses on disposition of property and equipment are reflected in our consolidated financial statements.

Property and equipment are assessed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If it is determined that the carrying amounts may not be recoverable based on current and future levels of income and cash flows, as well as other factors, an impairment loss will be recognized at such time.

### *Goodwill*

The fair value is determined utilizing an income approach based on projected discounted cash flows from the Pennsylvania facilities, exclusive of capital expenditures requirements. If the carrying value of the goodwill exceeds its fair value, an impairment loss will be recognized to the extent that the carrying value of the goodwill exceeds its implied fair value. The income approach requires us to make assumptions regarding future revenues and expenses, discount rates and the terminal value based on a market multiple of the Pennsylvania facilities. As of September 30, 2012 and 2011, we assessed the goodwill for impairment and determined that no impairment existed. If any of the following occurs, the goodwill may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on our consolidated financial statements: (1) if estimates of projected cash flows from the Pennsylvania facilities are not met; (2) if the discount rate increases; (3) if terminal growth rates decrease; or (4) if market multiples decrease.

### *Other Intangible Assets*

The slot machine license and table game certificate intangible assets are assessed as a single unit of accounting at least annually for impairment by comparing the fair value of the recorded assets to their carrying value. Their fair value is determined utilizing an income approach based on projected discounted cash flows from the Pennsylvania facilities, exclusive of a required rate of return of all other assets and exclusive of capital expenditures requirements. If the carrying value exceeds the fair value, an impairment loss will be recognized to the extent that the carrying value exceeds the fair value. The income approach requires us to make assumptions regarding future revenues and expenses, discount rates, royalty rate and the terminal value based on a perpetual growth rate of the Pennsylvania facilities. As of September 30, 2012 and 2011, we assessed the intangible assets for impairment and determined that no impairment existed. If any of the following occurs, the intangible assets may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on our consolidated financial statements: (1) if estimates of projected cash flows from the Pennsylvania facilities are not met; (2) if the discount rate increases; or (3) if the terminal value decreases.

The Mohegan Sun trademark is assessed at least annually for impairment by comparing its fair value to its carrying value. The fair value is determined utilizing the income approach – relief from royalty method based on projected revenues from Mohegan Sun and Mohegan Sun at Pocono Downs. If the carrying value exceeds the fair value, an impairment loss will be recognized to the extent that the carrying value exceeds the fair value. The income approach requires us to make assumptions regarding future revenues, discount rates, royalty rate and the terminal value based on a perpetual growth rate of Mohegan Sun and Mohegan Sun at Pocono Downs. As of September 30, 2012 and 2011, we assessed the Mohegan Sun trademark for impairment and determined that no impairment existed. If any of the following occurs, the Mohegan Sun trademark may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on our consolidated financial statements: (1) if estimates of projected cash flows from Mohegan Sun and Mohegan Sun at Pocono Downs are not met; (2) if the discount rate increases; or (3) if the perpetual growth rate decreases.

### *Litigation*

We are a defendant in various litigation matters resulting from our normal course of business. Some of these matters relate to personal injuries to patrons and damages to patrons' personal assets. We estimate patrons' claims and accrue for such liabilities based upon historical experience.

### *New Accounting Standards*

In July 2012, the Financial Accounting Standards Board, or the FASB, issued revised guidance pertaining to the accounting standard for indefinite-lived intangible assets. The revised guidance allows an entity the option to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired before performing the two-step indefinite-lived intangible asset impairment test. The revised guidance is effective for interim and annual periods beginning after September 15, 2012; however, early adoption is permitted. We adopted this guidance in our fourth quarter of fiscal 2012, and its adoption did not impact our financial position, results of operations or cash flows.

In September 2011, the FASB issued revised guidance pertaining to the accounting standard for goodwill impairment tests. The revised guidance allows an entity the option to assess qualitative factors to determine whether the fair value of a reporting unit is less than its carrying value before performing the two-step goodwill impairment test. The revised guidance is effective for interim and annual periods beginning after December 15, 2011. We adopted this guidance in our second quarter of fiscal 2012, and its adoption did not impact our financial position, results of operations or cash flows.

In May 2011, the FASB issued amended guidance seeking to improve the comparability of fair value measurements

presented and disclosed in financial statements prepared in accordance with U.S. generally accepted accounting principles, or GAAP, and International Financial Reporting Standards, or IFRS. While consistent with existing fair value measurement principles under GAAP, the amended guidance expands existing disclosure requirements for fair value measurements and eliminates unnecessary differences between GAAP and IFRS. The amended guidance is effective for interim and annual periods beginning after December 15, 2011. We adopted this guidance in our second quarter of fiscal 2012, and its adoption did not impact our financial position, results of operations or cash flows.

In April 2010, the FASB issued guidance pertaining to accruals for casino jackpot liabilities. The new guidance clarifies that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying such jackpot. The new guidance specifies that jackpots should be accrued and charged to revenue when the entity has the obligation to pay such jackpot and applies to both base and progressive jackpots and requires a cumulative-effect adjustment to opening retained earnings in the period of adoption. The new guidance was effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2010. We adopted this guidance in our first quarter of fiscal 2012, and as such, recorded a cumulative-effect adjustment, which decreased other current liabilities and increased retained earnings by \$2.0 million.

#### Impact of Inflation

Absent changes in competitive and economic conditions or in specific prices affecting the hospitality and gaming industry, we do not expect that inflation will have a significant impact on our operations. Changes in specific prices, such as fuel and transportation prices, relative to the general rate of inflation may have a material adverse effect on the hospitality and gaming industry in general.

#### Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our bank credit facility and term loan facility, both of which accrue interest on the basis of a base rate formula or a Eurodollar rate formula, plus applicable rates, as defined under the respective facility. As of September 30, 2012, \$397.0 million and \$225.0 million were outstanding under the bank credit facility and term loan facility, respectively.

We attempt to manage our interest rate risk through a controlled combination of long-term fixed rate borrowings and variable rate borrowings in accordance with established policies and procedures. We do not hold or issue financial instruments for speculative or trading purposes.

The following table presents information as of September 30, 2012 about our current financial instruments or debt obligations that are sensitive to changes in interest rates. The table presents principal payments and related weighted average interest rates by expected maturity dates. Weighted average variable rates are based on implied forward rates in respective yield curves, which should not be considered to be precise indicators of actual future interest rates. Fair values for our debt instruments are based on quoted market prices or prices of similar instruments as of September 30, 2012.

	Expected Maturity Date						Total	Fair Value
	2012	2013	2014	2015	2016	Thereafter		
<b>Liabilities (in thousands)</b>								
<b>Long-term debt and capital lease obligations (including current portions)</b>								
Fixed rate	\$ 29,110	\$ 28,958	\$ 16,447	\$ 55,824	\$ 418,628	\$ 544,854	\$1,093,821	\$ 957,251
Average interest rate	8.0%	7.7%	7.9%	13.9%	10.5%	11.2%	10.8%	
Variable rate	\$ 4,000	\$ 4,000	\$ 189,000	\$ 225,000	\$ —	\$ —	\$ 622,000	\$ 619,768
Average interest rate (1)	5.5%	5.5%	5.5%	5.5%	—	—	6.8%	

(1) A 100 basis point change in average interest rate would impact annual interest expense by approximately \$6.2 million.

#### Item 8. Financial Statements and Supplementary Data.

Our consolidated financial statements and notes thereto, referred to in Item 15(a)(1) of this Annual Report on Form 10-K, are filed as part of this report and appear in this Annual Report on Form 10-K beginning on page F-1.

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

## **Item 9A. Controls and Procedures.**

### **Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2012. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures. Management recognizes that controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on an evaluation of our disclosure controls and procedures as of September 30, 2012, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

### **Management Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures are being made only in accordance with authorizations of our management; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

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

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2012. In making this assessment, our management used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in “Internal Control-Integrated Framework.”

Based on this assessment, management concluded that, as of September 30, 2012, our internal control over financial reporting is effective.

This Annual Report on Form 10-K does not include an attestation report from our registered public accounting firm regarding internal control over financial reporting. Our internal control over financial reporting was not subject to such attestation as we are a non-accelerated filer.

### **Changes in Internal Control Over Financial Reporting**

There has been no change in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that occurred during the quarter ended September 30, 2012, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information.**

None.

## PART III

### Item 10. Directors, Executive Officers and Corporate Governance.

We are governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, or Tribal Council, the governing body of the Tribe. Any change in the composition of the Tribal Council results in a corresponding change in our Management Board. As of the date of this filing, the members of the Management Board and their terms are as follows: Bruce S. Bozsum, William Quidgeon, Jr., Ralph James Gessner, Jr., Kathleen M. Regan-Pyne and Jonathan S. Hamilton, Sr. are each serving four-year terms expiring in October 2013, while Cheryl A. Todd, Thayne D. Hutchins, Jr., Mark F. Brown and Mark M. Sperry are each serving four-year terms expiring in October 2015. Members of the Tribal Council are elected by the registered voters of the Tribe through competitive general elections. Vacancies on the Tribal Council, to the extent they arise, are likewise filled by similar special elections. Upon expiration of Tribal Council members' terms, registered voters of the Tribe may re-elect current Tribal Council members who choose to run for re-election or elect new Tribal Council members. Incumbent members of the Tribal Council do not nominate or otherwise identify candidates for election. Accordingly, the Tribal Council and Management Board do not screen candidates for election nor do they maintain a nominating committee.

#### Management Board and Named Executive Officers

The following table presents data related to the members of the Management Board and our named executive officers, as of the date of this filing:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Bruce S. Bozsum	52	Chairman and Member, Management Board
Ralph James Gessner, Jr.	43	Vice Chairman and Member, Management Board (1)
Cheryl A. Todd	52	Recording Secretary and Member, Management Board
Kathleen M. Regan-Pyne	56	Corresponding Secretary and Member, Management Board (1)
Thayne D. Hutchins, Jr.	41	Treasurer and Member, Management Board (1)
Mark F. Brown	55	Member, Management Board (1)
William Quidgeon, Jr.	50	Member, Management Board (1)
Jonathan S. Hamilton, Sr.	53	Member, Management Board
Mark M. Sperry	62	Member, Management Board
Mitchell Gaussinger Bess	54	Chief Executive Officer, Mohegan Tribal Gaming Authority
Mario C. Kontomarakos	36	Chief Financial Officer, Mohegan Tribal Gaming Authority
Robert J. Soper	40	President and Chief Executive Officer, Mohegan Sun

(1) Audit Committee member.

*Bruce S. Bozsum*—Mr. Bozsum was first seated on the Tribal Council and Management Board in October 2004. He served as Chairman of the Tribal Council and Management Board from October 2005 until October 2009 and was re-elected Chairman in October 2010. Mr. Bozsum previously served as Manager of Cultural and Community Programs for the Tribe, in which capacity he was responsible for educational outreach programs and the annual Wigwam Festival and Cultural Week. He also was employed as a Floor Supervisor for the Tribe's high stakes bingo operations.

*Ralph James Gessner, Jr.*—Mr. Gessner was first seated on the Tribal Council and Management Board in October 2005. He was elected Vice Chairman in October 2010. Mr. Gessner previously held multiple positions at Mohegan Sun, including Director of Executive Hosts and Vice President of Casino Marketing. Mr. Gessner holds a Bachelor's Degree in Hotel and Restaurant Management from the University of Southwestern Louisiana.

*Cheryl A. Todd*—Ms. Todd was first seated on the Tribal Council and Management Board in March 2007 after serving as Executive Assistant to the Chairman of the Management Board for 11 years. She also served on the Mohegan Strategic Planning Committee in 1997 and the Mohegan Election Committee from 1996 to 1999. Prior to her employment with the Tribe, Ms. Todd held multiple positions at the Naval Submarine Base in Groton, Connecticut.

*Kathleen M. Regan-Pyne*—Ms. Regan-Pyne was first seated on the Tribal Council and Management Board in October 2009 after serving as Manager of Tribal Career Development for the Tribe and Mohegan Sun for three years. Prior to her employment with the Tribe and Mohegan Sun, Ms. Regan-Pyne held multiple positions in the insurance/financial services industry, including Director of Life Claims at Lincoln Life & Annuity. Ms. Regan-Pyne is a graduate of Eastern Connecticut State University.

*Thayne D. Hutchins, Jr.*—Mr. Hutchins was first seated on the Tribal Council and Management Board in October 2007

after serving as a staff accountant for the Tribe for six years. Mr. Hutchins graduated Magna Cum Laude from Eastern Connecticut State University and holds a Bachelor's Degree in Economics with a concentration in Accounting.

*Mark F. Brown*—Mr. Brown has been a member of the Tribal Council and Management Board since October 1995. He served as Chairman of the Tribal Council and Management Board from October 2000 until October 2005. Mr. Brown also served as the Tribe's historian and was instrumental in the Tribe's pursuit of federal recognition.

*William Quidgeon, Jr.* Mr. Quidgeon was first seated on the Tribal Council and Management Board in October 2005. He previously held multiple positions at the Tribe and Mohegan Sun, including Senior Project Manager of the Mohegan Tribal Development Department. Prior to his employment with the Tribe, Mr. Quidgeon served as Chairman of the Mohegan Information Technology Group, a limited liability company that is majority-owned by the Tribe.

*Jonathan S. Hamilton, Sr.*—Mr. Hamilton was first seated on the Tribal Council and Management Board in October 2010 after serving as Editor of two Tribe publications, *Wuskuso* and *Ni Ya Yo*, for 13 years. He also served on the Tribe's Board of Education for thirteen years, including five years as its Chairman. Prior to his employment with the Tribe, Mr. Hamilton was employed as an Associate Editor of *SportBoston Magazine*, a regional sports periodical, and a market analyst at T.A. Associates, a venture capital firm. Mr. Hamilton holds a Bachelor's Degree in English from the University of Massachusetts and a law degree from the University of Connecticut School of Law.

*Mark M. Sperry*—Mr. Sperry was elected to the Tribal Council and Management Board in October 2011 and is serving his first term. Mr. Sperry oversaw the Education Department of the Tribe for over 15 years and has an extensive background in education and psychology, having worked as a Master teacher at EastConn, a special service organization to public schools, and a supervisor and career counselor for multiple vocational training programs at the Meriden/Middletown Workforce Development Board. He also served as co-chair of the USEI (United South and Eastern Tribes) Education Committee and as Chairman of the Tribal Employment Rights Ordinance Commission of the Tribe. In addition to a Bachelor's Degree from the University of Connecticut, Mr. Sperry also holds a Special Education Teaching Certification from Central Connecticut State University and master's level certification in elementary education from Southern Connecticut State University.

*Mitchell Grossinger Etes* -- Mr. Etes assumed the role of Chief Executive Officer of the Authority in May 2006. He also served as President and Chief Executive Officer of Mohegan Sun from August 2004 to December 2010. Mr. Etes previously served as Executive Vice President of Marketing from October 1999 to August 2004 and Senior Vice President of Marketing from November 1995 to October 1999. Prior to his employment with the Authority and Mohegan Sun, Mr. Etes served as Vice President of Marketing at Players Island and Senior Vice President of Marketing and Hotel Operations at Trump Plaza Hotel and Casino. He also held various management positions in the hospitality and advertising industries.

*Mario C. Kontomerkos* Mr. Kontomerkos was appointed Chief Financial Officer of the Authority in September 2011. Prior to his employment with the Authority, Mr. Kontomerkos served as Corporate Vice President of Finance at Penn National Gaming, Inc. from March 2010 to July 2011. Mr. Kontomerkos previously served as a senior investor at Magnetar Capital, L.L.C., an investment management company, from July 2007 to May 2009, and a research analyst for the gaming and lodging industries at J.P. Morgan Securities from May 2005 to May 2007.

*Robert J. Soper* Mr. Soper was appointed President and Chief Executive Officer of Mohegan Sun on October 22, 2012. Mr. Soper previously served as the President and General Manager of Mohegan Sun at Pocono Downs from 2005 to 2012, Senior Vice President of Administration at Mohegan Sun from 2001 to 2005 and Senior Attorney at the Tribe from 1997 to 2001.

#### **Audit Committee**

We have established a separately-designated standing Audit Committee in accordance with applicable provisions of the Exchange Act. The Audit Committee is comprised of certain members of the Management Board. All members of our Audit Committee are capable of reading and understanding financial statements, including balance sheets, statements of income, changes in capital and cash flows. The Management Board has determined that none of its members and, accordingly, no member of the Audit Committee, is a financial expert, meaning no member has past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background, which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. However, the Audit Committee is advised on financial matters through a Financial Advisory Committee comprised of one or more financial experts independent from us.

#### **Code of Ethics**

We have adopted a code of ethics that applies to all of our executive officers, including our principal executive and financial officers. Our code of ethics is available on our website at "[www.mtga.com](http://www.mtga.com)" under "Corporate Governance."

Should we make any significant amendment to the code of ethics or grant any waiver, including any implicit waiver, from a provision of the code of ethics to our principal executive, financial and accounting officers, we will disclose the nature of such amendment or waiver on our website and in a report on Form 8-K.

## **Item 11. Executive Compensation.**

### **Compensation Discussion and Analysis**

#### *Executive Compensation Objectives*

We operate in an extremely competitive environment and believe that our current and future success is closely correlated with our ability to attract and retain highly talented employees and a strong management team. Accordingly, our executive compensation program is intended to meet three principal objectives: (1) attract, reward and retain senior management employees; (2) motivate these individuals to achieve our short-term and long-term business goals; and (3) promote internal compensation equity and external competitiveness.

Our philosophy relating to executive compensation is to attract and retain highly qualified individuals by offering competitive base salaries, cash-based incentive opportunities and other employee benefits. We face unique challenges in designing our executive compensation program because, as an instrumentality of the Tribe, we cannot offer equity-based compensation to our executives, unlike many of our industry peers. As a result, we strive to offer a cash-based compensation program that rewards our executives with competitive compensation while providing proper incentives to achieve our financial and operational goals at both the operating unit and company-wide levels. We also strive to ensure that our executive compensation program is straightforward, transparent and understandable.

#### *Role of the Compensation Committee and Senior Management*

Our nine-member Management Board, whose members also comprise the Tribal Council, serves as our Compensation Committee and has final authority over the design, negotiation and implementation of our executive compensation program. As discussed below, Mr. Eless, along with other of our senior and executive level employees, have taken the leading roles in the design of our executive compensation program. In addition, acting within the boundaries of our annual budget, as approved by the Management Board, Mr. Eless and other of our senior and executive level employees determine the base salaries and cash-based incentive opportunities offered to our executives.

#### *Elements of Compensation*

Historically, compensation offered to our named executive officers, or NEOs, consisted of annual compensation, in the form of base salaries and employee benefits/perquisites, and cash-based incentive compensation, in the form of an annual cash bonus opportunity. We have traditionally also offered our NEOs the opportunity to defer all or a portion of their annual cash compensation under a deferred compensation plan, or DCP, and participate in The Mohegan Retirement and 401(k) Plan, both of which are sponsored by the Tribe.

In fiscal 2009, as a result of declines in business volumes and uncertainties in the financial markets, we undertook a series of initiatives to reduce expenditures. Among those initiatives was the implementation of a company-wide cost containment program, which included, among other things, employee salary rollbacks, suspension of all annual and merit-based compensation increases, suspension of employer-matching 401(k) contributions and funding of other contributions to the Mohegan Retirement and 401(k) Plan and suspension of annual cash bonuses. In July 2012, we recommenced annual compensation increases and employer-matching 401(k) contributions of 50% of the first 3% of an employee's contributions. The following presents additional information relating to the elements of compensation offered to our NEOs in fiscal 2012:

#### *Annual Compensation*

Annual compensation consists of base salaries and employee benefits. These elements are intended to provide some degree of compensation certainty to our NEOs by providing compensation that, unlike incentive compensation, is not "at-risk" based upon company performance.

#### *Base Salary*

We believe that a competitive base salary is an important component of compensation as it provides a degree of financial stability and is a critical factor in recruiting and retaining our NEOs. Base salary also is designed to recognize the scope of responsibilities placed under each NEO and to reward each NEO for their unique leadership skills, management experience and contributions to the company.

In determining base salary levels, we take into consideration economic and industry conditions and company performance. We do not assign relative weights to individual and company performance, but instead make a subjective determination after considering such measures collectively. Base salary also is evaluated relative to other components of our executive compensation program to ensure that each NEO's total compensation and mix of components are consistent with our overall compensation objectives and philosophies.

In fiscal 2009, we entered into an amended employment agreement with Mr. Etes providing for a base salary and employee benefits that, when combined, provide total compensation reflecting our need to compete for, and retain, management talent in a competitive environment. Recognizing the declines in our business volumes, the amended employment agreement reflects, among other things, the agreement by Mr. Etes to forgo his fiscal 2009 annual salary increase and a 10% reduction in salary. In fiscal 2009, we also entered into an employment agreement with Mr. Soper, which provides Mr. Soper with competitive compensation. In fiscal 2011, Mr. Soper's employment agreement was extended to June 30, 2013. In fiscal 2011, we also entered into an employment agreement with Mr. Kontomerkos, which provides Mr. Kontomerkos with competitive compensation.

#### *Employee Benefits*

Our NEOs receive certain employee benefits. In fiscal 2012, these benefits included health insurance, dental and vision coverage, prescription drug plans, long-term disability care and flexible spending accounts. In addition, as of July 2012, our NEOs were provided the opportunity to receive annual compensation increases and employer-matching 401(k) contributions of 50% of the first 3% of a NEO's contributions under the Mohegan 401(k) plan. All of our NEOs receive payment of premiums for supplemental long-term disability policies.

#### *Incentive Compensation*

We have historically offered our NEOs cash-based incentive compensation in the form of an annual cash bonus opportunity. However, due to the implementation of our company-wide cost containment program, we suspended substantially all annual cash bonuses to employees and such suspension continued through fiscal 2012.

#### **Compensation Committee Report**

Our nine-member Management Board serves as our Compensation Committee. The Management Board met with us to review and discuss the preceding Compensation Discussion and Analysis. Based on such review and discussion, the Management Board approved this Compensation Discussion and Analysis and authorized its inclusion in this Annual Report on Form 10-K for the fiscal year ended September 30, 2012.

#### **Management Board**

The members of the Management Board, as of the date of this filing, are as follows: Bruce S. Bozsum, Ralph James Gessner, Jr., Cheryl A. Todd, Kathleen M. Regan-Pyne, Thayne D. Hutchins, Jr., Mark F. Brown, William Quidgeon, Jr., Jonathan S. Hamilton, Sr. and Mark M. Sperry.

## Summary Compensation Table

<u>Name and Principal Position</u>	<u>Fiscal Year</u>	<u>Base Salary</u>	<u>Cash Bonus</u>	<u>Non-Equity Incentive Compensation</u>	<u>All Other Compensation (4)</u>	<u>Total</u>
Mitchell Grossinger Esq.	2012	\$ 1,367,699	\$ —	\$ —	\$ 9,886	\$ 1,377,585
Chief Executive Officer, Mohegan Tribal Gaming Authority	2011	\$ 1,353,292	\$ —	\$ —	\$ 11,586	\$ 1,369,878
	2010	\$ 1,358,292	\$ —	\$ —	\$ 11,440	\$ 1,369,732
Mario C. Kontomerkos (1)	2012	\$ 675,389	\$ —	\$ —	\$ 511	\$ 675,900
Chief Financial Officer, Mohegan Tribal Gaming Authority	2011	\$ 25,962	\$ —	\$ —	\$ 100,000	\$ 125,962
Robert J. Soper (2)	2012	\$ 466,206	\$ —	\$ —	\$ 30,214	\$ 496,420
President and Chief Executive Officer, Mohegan Sun	2011	\$ 453,434	\$ —	\$ —	\$ 30,381	\$ 483,815
	2010	\$ 423,687	\$ —	\$ —	\$ 21,880	\$ 445,567
Jeffrey B. Hartmann (3)	2012	\$ 1,293,724	\$ —	\$ —	\$ 7,836	\$ 1,301,560
Former President and Chief Executive Officer, Mohegan Sun	2011	\$ 1,285,566	\$ —	\$ —	\$ 9,025	\$ 1,294,591
	2010	\$ 1,285,566	\$ —	\$ —	\$ 8,923	\$ 1,294,489

(1) Appointed Chief Financial Officer of the Mohegan Tribal Gaming Authority on September 1, 2011.

(2) Appointed President and Chief Executive Officer of Mohegan Sun on October 22, 2012.

(3) Ceased employment as President and Chief Executive Officer of Mohegan Sun on September 26, 2012.

(4) Amounts reported in this column are comprised of the following:

## All Other Compensation Details

Name	Fiscal Year	Taxes on					Total
		Life Insurance (1)	Life Insurance (2)	Long-Term Disability (3)	Vacation Payout (4)	Moving Allowance (5)	
Mitchell Grossinger HESS	2012	\$ —	\$ —	\$ 9,886	\$ —	\$ —	\$ 9,886
	2011	\$ 1,065	\$ 635	\$ 9,886	\$ —	\$ —	\$ 11,586
	2010	\$ 1,065	\$ 439	\$ 9,886	\$ —	\$ —	\$ 11,440
Mario C. Kontonarkos	2012	\$ —	\$ —	\$ 511	\$ —	\$ —	\$ 511
	2011	\$ —	\$ —	\$ —	\$ —	\$ 100,000	\$ 100,000
Robert J. Soper	2012	\$ —	\$ —	\$ —	\$ 30,214	\$ —	\$ 30,214
	2011	\$ —	\$ —	\$ —	\$ 30,381	\$ —	\$ 30,381
	2010	\$ —	\$ —	\$ —	\$ 21,880	\$ —	\$ 21,880
Jeffrey E. Hartmann	2012	\$ —	\$ —	\$ 7,836	\$ —	\$ —	\$ 7,836
	2011	\$ 745	\$ 444	\$ 7,836	\$ —	\$ —	\$ 9,025
	2010	\$ 745	\$ 342	\$ 7,836	\$ —	\$ —	\$ 8,923

(1) Premium payments on life insurance policies owned by individuals

(2) Reimbursements for payments of income taxes pertaining to certain life insurance benefits.

(3) Premium payments on long-term disability policies

(4) Payout of vacation time for cash.

(5) Employer payment of moving expenses

## Non-Qualified Deferred Compensation

We offer our NEOs the opportunity to participate in the DCP. The DCP is a non-qualified plan that allows our executives the opportunity to defer all or a portion of their annual cash compensation. We do not make contributions to the DCP on behalf of our NEOs. The following table presents each NEO activity within the DCP for the fiscal year ended September 30, 2012.

Name	Employee Contributions	Employer Contributions	Aggregate Additions/ Earnings	Aggregate Withdrawals/ Distributions	Balance September 30, 2012
Mitchell Grossinger HESS	\$ 766,661	\$ —	\$ 361,087	\$ (744,864)	\$ 5,154,311
Mario C. Kontonarkos	\$ —	\$ —	\$ —	\$ —	\$ —
Robert J. Soper	\$ —	\$ —	\$ —	\$ —	\$ —
Jeffrey E. Hartmann	\$ 765,838	\$ —	\$ 1,099,699	\$ (255,576)	\$ 7,914,633

The amounts deferred by each NEO are deemed to be invested in the fund(s) designated by each NEO from among a number of funds offered under the DCP. NEOs may change their investment selections from time to time. The following funds were available under the DCP, as of the date of this filing:

Schwab Value Advantage Money	American Beacon Lg Cap Value	PIMCO Emerging Local Bond Adm
PIMCO Total Return Instl	Prudential Jennison Utility A	Schwab S&P 500 Index
T. Rowe Price Health Sciences	Lazard Emerging Markets Equity	Columbia Small Cap Value H Z
BlackRock Global Allocation Instl	Allianz RCM Technology Instl	Dreyfus Bond Market Index Basic
Fidelity High Income	Wells Fargo Advantage Emerging	Fidelity Spartan Extended Mkt
Morgan Stanley Inst Mid Cap	Sentinel Common Stock A	American Century Infl-Adj Bond
Cohen & Steers Realty Shares	Columbia Mid Cap Value Z	Dreyfus Intl Stock Index
T. Rowe Price Blue Chip Gr R	Thornburg International Value I	

In accordance with U.S. federal income tax laws or regulations, an election to defer compensation generally must be made prior to the year in which the services to which the compensation relates will be performed. Once made, an election to defer

compensation to be earned in the upcoming year is irrevocable. At time of deferral election, each NEO chooses the date on which payment of deferred compensation for the upcoming year is to commence, as well as whether to receive payments in a lump sum or in up to fifteen annual installments. NEOs may change the form and timing of payments elected with respect to particular deferrals, subject to compliance with the terms of the DCP then in effect, including, any grandfathered terms resulting from changes in applicable U.S. federal income tax laws or regulations.

#### Potential Payments and Benefits upon Termination or Change in Control

The following table presents potential payments to our NEOs in the event of a termination of employment, based on the terms of their employment agreements, as described below. The amounts presented represent our estimate of potential payments to our NEOs upon their termination, assuming, in each case, that termination occurred on September 30, 2012, the last day of fiscal 2012. Actual payments can only be determined at the time of the NEO's separation from the company.

	Base Salary	Medical Benefits	Penalty Payment	Total
<b>Mitchell Grossinger Etes</b>				
Termination without cause	\$ 3,857,594	\$ 14,785	\$ 250,000	\$ 4,122,379
Termination due to medical disability (1)	\$ 701,381	\$ 1,402,762	\$ —	\$ 2,104,143
Change of Control (2)	\$ —	\$ —	\$ —	\$ —
<b>Mario C. Kontomerkos</b>				
Termination without cause	\$ 1,518,750	\$ 15,127	\$ —	\$ 1,533,877
Termination due to medical disability (1)	\$ 337,500	\$ 675,000	\$ —	\$ 1,012,500
Change of Control (2)	\$ —	\$ —	\$ —	\$ —
<b>Robert J. Super</b>				
Termination without cause	\$ 340,076	\$ 16,457	\$ —	\$ 356,533
Termination due to medical disability (1)	\$ 226,717	\$ 453,434	\$ —	\$ 680,151
Change of Control	\$ 340,076	\$ 16,457	\$ —	\$ 356,533

(1) Under the NEOs employment agreements, upon termination without cause, we are required to continue to provide medical benefits for a period of one year following such termination. Upon termination due to medical disability we are required to continue to provide the NEOs annual base salaries and medical benefits for a period of 180 days; thereafter, if we choose to suspend the NEOs employment or the NEOs are deemed permanently disabled, we are required to provide disability insurance coverage of 50% of the NEOs annual base salaries, except for Mr. Etes for whom we are required to provide disability insurance coverage of 50% of his Disability Annual Salary, as defined, for a period of two years commencing at termination or suspension of the NEOs employments

(2) Each NEO's employment agreement contains a "No Change of Control" provision due to our sovereignty

#### Employment Agreements

**Mr. Etes.** Mr. Etes's amended and restated employment agreement commenced as of January 1, 2012 and expires on June 30, 2015. The agreement provides for an annual base salary of \$1,361,904, subject to an increase to \$1,402,762 as of July 1, 2012, and thereafter subject to increases as determined by us. The agreement contains an automatic renewal for an additional three-year term unless either party provides notice to the other on or before one year prior to the end of the agreement's stated term of an intention to terminate at the stated termination date. We may terminate Mr. Etes's employment for "cause," defined as: (1) the violation of the non-competition, non-solicitation and non-disclosure covenants contained in the employment agreement; (2) the loss or suspension by the State of Connecticut of Mr. Etes's license for Class III gaming for a period of thirty (30) consecutive days; (3) conviction of any crime committed involving fraud, theft or moral turpitude; or (4) an intentional material breach of Mr. Etes's obligations under his employment agreement. In the event that we terminate the agreement for cause, Mr. Etes is entitled to no further compensation from and after the date of termination. In the event of termination other than for cause, Mr. Etes is entitled to receive severance payments in the amounts of his annual base salary from the date of termination to the expiration of the employment agreement in amounts and at the same intervals as would have been paid had Mr. Etes's employment continued. Should we terminate his employment other than for cause, Mr. Etes may withdraw his deferred compensation and, in turn, we have agreed, under certain circumstances outlined in the employment agreement, to pay the penalty for early withdrawal of his deferred compensation, in amounts not to exceed the maximum balances outlined in the employment agreement. Additionally, in the event of termination other than for cause, we have agreed to pay amounts, if any, of income taxes payable by Mr. Etes in connection with any penalty payments made by us in amounts not to exceed the maximum balances outlined in the employment agreement.

**Mr. Kontomerkos.** Mr. Kontomerkos's employment agreement commenced as of September 1, 2011 and expires on

December 31, 2014. Mr. Kontomerkos's agreement provides for an annual base salary of \$675,000, subject to annual increases commencing January 1, 2013, as determined by us. The agreement is subject to automatic renewal for an additional term of three years unless either party provides notice to the other on or before the 180<sup>th</sup> day prior to the end of the agreement's stated term of an intention to terminate at the stated termination date. Under the employment agreement, we may terminate Mr. Kontomerkos's employment for cause, as defined above. In the event that we terminate Mr. Kontomerkos for cause, he is not entitled to any further compensation from and after the date of termination. In the event of termination other than for cause, Mr. Kontomerkos is entitled to receive severance payments in amounts of his annual base salary from the date of termination to the expiration of his employment agreement in the same amounts and at the same intervals as would have been paid had his employment continued.

*Mr. Soper.* Mr. Soper's amended employment agreement commenced effective January 1, 2009 and expires on June 30, 2013, and provides for an original annual base salary of \$385,679, which annual base salary was increased pursuant to the terms of Mr. Soper's employment agreement by 13% as of January 1, 2010. Mr. Soper's annual base salary under his employment agreement, as amended, is currently subject to increases pursuant to our Compensation Performance Review Program. The Agreement, as amended, is subject to automatic renewal for an additional term of two years unless either party gives the other notice of its intent to terminate no later than 180 days prior to the end of the term. Under the agreement, we may terminate Mr. Soper's employment for cause, substantially as defined above. In the event that we terminate Mr. Soper for cause, he is not entitled to any further compensation from and after the date of termination. In the event of termination other than for cause, Mr. Soper is entitled to receive severance payments in amounts of his annual base salary from the date of termination to the expiration of his employment agreement, except in the event of a sale of the business. In such event, if Mr. Soper is not employed in substantially the same position at the same compensation by the purchaser of the business or by another casino operated directly or indirectly by us, Mr. Soper is entitled to receive severance payments in amounts of his annual base salary from the date of termination and for a period equal to the lesser of: (1) one year, or (2) through the expiration of his employment agreement (without regard to any renewal right after the date of termination). Mr. Soper's severance payments shall be payable in the same amounts and at the same intervals as would have been paid had his employment continued.

*Mr. Hartmann.* As of September 27, 2012, Mr. Hartmann resigned from his position as President and Chief Executive Officer of Mohegan Sun and the parties mutually agreed to terminate his employment agreement.

#### Compensation of Management Board

The following table presents data related to compensation of current members of the Management Board for the fiscal year ended September 30, 2012.

Name	Fees Earned	All Other Compensation (1)	Total
Bruce S. Bozson	\$ 175,446	\$ 272	\$ 175,718
Ralph James Gussner, Jr.	\$ 159,496	\$ 247	\$ 159,743
Cheryl A. Todd	\$ 127,597	\$ 198	\$ 127,795
Kathleen M. Regan-Dyne	\$ 127,597	\$ 198	\$ 127,795
Thayne D. Hutchins, Jr.	\$ 127,597	\$ 198	\$ 127,795
Mark F. Brown	\$ 172,591	\$ 501	\$ 173,092
William Quidoon, Jr.	\$ 127,597	\$ 198	\$ 127,795
Jonathan S. Hamilton, Sr.	\$ 127,597	\$ 198	\$ 127,795
Mark M. Sperry (2)	\$ 125,143	\$ 198	\$ 125,341

(1) Represents payment of premiums on life insurance policies of which the member is the owner

(2) Term commenced October 3, 2011.

Members of the Management Board are paid annual salaries by the Tribe for their services as members of the Tribal Council. Due to the dual roles of these individuals in our governance and Tribe's, we are obligated to fund a portion of their compensation pursuant to an arrangement established at the time of Mohegan Sun's inception. In fiscal 2012, we were obligated to fund 60% of each member's annual compensation. This allocation was determined based on the amount of time members acted in their capacity as the Management Board as opposed to their capacity as the Tribal Council. We believe that members activities in fiscal 2013 will be consistent with fiscal 2012 activities and as such we expect to fund 60% of their fiscal 2013 compensation.

## **Compensation Committee Interlocks and Insider Participation**

As noted above, the Management Board serves as our Compensation Committee.

## **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

We have no outstanding equity securities.

## **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

### **Procedure for Review of Related Party Transactions**

Potential conflicts of interest, including related party transactions reportable under Securities and Exchange Commission rules, must be approved in advance. We have a code of ethics which applies to our Chief Executive Officer, or principal executive officer, Chief Financial Officer, or principal financial officer, and all other executive officers, whom we collectively refer to as our principal officers. Our code of ethics addresses, among other things, conflicts of interest and is available on our website at "[www.mtga.com](http://www.mtga.com)". Under our code of ethics, principal officers with actual or potential conflicts of interest must disclose such conflicts to the Director of Regulation, his designee or the Chairman of our Management Board. Consistent with our practice, only our Management Board may waive provisions of our code of ethics.

Our Management Board reviews all transactions between us and principal officers. In addition, our corporate governance practices include procedures for discussing and assessing relationships among us and principal officers, including business, financial and family member, as applicable. Our Management Board also reviews transactions with principal officers, on a case-by-case basis, to determine whether any conflict of interest exists. In addition, our Management Board ensures that directors voting on such matters have no interest in the matter and discusses transactions with counsel as deemed necessary.

### **Transactions between the Authority and the Authority's Subsidiaries and the Tribe**

#### ***Distributions***

In August 2001, we and the Tribe entered into an agreement, or the priority distribution agreement, which stipulates that we must make monthly payments to the Tribe to the extent of our net cash flow, as defined under the priority distribution agreement. The priority distribution agreement, which has a perpetual term, limits the maximum aggregate priority distribution payments in each calendar year to \$14.0 million, as adjusted annually in accordance with a formula specified in the priority distribution agreement to reflect the effects of inflation. Payments under the priority distribution agreement: (1) do not reduce our obligations to reimburse the Tribe for governmental and administrative services provided by the Tribe or to make payments under any other agreements with the Tribe; (2) are limited obligations and are payable only to the extent of our net cash flow, as defined under the priority distribution agreement; and (3) are not secured by a lien or encumbrance on any of our assets or properties.

Distributions to the Tribe associated with the priority distribution agreement totaled \$18.8 million, \$18.3 million and \$18.0 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively. Additional distributions to the Tribe, in compliance with restrictive financial covenants under our bank credit facilities, line of credit and note indentures and exclusive of priority distributions, totaled \$34.2 million, \$28.8 million and \$43.5 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

#### ***Services***

The Tribe provides certain governmental and administrative services in connection with the operation of Mohegan Sun. We incurred expenses for such services totaling \$27.0 million, \$27.2 million and \$28.0 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

We purchase most of our utilities, including electricity, gas, water and waste water services, from an instrumentality of the Tribe, the Mohegan Tribal Utility Authority. We incurred costs for such utilities totaling \$18.7 million, \$21.5 million and \$24.4 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

#### ***2009 Mohegan Tribe Promissory Note***

In September 2009, the Tribe made a \$10.0 million loan to Salishan-Mohegan, LLC, or the 2009 Mohegan Tribe promissory note. The 2009 Mohegan Tribe promissory note was amended in March 2012 to extend the maturity date to September 30, 2014. As amended, the 2009 Mohegan Tribe promissory note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly in the amount of \$1.2 million, commencing December 31, 2013 and continuing through June 30, 2014, with the balance

of accrued and unpaid interest due at maturity. Principal outstanding under the 2009 Mohegan Tribe promissory note amortizes as follows: (i) \$1.625 million per quarter, commencing December 31, 2012 and continuing through September 30, 2013 and (ii) \$875,000 per quarter, commencing December 31, 2013. We incurred interest expense associated with the 2009 Mohegan Tribe promissory note totaling \$1.2 million, \$1.5 million and \$1.5 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

#### *2012 Mohegan Tribe Minor's Trust Promissory Note*

In March 2012, Comerica Bank & Trust, N.A., Trustee f/b/o The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan, LLC, on the 2012 Mohegan Tribe Minor's Trust promissory note, the proceeds of which were used to repay, among other things, the Salishan-Mohegan bank credit facility. The 2012 Mohegan Tribe Minor's Trust promissory note matures on March 31, 2016. The 2012 Mohegan Tribe Minor's Trust promissory note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly, commencing June 30, 2012. Principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note amortizes as follows: (i) \$500,000 per quarter, commencing December 31, 2012 and continuing through September 30, 2014 and (ii) \$1.5 million per quarter, commencing December 31, 2014 and continuing to maturity. We incurred interest expense associated with the 2012 Mohegan Tribe Minor's Trust promissory note totaling \$1.0 million for the fiscal year ended September 30, 2012.

#### *Mohegan Tribe Credit Facility*

In 2011, the Tribe provided Salishan-Mohegan, LLC with a \$1.75 million revolving credit facility, or the Mohegan Tribe credit facility. The Mohegan Tribe credit facility was amended in March 2012 to extend the maturity date to September 30, 2013 and reduce the borrowing capacity to \$1.45 million. The Mohegan Tribe credit facility accrues interest at an annual rate of 15.0% payable at maturity. As amended, principal outstanding under the Mohegan Tribe credit facility amortizes at a rate of \$362,500 per quarter, commencing December 31, 2012. As of September 30, 2012, the Mohegan Tribe credit facility was fully drawn. We incurred interest expense associated with the Mohegan Tribe credit facility totaling \$202,000 and \$47,000 for the fiscal years ended September 30, 2012 and 2011, respectively.

#### *Leases*

We lease the land on which Mohegan Sun is located from the Tribe under a long-term lease agreement. The agreement requires us to make a nominal annual rental payment. This lease has an initial term of 25 years and is renewable for an additional 25-year term upon expiration. In addition, in July 2008, we entered into a land lease agreement with the Tribe, replacing a prior land lease agreement, relating to property located adjacent to the Tribe's reservation that is utilized by Mohegan Sun for employee parking. This agreement requires us to make monthly payments equaling \$75,000 until maturity on June 30, 2018. We classified this lease as a capital lease for financial reporting purposes due to the existence of a bargain purchase option at the expiration of the lease. Additionally, we previously leased a building located adjacent to Mohegan Sun from the Tribe. In September 2010, the Tribe contributed this building to us. We recorded this asset contribution as a capital contribution at its book value of \$5.5 million. We expensed \$50,000 relating to the previous lease for the fiscal year ended September 30, 2010.

#### *Mohegan Tribal Employment Rights Ordinance*

In September 1995, the Tribe adopted the Mohegan Tribal Employment Rights Ordinance, as amended from time to time, or the TERO, which sets forth hiring and contracting preference requirements for employers and entities conducting business on Tribal lands on or adjacent to the Mohegan Reservation. Pursuant to the TERO, we and other covered employers are required to give hiring, promotion, training, retention and other employment-related preferences to Native Americans who meet the minimum qualifications for the applicable employment position. However, this preference requirement does not apply to key employees as such persons are defined under the TERO.

Similarly, any entity awarding a contract or subcontract valued up to \$200,000 to be performed on Tribal lands must give preference, first, to certified Mohegan entities submitting commercially responsible bids, and second, to other certified Native American entities. This contracting preference is conditioned upon the bid by the preferred certified entity being within 5% of the lowest bid by a non-certified entity. Contracts in excess of \$200,000 are awarded to the lowest commercially responsible bidder, on a competitive basis, with preference to certified Mohegan entities and then other certified Native American entities in the event of a matching bid. The TERO establishes procedures and requirements for certifying Mohegan entities and other Native American entities. Certification is based largely on the level of ownership and control exercised by the members of the Tribe or other Native American tribes, as the case may be, over the entity bidding on a contract.

As of September 30, 2012, we employed approximately 125 members of the Tribe.

### Corporate Governance and Management Board Independence

We are governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, or Tribal Council, the governing body of the Tribe. Any change in the composition of the Tribal Council results in a corresponding change in our Management Board. Upon election, each Tribal Council and Management Board member serve a four-year term on a staggered basis. Incumbent members of the Tribal Council do not nominate or otherwise identify candidates for election. Accordingly, the Tribal Council and Management Board do not screen candidates for election nor do they maintain a nominating committee. Instead, the registered voters of the Tribe elect all members of the Tribal Council. In order to qualify for, and seek election to a position on the Tribal Council, an individual: (1) must be at least 21 years of age prior to the date of the election; (2) must be a registered voting member of the Tribe in good standing; (3) must not have been convicted of any violation of the Tribal Election Ordinance; and (4) must not have been convicted of either a felony or a misdemeanor involving moral integrity, such as forgery or bribery.

As described above, members of the Management Board also are members of the Tribal Council and the Tribe. Due to the relationships between the Tribe and us, as described above, none of the Management Board members would qualify as "independent directors" within the rules of The New York Stock Exchange or the NASDAQ Stock Market.

### Item 14. Principal Accounting Fees and Services.

The following table presents the aggregate fees paid or accrued for professional services rendered by PricewaterhouseCoopers LLP:

	Fiscal 2012	Fiscal 2011
Audit fees	\$ 918,100	\$ 923,300
Audit-related fees	50,000	---
Tax fees	4,500	4,500
All other fees	3,000	3,000
Total	<u>\$ 975,600</u>	<u>\$ 930,800</u>

Audit fees include fees for our annual audit, quarterly reviews and services rendered in connection with regulatory filings with the Securities and Exchange Commission, such as the issuance of comfort letters and consents. Audit-related fees include fees for internal control reviews. Tax fees include fees for the preparation of tax returns of certain subsidiaries. All other fees include fees for the licensure of accounting and finance research technology owned by PricewaterhouseCoopers LLP.

All above services were pre-approved by the Audit Committee, which concluded that the provision of such services by PricewaterhouseCoopers LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The Audit Committee's outside auditor independence policy provides for pre-approval of all services performed by outside auditors.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules.

#### A(1). Financial Statements

The following financial information appear in this Annual Report on Form 10-K beginning on page F-1 and are incorporated by reference in Part II, Item 8:

<u>Report of Independent Registered Public Accounting Firm</u>	<u>F-2</u>
<u>Consolidated Balance Sheets of the Mohegan Tribal Gaming Authority as of September 30, 2012 and 2011</u>	<u>F-3</u>
<u>Consolidated Statements of Income of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2012, 2011 and 2010</u>	<u>F-4</u>
<u>Consolidated Statements of Changes in Capital of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2012, 2011 and 2010</u>	<u>F-5</u>
<u>Consolidated Statements of Cash Flows of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2012, 2011 and 2010</u>	<u>F-6</u>
<u>Notes to Consolidated Financial Statements of the Mohegan Tribal Gaming Authority</u>	<u>F-8</u>

#### A(2). Financial Statement Schedules

The following schedule appears on page S-1 in this Annual Report on Form 10-K and is incorporated by reference herein:

Schedule II—Valuation and Qualifying Accounts and Reserves for the fiscal years ended September 30, 2012, 2011 and 2010.

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

#### A(3). Exhibits

The exhibits to this Annual Report on Form 10-K are listed on the exhibit index, which appears elsewhere herein and is incorporated by reference herein.



**Supplemental information to be furnished with reports filed pursuant to Section 15(d) of the Securities Exchange Act of 1934 by registrants which have not registered securities pursuant to Section 12 of the Securities Exchange Act of 1934.**

The Mohegan Tribal Gaming Authority has not sent an annual report or proxy statement to security holders. The Mohegan Tribal Gaming Authority will not be sending an annual report or proxy statement to security holders subsequent to the filing of this Annual Report on Form 10-K.

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<u>Report of Independent Registered Public Accounting Firm</u>	<u>F-2</u>
<u>Consolidated Balance Sheets of the Mohegan Tribal Gaming Authority as of</u> _____ <u>September 30, 2012 and 2011</u>	<u>F-3</u>
<u>Consolidated Statements of Income of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended</u> _____ <u>September 30, 2012, 2011 and 2010</u>	<u>F-4</u>
<u>Consolidated Statements of Changes in Capital of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended</u> _____ <u>September 30, 2012, 2011 and 2010</u>	<u>F-5</u>
<u>Consolidated Statements of Cash Flows of Mohegan Tribal Gaming Authority for the Fiscal Years Ended</u> _____ <u>September 30, 2012, 2011 and 2010</u>	<u>F-6</u>
<u>Notes to Consolidated Financial Statements of the Mohegan Tribal Gaming Authority</u>	<u>F-8</u>

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Management Board of  
the Mohegan Tribal Gaming Authority:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of the Mohegan Tribal Gaming Authority and its subsidiaries (the "Authority") at September 30, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2012 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2), Schedule II-Valuation and Qualifying Accounts and Reserves, presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Hartford, CT  
December 21, 2012

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands)

	September 30, 2012	September 30, 2011
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 114,084	\$ 112,174
Restricted cash	47,865	2,002
Receivables, net	26,556	20,471
Inventories	14,438	14,028
Other current assets	28,315	27,227
Total current assets	231,258	175,902
<b>Non-current assets:</b>		
Property and equipment, net	1,490,398	1,529,595
Goodwill	39,459	39,459
Other intangible assets, net	403,928	406,338
Other assets, net	86,664	51,902
Total assets	\$ 2,253,707	\$ 2,203,196
<b>LIABILITIES AND CAPITAL</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 19,787	\$ 800,250
Current portion of relinquishment liability	63,312	67,911
Due to Mohegan Tribe	9,950	10,850
Current portion of capital leases	1,385	707
Trade payables	12,674	17,452
Construction payables	5,063	8,892
Accrued interest payable	46,362	28,580
Other current liabilities	149,980	132,949
Total current liabilities	310,513	1,067,591
<b>Non-current liabilities:</b>		
Long-term debt, net of current portion	1,646,564	819,316
Relinquishment liability, net of current portion	57,470	110,348
Due to Mohegan Tribe, net of current portion	21,500	—
Capital leases, net of current portion	5,440	4,635
Other long-term liabilities	2,957	2,582
Total liabilities	2,044,444	2,004,472
<b>Commitments and Contingencies</b>		
<b>Capital:</b>		
Retained earnings	208,681	196,409
Mohegan Tribal Gaming Authority capital	208,681	196,409
Non-controlling interests	582	2,321
Total capital	209,263	198,724
Total liabilities and capital	\$ 2,253,707	\$ 2,203,196

The accompanying notes are an integral part of these consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(In thousands)

	For the Fiscal Year Ended September 30, 2012	For the Fiscal Year Ended September 30, 2011	For the Fiscal Year Ended September 30, 2010
<b>Revenues:</b>			
Gaming	\$ 1,254,558	\$ 1,289,656	\$ 1,286,518
Food and beverage	92,149	91,072	96,588
Hotel	39,609	35,892	38,261
Retail, entertainment and other	112,194	110,568	118,259
Gross revenues	<u>1,498,510</u>	<u>1,527,188</u>	<u>1,539,626</u>
Less-Promotional allowances	(99,197)	(108,809)	(117,664)
Net revenues	<u>1,399,313</u>	<u>1,418,379</u>	<u>1,421,962</u>
<b>Operating costs and expenses:</b>			
Gaming	771,909	790,451	820,274
Food and beverage	44,949	41,515	45,345
Hotel	14,293	12,996	13,770
Retail, entertainment and other	40,723	34,846	37,454
Advertising, general and administrative	198,171	201,993	206,099
Corporate	17,379	16,704	18,260
Depreciation and amortization	85,030	90,032	97,289
Loss on disposition of assets	353	—	—
Severance	12,521	244	9,865
Pre-opening	—	—	2,782
Impairment of Project Horizon	—	—	58,079
Relinquishment liability reassessment	(11,439)	(8,805)	(26,512)
Total operating costs and expenses	<u>1,173,889</u>	<u>1,179,975</u>	<u>1,282,705</u>
Income from operations	<u>225,424</u>	<u>238,404</u>	<u>139,257</u>
<b>Other income (expense):</b>			
Accretion of discount to the relinquishment liability	(8,248)	(11,366)	(15,426)
Interest income	4,492	2,732	2,755
Interest expense, net of capitalized interest	(146,057)	(117,710)	(116,784)
Loss on early exchange and extinguishment of debt	(14,326)	—	(1,584)
Write-off of debt issuance costs	—	—	(338)
Other expense, net	(44)	(217)	(426)
Total other expense	<u>(164,183)</u>	<u>(126,561)</u>	<u>(131,803)</u>
Net income	<u>61,241</u>	<u>111,843</u>	<u>7,454</u>
Loss attributable to non-controlling interests	2,019	2,134	2,258
Net income attributable to Mohegan Tribal Gaming Authority	<u>\$ 63,260</u>	<u>\$ 113,977</u>	<u>\$ 9,712</u>

The accompanying notes are an integral part of these consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL**  
(in thousands)

	Total	Mohegan Tribal Gaming Authority	Non-controlling Interests
Balance, September 30, 2009	\$ 179,685	\$ 175,855	\$ 3,830
Contributions from Mohegan Tribe	5,487	5,409	78
Contributions from members	918	—	918
Net income (loss)	7,454	9,712	(2,258)
Distributions to Mohegan Tribe	(61,500)	(61,500)	—
Balance, September 30, 2010	132,044	129,476	2,568
Contributions from members	1,887	—	1,887
Net income (loss)	111,843	113,977	(2,134)
Distributions to Mohegan Tribe	(47,050)	(47,050)	—
Balance, September 30, 2011	198,724	196,403	2,321
Cumulative-effect of adoption of amendments to ASC 924 regarding jackpot liabilities	1,968	1,968	—
Contributions from members	280	—	280
Net income (loss)	61,241	63,260	(2,019)
Distributions to Mohegan Tribe	(52,950)	(52,950)	—
Balance, September 30, 2012	<u>\$ 209,263</u>	<u>\$ 208,681</u>	<u>\$ 582</u>

The accompanying notes are an integral part of these consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	For the Fiscal Year Ended September 30, 2012	For the Fiscal Year Ended September 30, 2011	For the Fiscal Year Ended September 30, 2010
<b>Cash flows provided by (used in) operating activities:</b>			
Net income	\$ 61,241	\$ 111,843	\$ 7,454
<b>Adjustments to reconcile net income to net cash flows provided by operating activities</b>			
Depreciation and amortization	85,030	90,032	97,289
Relinquishment liability reassessment	(11,439)	(8,805)	(26,512)
Accretion of discount to the relinquishment liability	8,248	11,366	15,426
Cash paid for accretion of discount to the relinquishment liability	(9,028)	(12,381)	(16,675)
Loss on early exchange and extinguishment of debt	14,326	—	1,584
Amortization of debt issuance costs	8,743	7,150	7,206
Accretion of bond discount	1,244	661	546
Amortization of net deferred gain on settlement of derivative instruments	(255)	(467)	(467)
Provision for losses on receivables	3,189	3,128	2,551
Loss on disposition of assets	353	241	853
Impairment of Project Horizon	—	—	58,079
Write-off of debt issuance costs	—	—	338
Forgiveness of Monominee Kenosha Gaming Authority Promissory Note	—	—	(600)
<b>Changes in operating assets and liabilities:</b>			
(Increase) decrease in receivables	(7,676)	1,470	(2,035)
(Increase) decrease in inventories	(410)	491	1,031
(Increase) decrease in other assets	(4,859)	(4,804)	155
Decrease in trade payables	(4,778)	(823)	(1,625)
Increase (decrease) in other liabilities	33,068	(4,824)	26,808
<b>Net cash flows provided by operating activities</b>	<b>176,997</b>	<b>194,278</b>	<b>170,506</b>
<b>Cash flows provided by (used in) investing activities:</b>			
Purchases of property and equipment, net of decrease in construction payables of \$3,829, \$5,516 and \$4,551, respectively	(47,471)	(51,993)	(48,095)
Proceeds from Commonwealth of Pennsylvania's facility improvement grant	2,000	—	1,000
Issuance of third-party loans and advances	(923)	(748)	(1,054)
Payments received on third-party loans	146	250	221
(Increase) decrease in restricted cash, net	(45,231)	106	312
Proceeds from asset sales	143	208	37
Payment of table game certificate fee	—	—	(16,500)
<b>Net cash flows used in investing activities</b>	<b>(91,336)</b>	<b>(52,177)</b>	<b>(64,079)</b>
<b>Cash flows provided by (used in) financing activities:</b>			
Bank Credit Facility borrowings - revolving loan	154,000	431,000	368,000
Bank Credit Facility repayments - revolving loan	(289,000)	(423,000)	(407,000)
Bank Credit Facility repayments - term loan	(3,000)	—	(147,000)
Term Loan Facility borrowings, net of discount	220,500	—	—
Line of Credit borrowings	225,215	525,913	531,580
Line of Credit repayments	(225,215)	(533,300)	(536,373)
Borrowings from Mohegan Tribe	20,600	850	—
Proceeds from issuance of Second Lien Senior Secured Notes, net of discount	—	—	192,468
Payments on long-term debt	(66,454)	(3,010)	(1,000)
Salishan-Mohegan Bank Credit Facility borrowings - revolving loan	—	250	1,750
Salishan-Mohegan Bank Credit Facility repayments - revolving loan	(15,250)	—	—
Downs Lodging Credit Facility borrowings - term loan	45,000	—	—
Principal portion of relinquishment liability payments	(45,358)	(42,644)	(39,939)
Distributions to Mohegan Tribe	(52,950)	(47,050)	(61,500)
Payments of financing fees	(51,513)	(4,032)	(8,179)
Payments on capital lease obligations	(766)	(688)	(919)
Non-controlling interest contributions	280	1,887	918
<b>Net cash flows used in financing activities</b>	<b>(83,751)</b>	<b>(93,824)</b>	<b>(107,194)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,910</b>	<b>48,277</b>	<b>(767)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>112,174</b>	<b>63,897</b>	<b>64,664</b>

Cash and cash equivalents at end of year	<u>\$ 114,084</u>	<u>\$ 112,174</u>	<u>\$ 63,897</u>
Supplemental disclosures:			
Cash paid during the year for interest	\$ 118,225	\$ 108,635	\$ 99,072
Capital lease	\$ 4,189	\$ —	\$ —
Non-cash asset contribution from Mortgage Trust	\$ —	\$ —	\$ 5,487

The accompanying notes are an integral part of these consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1—ORGANIZATION:**

The Mohegan Tribe of Indians of Connecticut (the "Mohegan Tribe" or the "Tribe") established the Mohegan Tribal Gaming Authority (the "Authority") in July 1995 with the exclusive authority to conduct and regulate gaming activities for the Tribe on Tribal lands and the non-exclusive authority to conduct such activities elsewhere. The Tribe is a federally-recognized Indian tribe with an approximately 544-acre reservation situated in Southeastern Connecticut, adjacent to Uncasville, Connecticut. Under the Indian Gaming Regulatory Act of 1988 ("IGRA"), federally-recognized Indian tribes are permitted to conduct full-scale casino gaming operations on tribal lands, subject to, among other things, the negotiation of a compact with the affected state. The Tribe and the State of Connecticut entered into a compact (the "Mohegan Compact"), which was approved by the United States Secretary of the Interior. The Authority is primarily engaged in the ownership, operation and development of gaming facilities. In October 1996, the Authority opened Mohegan Sun, a gaming and entertainment complex situated on a 185-acre site on the Tribe's reservation. The Authority is governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Tribe. Any change in the composition of the Mohegan Tribal Council results in a corresponding change in the Authority's Management Board.

As of September 30, 2012, the following subsidiaries were wholly-owned by the Authority: Mohegan Basketball Club, LLC ("MBC"), Mohegan Golf, LLC ("Mohegan Golf"), Mohegan Commercial Ventures-PA, LLC ("MCV-PA"), Mohegan Ventures-Northwest, LLC ("Mohegan Ventures-NW"), Mohegan Ventures Wisconsin, LLC ("MVW"), MTGA Gaming, LLC ("MTGA Gaming"), Downs Lodging, LLC ("Downs Lodging") and Mohegan Gaming Advisors, LLC ("Mohegan Gaming Advisors"). MBC owns and operates the Connecticut Sun, a professional basketball team in the Women's National Basketball Association (the "WNBA"). MBC currently owns a 4.2% membership interest in WNBA, LLC. Mohegan Golf owns and operates the Mohegan Sun Country Club at Paulipaug golf course in Southeastern Connecticut ("Mohegan Sun Country Club"). Downs Lodging, an unrestricted subsidiary of the Authority, was formed to develop, finance and build Project Sunlight, a hotel and convention center to be located at Mohegan Sun at Pocono Downs. Mohegan Gaming Advisors, an unrestricted subsidiary of the Authority, was formed to pursue gaming opportunities outside the State of Connecticut, including management contracts and consulting agreements for casino and entertainment properties in the United States. Mohegan Gaming Advisors holds 100% membership interests in MGA Holding NJ, LLC and MGA Gaming NJ, LLC (collectively, the "Mohegan New Jersey Entities"). The Mohegan New Jersey Entities were formed to pursue management contracts and consulting agreements in the State of New Jersey. In October 2012, MGA Holding NJ, LLC acquired a 10% ownership interest in Resorts Casino Hotel in Atlantic City, New Jersey ("Resorts Atlantic City").

MCV-PA holds a 0.01% general partnership interest in each of Downs Racing, L.P., Backside, L.P., Mill Creek Land, L.P. and Northeast Concessions, L.P. (collectively, along with MCV-PA, the "Pocono Downs Subsidiaries"), while the Authority holds the remaining 99.99% limited partnership interest in each entity. Downs Racing, L.P. ("Downs Racing") owns and operates Mohegan Sun at Pocono Downs, a gaming and entertainment facility situated on a 400-acre site in Plains Township, Pennsylvania, and several off-track wagering facilities located elsewhere in Pennsylvania (collectively, the "Pennsylvania Facilities"). The Authority views Mohegan Sun and the Pennsylvania Facilities as two separate operating segments.

Mohegan Ventures-NW and the Tribe hold 49.15% and 7.85% membership interests in Salishan-Mohegan, LLC ("Salishan-Mohegan"), respectively, which was formed with an unrelated third-party to participate in the development and management of a proposed casino to be owned by the federally-recognized Cowlitz Indian Tribe of Washington (the "Cowlitz Tribe") and to be located in Clark County, Washington (the "Cowlitz Project").

MVW holds a 100% membership interest in Wisconsin Tribal Gaming, LLC ("WTG"), which was formed to participate in the development of a proposed casino to be owned by the federally-recognized Menominee Indian Tribe of Wisconsin (the "Menominee Tribe") and to be located in Kenosha, Wisconsin (the "Menominee Project").

MTGA Gaming and the Tribe hold 49% and 51% membership interests in Mohegan Gaming & Hospitality, LLC ("MG&H"), respectively. MG&H holds a 100% membership interest in Mohegan Resorts, LLC ("Mohegan Resorts"). Mohegan Resorts holds a 100% membership interest in Mohegan Resorts Mass, LLC, which was formed to pursue potential gaming opportunities in the Commonwealth of Massachusetts. Mohegan Resorts also holds 100% membership interests in Mohegan Resorts New York, LLC and Mohegan Gaming New York, LLC (collectively, the "Mohegan New York Entities"). The Mohegan New York Entities were formed to pursue potential gaming opportunities in the State of New York.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**NOTE 2—BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

*Principles of Consolidation*

The accompanying consolidated financial statements include the accounts of the Authority and its majority and wholly-owned subsidiaries and entities. In accordance with authoritative guidance issued by the Financial Accounting Standards Board (the "FASB") pertaining to consolidation of variable interest entities, the accounts of Salishan-Mohegan are consolidated into the accounts of Mohegan Ventures-NW, and the accounts of MG&H, Mohegan Resorts and its subsidiaries are consolidated into the accounts of MTGA Gaming, as Mohegan Ventures-NW and MTGA Gaming are deemed to be the primary beneficiaries. In consolidation, all intercompany balances and transactions were eliminated.

*Revisions*

The Authority's operating results for the fiscal year ended September 30, 2012 reflect adjustments to increase interest income by \$1.1 million and reserves for doubtful collection of long-term receivables by \$326,000 relating to unrecorded interest income and the related receivables and reserves in connection with reimbursable costs and expenses advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe for the Cowlitz Project that were not recorded during fiscal 2007, 2008, 2009, 2010, 2011 and 2012, and interim periods within those fiscal years. Because amounts involved were not material to the Authority's financial statements in any individual prior period, and the cumulative amount was not material to operating results for the fiscal year ended September 30, 2012, the Authority recorded the cumulative effect of correcting these items during the fiscal year ended September 30, 2012.

During the fiscal year ended September 30, 2011, the Authority recorded an adjustment of \$3.7 million to reduce cash and cash equivalents and slot revenues that were incorrectly recorded during fiscal 2005, 2006 and 2007, and interim periods within those fiscal years. Because amounts involved were not material to the Authority's financial statements in any individual prior period, and the cumulative amount was not material to operating results for the fiscal year ended September 30, 2011, the Authority recorded the cumulative effect of correcting these items during the fiscal year ended September 30, 2011.

*Use of Estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Authority to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. The most significant estimates included in the accompanying consolidated financial statements relate to reserves for doubtful accounts, asset valuation, the liabilities associated with self-insurance, unredeemed Player's Club points and relinquishment, contingencies and litigation. Actual results could differ from these estimates.

*Cash and Cash Equivalents*

Cash and cash equivalents consist of deposits that can be redeemed on demand and investments with original maturities of less than 90 days. Cash equivalents are carried at cost, which approximates market value. Cash and cash equivalents include all operating cash and in-house funds.

*Restricted Cash*

Restricted cash consists of deposits that are contractually restricted as to their withdrawal or use. Restricted cash primarily includes cash held by Downs Lodging which use is restricted to payments for construction expenditures in connection with Project Sunlight, including construction period interest and expenses.

*Receivables*

*Accounts Receivable*

Accounts receivable consists primarily of casino receivables, which represent credit extended to approved casino patrons, and hotel and other non-gaming receivables. The Authority maintains a reserve for doubtful collection, which is based on the Authority's estimate of the probability that these receivables will be collected. The Authority assesses the adequacy of this reserve by continuously evaluating historical experience, creditworthiness of the related patron and all other available information. Future business or economic trends could affect the collectability of these receivables and the related reserve.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

***Long-Term Receivables***

Long-term receivables consist primarily of receivables from affiliates and tenants.

Receivables from affiliates, which are included in other assets, net, in the accompanying consolidated balance sheets, consist primarily of reimbursable costs and expenses advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe for the Cowlitz Project (refer to Note 12) and WTG on behalf of the Menominee Tribe for the Menominee Project (refer to Note 13). The Salishan-Mohegan receivables are payable upon: (1) the receipt of necessary financing for the development of the proposed casino, and (2) the related property being taken into trust by the United States Department of the Interior. Due to the uncertainty in the development of the Cowlitz Project, the Authority maintains a reserve for doubtful collection of the Salishan-Mohegan receivables, which is based on the Authority's estimate of the probability that the receivables will be collected. The Authority assesses the reserve for doubtful collection of the Salishan-Mohegan receivables for adequacy on a quarterly basis. Future developments in the receipt of financing, the relevant land being taken into trust or other matters affecting the Cowlitz Project could affect the collectability of the Salishan-Mohegan receivables and the related reserve. The WTG receivables are fully reserved. The WTG receivables are payable upon the receipt of necessary financing for the development of the proposed casino, subject to certain conditions.

Receivables from tenants, which are primarily included in other assets, net, in the accompanying consolidated balance sheets, consist primarily of funds loaned to various tenants at Mohegan Sun and Mohegan Sun at Pocono Downs. Loan terms range up to eleven years, subject to renewals. The Authority maintains a reserve for doubtful collection of receivables from tenants, which is based on the Authority's estimate of the probability that these receivables will be collected considering historical experience, creditworthiness of the related tenant and all other available information.

The following table presents a reconciliation of long-term receivables and the related reserves for doubtful collection of these long-term receivables (in thousands):

	Long-Term Receivables		
	Affiliates (1)	Tenants	Total
Balance, September 30, 2011	\$ 46,561	\$ 1,285	\$ 47,846
Additions:			
Issuance of affiliate advances and tenant loans (2)	5,674	—	5,674
Deductions:			
Payments received	—	(146)	(146)
Balance, September 30, 2012	<u>\$ 52,235</u>	<u>\$ 1,139</u>	<u>\$ 53,374</u>

- (1) Includes interest receivable of \$18.4 million and \$22.9 million as of September 30, 2011 and 2012, respectively. The WTG receivables no longer accrue interest pursuant to a release and reimbursement agreement entered into in September 2010.
- (2) Includes adjustment to increase long-term receivables by \$1.1 million, which related to prior periods.

	Reserves for Doubtful Collection of Long-Term Receivables		
	Affiliates	Tenants	Total
Balance, September 30, 2011	\$ 20,201	\$ 78	\$ 20,279
Additions:			
Charges to bad debt expense (1)	1,606	—	1,606
Deductions:			
Adjustments	—	(8)	(8)
Balance, September 30, 2012	<u>\$ 21,807</u>	<u>\$ 70</u>	<u>\$ 21,877</u>

- (1) Includes adjustment to increase reserves for doubtful collection of long-term receivables by \$326,000, which related to prior periods.

***Inventories***

Inventories are stated at the lower of cost or market value and consist primarily of food and beverage, retail, hotel and operating supplies. Cost is determined using the average cost method. The Authority reduces the carrying value of slow-moving inventory to net realizable value, based on the Authority's estimate of the amount of inventory that may not be utilized in future operations. Future business trends could affect the timely use of inventories.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

***Property and Equipment***

Property and equipment are stated at cost. Depreciation is recognized over the estimated useful lives of the assets, other than land, on a straight-line basis. Leasehold improvements are amortized over the shorter of the lease terms or the estimated useful lives of the improvements. Estimated useful lives by asset categories are as follows:

Buildings and land improvements	40 years
Furniture and equipment	3 - 7 years

The costs of significant improvements are capitalized. Costs of normal repairs and maintenance are expensed as incurred. Gains or losses on disposition of property and equipment are reflected in the accompanying consolidated financial statements.

Property and equipment are assessed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If it is determined that the carrying amounts may not be recoverable based on current and future levels of income and cash flows, as well as other factors, an impairment loss will be recognized at such time. As of September 30, 2012 and 2011, the Authority assessed its property and equipment for impairment and determined that no impairment existed. In fiscal 2010, the Authority determined that certain assets related to the suspended elements of its Project Horizon expansion did not have any future benefit to the Authority. Accordingly, the Authority recognized a \$58.1 million impairment charge, which was recorded in the accompanying consolidated statement of income for the fiscal year ended September 30, 2010 (refer to Note 4).

***Capitalized Interest***

Interest costs incurred in connection with major development and construction projects are capitalized and included in the cost of the related project. Under instances where no debt is directly incurred in connection with a project, interest is capitalized on amounts expended on the project utilizing the weighted-average interest cost of the Authority's outstanding borrowings. Capitalization of interest ceases when a project is substantially completed or development activity is suspended for an extended period of time.

***Goodwill***

In accordance with authoritative guidance issued by the FASB pertaining to goodwill, the goodwill associated with the acquisition of the Pennsylvania Facilities is not subject to amortization, but is assessed at least annually for impairment by comparing its fair value to its carrying value. The fair value is determined utilizing an income approach based on projected discounted cash flows from the Pennsylvania Facilities, exclusive of capital expenditures requirements. If the carrying value of the goodwill exceeds its fair value, an impairment loss will be recognized to the extent that the carrying value of the goodwill exceeds its implied fair value. The income approach requires the Authority to make assumptions regarding future revenues and expenses, discount rates and the terminal value based on a market multiple of the Pennsylvania Facilities. As of September 30, 2012 and 2011, the Authority assessed the goodwill for impairment and determined that no impairment existed. If any of the following occurs, the goodwill may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on the accompanying consolidated financial statements: (1) if estimates of projected cash flows from the Pennsylvania Facilities are not met; (2) if the discount rate increases; (3) if terminal growth rates decrease; or (4) if market multiples decrease.

***Other Intangible Assets***

Intangible assets relate primarily to the Pennsylvania Facilities, Mohegan Sun, MBC and Mohegan Golf.

In connection with the acquisition of the Pennsylvania Facilities, the Authority recorded a slot machine license intangible asset of \$214.0 million. In October 2006, a one-time slot machine license fee of \$50.0 million was paid to the Pennsylvania Gaming Control Board (the "PGCB") and added to the existing slot machine license intangible asset. In June 2010, a one-time table game certificate fee of \$16.5 million was paid to the PGCB and classified as an intangible asset. The slot machine license and table game certificate intangible assets, with indefinite useful lives, are assessed as a single unit of accounting at least annually for impairment by comparing the fair value of the recorded assets to their carrying value. Their fair value is determined utilizing an income approach based on projected discounted cash flows from the Pennsylvania Facilities, exclusive of a required rate of return of all other assets and exclusive of capital expenditures requirements. If the carrying value exceeds the fair value, an impairment loss will be recognized to the extent that the carrying value exceeds the fair value. The income approach requires the Authority to make assumptions regarding future revenues and expenses, discount rates and the terminal value based on a perpetual growth

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

rate of the Pennsylvania Facilities. As of September 30, 2012 and 2011, the Authority assessed the intangible assets for impairment and determined that no impairment existed. If any of the following occurs, the intangible assets may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on the accompanying consolidated financial statements: (1) if estimates of projected cash flows from the Pennsylvania Facilities are not met; (2) if the discount rate increases; or (3) if the terminal value decreases.

In connection with a relinquishment agreement (refer to Note 11), Trading Cove Associates (“TCA”) granted the Authority an exclusive, irrevocable, perpetual, world-wide and royalty-free license with respect to trademarks and other similar rights, including the “Mohegan Sun” name. The Mohegan Sun trademark intangible asset of \$119.7 million is no longer subject to amortization, as it is deemed to have an indefinite useful life, and is assessed at least annually for impairment by comparing its fair value to its carrying value. The fair value is determined utilizing the income approach – relief from royalty method based on projected revenues from Mohegan Sun and Mohegan Sun at Pocono Downs. If the carrying value exceeds the fair value, an impairment loss will be recognized to the extent that the carrying value exceeds the fair value. The income approach requires the Authority to make assumptions regarding future revenues, discount rates, royalty rate and the terminal value based on a perpetual growth rate of Mohegan Sun and Mohegan Sun at Pocono Downs. As of September 30, 2012 and 2011, the Authority assessed the Mohegan Sun trademark for impairment and determined that no impairment existed. If any of the following occurs, the Mohegan Sun trademark may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on the accompanying consolidated financial statements: (1) if estimates of projected cash flows from Mohegan Sun and Mohegan Sun at Pocono Downs are not met; (2) if the discount rate increases; or (3) if the perpetual growth rate decreases.

In connection with the acquisitions of the WNBA franchise and the assets of Pautipaug Country Club Inc., the Authority recorded a franchise value intangible asset and a membership intangible asset, respectively. These intangible assets, with definite useful lives, are assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

***Deferred Financing Costs***

Debt issuance costs incurred in connection with the issuance of long-term debt are capitalized and amortized to interest expense based on the related debt agreements on a straight-line basis, which approximates the effective interest method. Unamortized amounts are included in other assets, net, in the accompanying consolidated balance sheets.

***Self-Insurance Accruals***

The Authority is self-insured up to certain limits for costs associated with workers’ compensation, general liability and employee medical coverage. Insurance claims and reserves include accruals of estimated settlements of known claims, as well as accruals of estimates of incurred but not reported claims. These accruals are included in other current liabilities in the accompanying consolidated balance sheets. In estimating self-insurance accruals, the Authority considers historical loss experiences and expected levels of costs per claim. Claims are accounted for based on estimates of undiscounted claims, including claims incurred but not reported. The Authority believes that this method provides a consistent and effective way to measure these liabilities; however, changes in health care costs, accident frequency and severity and other factors could materially impact estimated liabilities. The Authority continuously monitors estimates and makes adjustments when necessary.

***Unredeemed Player’s Club Points***

The Authority maintains an accrual for unredeemed Player’s Club points. This accrual is based on the estimated cost of Player’s Club points expected to be redeemed as of the respective balance sheet date. The Authority assesses the adequacy of this accrual by periodically evaluating historical redemption experiences and projected trends related to the accrual. Actual results could differ from these estimates.

***Base Jackpots***

Base jackpots represent the fixed minimum amount of payouts from slot machines for a specific combination. The Authority recognizes base jackpots as reductions to revenues when it becomes obligated to pay such jackpots.

***Relinquishment Liability***

In accordance with authoritative guidance issued by the FASB pertaining to the accounting for contingencies, the Authority recorded a relinquishment liability based on the estimated present value of its obligations under a relinquishment agreement with TCA (refer to Note 11). The Authority reassesses projected revenues and consequently the relinquishment liability: (1) annually

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

in conjunction with its budgeting process, or (2) when necessary to account for material increases or decreases in projected revenues over the relinquishment period. If the reassessment results in an overall increase in projected revenues over the relinquishment period, the relinquishment liability is increased by 5% of such increase in revenues, discounted at the Authority's risk-free rate of investment, which is an incremental layer. If the reassessment results in an overall decrease to projected revenues over the relinquishment period, the relinquishment liability is decreased by 5% of such decrease in revenues, discounted on the basis of a weighted-average discount rate, which is a decremental layer. The weighted-average discount rate is defined as the average discount rate utilized to discount all previous incremental layers weighted by the amount of each incremental layer. In addition, the Authority recognizes a quarterly accretion to the relinquishment liability to reflect the impact of the time value of money. Since the calculation of this liability requires a high level of estimates and judgments (including those related to projected revenues and impact and timing of future competition), future events that affect such estimates and judgments may cause the actual liability to materially differ from the current estimate.

***Fair Value of Financial Instruments***

The fair value amounts presented below are reported to satisfy disclosure requirements pursuant to authoritative guidance issued by the FASB pertaining to disclosures about fair values of financial instruments and are not necessarily indicative of amounts that the Authority could realize in a current market transaction.

The Authority applies the following fair value hierarchy, which prioritizes the inputs utilized to measure fair value into three levels:

- Level 1 - Quoted prices for identical assets or liabilities in active markets;
- Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets or valuations based on models where the significant inputs are observable or can be corroborated by observable market data; and
- Level 3 - Valuations based on models where the significant inputs are unobservable. The unobservable inputs reflect the Authority's estimates or assumptions that market participants would utilize in pricing such assets or liabilities.

The Authority's assessment of the significance of a particular input requires judgment and may affect the valuation of financial assets and liabilities and their placement within the fair value hierarchy.

The carrying amount of cash and cash equivalents, receivables, trade payables and promissory notes approximates fair value. The estimated fair value of the Authority's financing facilities and notes were as follows (in thousands):

	September 30, 2012	
	Carrying Value	Fair Value
Bank Credit Facility	\$ 397,000	\$ 390,549
Term Loan Facility	\$ 221,012	\$ 229,219
2009 11 1/2% Second Lien Senior Secured Notes	\$ 194	\$ 211
2012 11 1/2% Second Lien Senior Secured Notes	\$ 194,213	\$ 210,789
2012 10 1/2% Third Lien Senior Secured Notes	\$ 417,771	\$ 380,172
2005 6 1/8% Senior Unsecured Notes	\$ 15,775	\$ 15,302
2004 7 1/8% Senior Subordinated Notes	\$ 21,156	\$ 17,136
2005 6 7/8% Senior Subordinated Notes	\$ 9,654	\$ 7,434
2012 11 % Senior Subordinated Notes	\$ 344,190	\$ 240,933

The estimated fair values of the Authority's financing facilities and notes were based on Level 2 inputs (quoted market prices or prices of similar instruments) on or about September 30, 2012.

***Revenue Recognition***

The Authority recognizes gaming revenues as amounts wagered less prizes paid out. Revenues from food and beverage, hotel, retail, entertainment and other services are recognized at the time such service is performed. Minimum rental revenues are recognized on a straight-line basis over the terms of the related leases. Percentage rental revenues are recognized in the periods in which the tenants exceed their respective percentage rent thresholds.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**Promotional Allowances**

The Authority operates a program, without membership fees, for patrons at Mohegan Sun, Mohegan Sun at Pocono Downs and its managed property, Resorts Atlantic City. This program provides complimentary food and beverage, hotel, retail, entertainment and other services to patrons, as applicable, based on points that are awarded for patrons' gaming activities. Points may be utilized to purchase, among other things, items at retail stores and restaurants located within Mohegan Sun, Mohegan Sun at Pocono Downs and Resorts Atlantic City. Points also may be utilized at The Shops at Mohegan Sun and the Mohegan Sun gasoline and convenience center, as well as to purchase hotel services and tickets to entertainment events held at facilities located at Mohegan Sun, Mohegan Sun at Pocono Downs and Resorts Atlantic City. The retail value of these complimentary items is included in gross revenues when redeemed at facilities operated by the Authority and then deducted as promotional allowances to arrive at net revenues. The cost associated with reimbursing third parties for the value of complimentary items redeemed at third-party outlets is charged to gaming costs and expenses.

In addition, the Authority offers ongoing promotional coupon programs to patrons for the purchase of food and beverage, hotel and retail amenities offered within Mohegan Sun and Mohegan Sun at Pocono Downs, as applicable. The retail value of items or services purchased with coupons at facilities operated by the Authority is included in gross revenues and the respective coupon value is deducted as promotional allowances to arrive at net revenues. The cost associated with reimbursing third parties for the value of coupons redeemed at third-party outlets is charged to gaming costs and expenses.

The retail value of providing promotional allowances was included in revenues as follows (in thousands):

	For the Fiscal Years Ended		
	September 30, 2012	September 30, 2011	September 30, 2010
Food and beverage	\$ 40,925	\$ 43,710	\$ 47,447
Hotel	14,127	14,850	15,365
Retail, entertainment and other	44,145	50,249	54,852
Total	<u>\$ 99,197</u>	<u>\$ 108,809</u>	<u>\$ 117,664</u>

The estimated cost of providing promotional allowances was included in gaming costs and expenses as follows (in thousands):

	For the Fiscal Years Ended		
	September 30, 2012	September 30, 2011	September 30, 2010
Food and beverage	\$ 37,140	\$ 40,803	\$ 47,551
Hotel	7,754	8,873	9,117
Retail, entertainment and other	40,591	42,245	47,138
Total	<u>\$ 85,395</u>	<u>\$ 91,921</u>	<u>\$ 103,806</u>

In certain circumstances, the Authority also offers discounts on patron losses and cash inducements at Mohegan Sun and Mohegan Sun at Pocono Downs, which are recognized as reductions to gaming revenues. Reductions to gaming revenues related to discounts provided on patron losses totaled \$10.7 million, \$9.7 million and \$8.0 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively. Reductions to gaming revenues related to Player's Club points redeemed for cash totaled \$1.1 million, \$933,000 and \$1.0 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

**Gaming Costs and Expenses**

Gaming costs and expenses primarily include portions of gaming revenues that must be paid to the State of Connecticut and the PGCB. Gaming costs and expenses also include, among other things, payroll costs, expenses associated with the operation of slot machines, table games, poker, keno, live harness racing and racebook, certain marketing expenditures and promotional expenses related to Player's Club point and coupon redemptions.

**Advertising Costs and Expenses**

Production costs are expensed the first time the advertisement takes place. Prepaid rental fees associated with billboard advertisements are capitalized and amortized over the terms of the related rental agreements. Advertising costs and expenses totaled \$28.2 million, \$27.0 million and \$29.6 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

As of September 30, 2012 and 2011, prepaid advertising was \$767,000 and \$8,000, respectively.

*Corporate Costs and Expenses*

Corporate costs and expenses represent an allocation of certain governmental and administrative costs, payroll costs, professional fees and various other expenses not directly related to the Authority's operations at Mohegan Sun or Mohegan Sun at Pocono Downs. In addition, Corporate costs and expenses include costs associated with various gaming diversification efforts, which are expensed as incurred, except when reimbursable by a third-party.

*Severance Costs and Expenses*

In September 2012, the Authority implemented a workforce reduction of approximately 350 positions in Uncasville, Connecticut, in an effort to further streamline its organization and better align operating costs with current market and business conditions. The costs associated with related post-employment severance benefits were expensed at the time the termination was communicated to the employees. In connection with this workforce reduction, the Authority incurred \$12.5 million in severance charges, which were recorded in the accompanying consolidated statement of income for the fiscal year ended September 30, 2012. Cash payments commenced in October 2012 and are anticipated to be completed in September 2014. The Authority does not anticipate incurring any additional severance charges in connection with this workforce reduction, other than charges that may arise from adjustments to the initial estimates utilized under the plan. The following table presents a reconciliation of the related severance liability by business segment (in thousands):

	Mohegan Sun	Corporate	Total
Accrued severance at measurement date	\$ 12,497	\$ 24	\$ 12,521
Cash payments	—	—	—
Balance, September 30, 2012	<u>\$ 12,497</u>	<u>\$ 24</u>	<u>\$ 12,521</u>

In September 2010, the Authority implemented a 475 position reduction of its workforce in Uncasville, Connecticut. The costs associated with related post-employment severance benefits were expensed at the time the termination was communicated to the employees. Severance for the fiscal year ended September 30, 2011 resulted from adjustments to the initial estimates utilized under the workforce reduction plan. Cash payments commenced in September 2010 and were completed in March 2012. The Authority does not anticipate incurring any additional severance charges in connection with this workforce reduction. The following table presents a reconciliation of the related severance liability by business segment (in thousands):

	Mohegan Sun	Corporate	Total
Accrued severance at measurement date	\$ 9,830	\$ 35	\$ 9,865
Cash payments	(29)	—	(29)
Balance, September 30, 2010	<u>9,801</u>	<u>35</u>	<u>9,836</u>
Adjustments	242	2	244
Cash payments	(9,830)	(37)	(9,867)
Balance, September 30, 2011	<u>213</u>	<u>—</u>	<u>213</u>
Cash payments	(213)	—	(213)
Balance, September 30, 2012	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

*Pre-Opening Costs and Expenses*

In accordance with authoritative guidance issued by the FASB pertaining to the reporting on the costs of start-up activities, pre-opening costs and expenses are expensed as incurred.

*Income Taxes*

The Tribe is a sovereign Indian nation with independent legal jurisdiction over its people and land. Like other sovereign governments, the Tribe and its entities, including the Authority, are not subject to federal, state or local income taxes.

*New Accounting Standards*

In July 2012, the FASB issued revised guidance pertaining to the accounting standard for indefinite-lived intangible assets. The revised guidance allows an entity the option to assess qualitative factors to determine whether it is more likely than

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

not that an indefinite-lived intangible asset is impaired before performing the two-step indefinite-lived intangible asset impairment test. The revised guidance is effective for interim and annual periods beginning after September 15, 2012; however, early adoption is permitted. The Authority adopted this guidance in its fourth quarter of fiscal 2012, and its adoption did not impact its financial position, results of operations or cash flows.

In September 2011, the FASB issued revised guidance pertaining to the accounting standard for goodwill impairment tests. The revised guidance allows an entity the option to assess qualitative factors to determine whether the fair value of a reporting unit is less than its carrying value before performing the two-step goodwill impairment test. The revised guidance is effective for interim and annual periods beginning after December 15, 2011. The Authority adopted this guidance in its second quarter of fiscal 2012, and its adoption did not impact its financial position, results of operations or cash flows.

In May 2011, the FASB issued amended guidance seeking to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and International Financial Reporting Standards (“IFRS”). While consistent with existing fair value measurement principles under GAAP, the amended guidance expands existing disclosure requirements for fair value measurements and eliminates unnecessary differences between GAAP and IFRS. The amended guidance is effective for interim and annual periods beginning after December 15, 2011. The Authority adopted this guidance in its second quarter of fiscal 2012, and its adoption did not impact its financial position, results of operations or cash flows.

In April 2010, the FASB issued guidance pertaining to accruals for casino jackpot liabilities. The new guidance clarifies that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying such jackpot. The new guidance specifies that jackpots should be accrued and charged to revenue when the entity has the obligation to pay such jackpot and applies to both base and progressive jackpots and requires a cumulative-effect adjustment to opening retained earnings in the period of adoption. The new guidance was effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2010. The Authority adopted this guidance in its first quarter of fiscal 2012, and as such, recorded a cumulative-effect adjustment, which decreased other current liabilities and increased retained earnings by \$2.0 million.

**NOTE 3—RECEIVABLES, NET:**

Receivables, net, consisted of the following (in thousands):

	September 30, 2012	September 30, 2011
Gaming	\$ 29,231	\$ 24,989
Hotel	1,354	1,309
Other	5,093	4,632
Subtotal	<u>35,678</u>	<u>30,930</u>
Less: reserve for doubtful collection	(9,122)	(10,459)
Total receivables, net	<u>\$ 26,556</u>	<u>\$ 20,471</u>

**NOTE 4—PROPERTY AND EQUIPMENT, NET:**

Property and equipment, net, consisted of the following (in thousands):

	September 30, 2012	September 30, 2011
Land	\$ 64,799	\$ 64,799
Land improvements	96,603	85,688
Buildings and improvements	1,692,683	1,692,498
Furniture and equipment	541,506	528,085
Construction in process	20,243	22,020
Subtotal	<u>2,415,834</u>	<u>2,393,090</u>
Less: accumulated depreciation	(925,436)	(863,495)
Total property and equipment, net	<u>\$ 1,490,398</u>	<u>\$ 1,529,595</u>

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Depreciation expense totaled \$84.5 million, \$89.5 million and \$96.7 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively. Capitalized interest totaled \$34,000 and \$66,000 for the fiscal years ended September 30, 2012 and 2010, respectively. The Authority did not record any capitalized interest for the fiscal year ended September 30, 2011.

In September 2008, the Authority suspended certain elements of its Project Horizon expansion due to a slowdown in business volumes and uncertainties in the financial markets. Costs incurred on the suspended elements related to excavation and foundation work for a planned podium and new hotel tower, as well as professional fees for design and architectural work. During its fourth quarter ended September 30, 2010, the Authority re-evaluated its plans with respect to the development of the new hotel element of the project, and based on a modified plan, which encompassed a smaller hotel to be located closer to the existing hotel, determined that certain assets related to the suspended elements did not have any future benefit to the Authority. Accordingly, in fiscal 2010, the Authority recorded a related \$58.1 million impairment charge. As of September 30, 2012 and 2011, assets anticipated to be utilized under the modified plan, which may include a third-party developed and owned hotel, including related capitalized interest, totaled \$9.4 million and \$9.2 million, respectively, and were included in construction in process. The Authority continues to evaluate its options with respect to the development of the new hotel; however, it can provide no assurance regarding if or when the modified plan will commence. Factors that the Authority will consider in determining the feasibility of the new hotel include the Authority's financial performance, project cash flow projections, project costs, financing options, economic conditions, industry trends, demand and competition.

**NOTE 5—OTHER CURRENT ASSETS AND OTHER CURRENT LIABILITIES:**

Other current assets consisted of the following (in thousands):

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Non-qualified deferred compensation	\$ 17,190	\$ 16,697
Prepaid expenses and other miscellaneous current assets	11,125	10,530
<b>Total other current assets</b>	<b>\$ 28,315</b>	<b>\$ 27,227</b>

Other current liabilities consisted of the following (in thousands):

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Accrued payroll and related taxes and benefits	\$ 49,064	\$ 45,839
Combined outstanding Slot Win Contribution and free promotional slot play contribution	13,680	15,304
Accrued severance	13,228	518
Amounts due to horsemen	9,259	9,155
Other miscellaneous current liabilities	64,749	62,134
<b>Total other current liabilities</b>	<b>\$ 149,980</b>	<b>\$ 132,949</b>

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**NOTE 6—LONG-TERM DEBT:**

Long-term debt consisted of the following (in thousands, including current maturities):

	September 30, 2012	September 30, 2011
Bank Credit Facility, due March 2015	\$ 397,000	\$ 535,000
Term Loan Facility, due March 2016, net of discount of \$3,983	221,012	—
2009 11 1/2% Second Lien Senior Secured Notes, due November 2017, net of discount of \$6 and \$6,325, respectively	194	193,675
2012 11 1/2% Second Lien Senior Secured Notes, due November 2017, net of discount of \$5,587	194,213	—
2012 10 1/2% Third Lien Senior Secured Notes, due December 2016	417,771	—
2005 6 1/8% Senior Unsecured Notes, due February 2013	15,775	250,000
2002 8% Senior Subordinated Notes, due April 2012	—	250,000
2004 7 1/8% Senior Subordinated Notes, due August 2014	21,156	225,000
2005 6 7/8% Senior Subordinated Notes, due February 2015	9,654	150,000
2012 11% Senior Subordinated Notes, due September 2013	344,190	—
2009 Mohegan Tribe Promissory Note, due September 2014	10,000	10,000
2012 Mohegan Tribe Minor's Trust Promissory Note, due March 2016	20,000	—
Mohegan Tribe Credit Facility, due September 2013	1,450	850
Selishan-Mohegan Bank Credit Facility, due March 2012	—	15,250
Downs Lodging Credit Facility, due July 2016	45,000	—
Subtotal	1,697,415	1,629,775
Plus: net deferred gain on derivative instruments sold	386	641
Long-term debt, excluding capital leases	1,697,801	1,630,416
Less: current portion of long-term debt	(29,737)	(811,100)
Long-term debt, net of current portion	\$ 1,668,064	\$ 819,316

Maturities of long-term debt are as follows (in thousands, including current maturities):

<u>Fiscal Years</u>	
2013	\$ 29,725
2014	30,656
2015	404,654
2016	280,000
2017	417,771
Thereafter	544,190
Total	\$ 1,706,996

On March 6, 2012, the Authority completed a comprehensive refinancing of its outstanding indebtedness, including the consummation of private exchange offers and consent solicitations with respect to its outstanding notes, an amendment and restatement of its bank credit facility and the execution and funding of a term loan facility (all further discussed below). Consummation of the exchange offers resulted in the issuance of approximately \$961.8 million in aggregate principal amount of new notes in exchange for an equivalent principal amount of tendered and accepted old notes. The Authority incurred approximately \$57.6 million in costs in connection with these refinancing transactions, consisting primarily of consulting, legal and consent fees. In accordance with authoritative guidance issued by the FASB pertaining to debt refinancing, these refinancing transactions were each considered a debt modification and approximately \$14.3 million in transaction costs were written-off and recorded as a loss on early exchange of debt in the accompanying consolidated statement of income for the fiscal year ended September 30, 2012. The remaining \$43.3 million in transaction costs were capitalized and included in other assets, net, in the accompanying consolidated balance sheet as of September 30, 2012 and will be amortized over the terms of the related debt.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

***Bank Credit Facilities***

***First Lien, First Out Credit Facility***

On March 6, 2012, the Authority entered into a Fourth Amended and Restated Bank Credit Facility providing for a \$400.0 million term loan and a revolving loan with letter of credit and borrowing capacity of up to \$75.0 million from a syndicate of financial institutions and commercial banks, with Bank of America, N.A. serving as Administrative Agent (the "Bank Credit Facility"). Principal outstanding on the term loan under the Bank Credit Facility is to be repaid at a rate of \$1.0 million per quarter. The Bank Credit Facility matures on March 31, 2015, upon which date all outstanding balances are payable in full. As of September 30, 2012, there were \$397.0 million in term loans and no revolving loans outstanding under the Bank Credit Facility. As of September 30, 2012, letters of credit issued under the Bank Credit Facility totaled \$2.3 million, of which no amount was drawn. Inclusive of letters of credit, which reduce borrowing availability under the Bank Credit Facility, and after taking into account restrictive financial covenant requirements, the Authority had approximately \$64.9 million of borrowing capacity under the Bank Credit Facility as of September 30, 2012.

Borrowings under the Bank Credit Facility incur interest as follows: (i) for base rate revolving loans, base rate plus an applicable margin based on a leverage-based pricing grid between 2.25% and 3.25%; (ii) for Eurodollar rate revolving loans, the applicable LIBOR rate plus an applicable margin based on a leverage-based pricing grid between 3.50% and 4.50%; (iii) for base rate term loans, base rate plus an applicable margin equal to 3.25%; and (iv) for Eurodollar rate term loans, the applicable LIBOR rate plus 4.50%. For Eurodollar rate term loans, LIBOR is subject to a 1.0% floor. There also is a fee of between 0.25% and 0.50%, based on a leverage-based pricing grid, charged on unused revolving commitments. Interest on Eurodollar rate loans is payable at the end of each applicable interest period for periods of three months or less and for loans of more than three months, each March, June, September or December that occurs after the beginning of such interest period. Interest on base rate loans is payable quarterly in arrears. As of September 30, 2012, the \$397.0 million in term loans outstanding were based on the Eurodollar rate floor of 1.0% plus an applicable margin of 4.50%. The applicable margin for commitment fees was 0.50% as of September 30, 2012. As of September 30, 2012 and 2011, accrued interest, including commitment fees, on the Bank Credit Facility was \$211,000 and \$1.0 million, respectively.

The Authority's obligations under the Bank Credit Facility are fully and unconditionally guaranteed, jointly and severally, by the Pocono Downs Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WFG and MITGA Gaming (collectively, the "Guarantors"). The Bank Credit Facility is collateralized by a first priority lien on substantially all of the Authority's property and assets and those of the Guarantors (other than MBC), including the assets that comprise Mohegan Sun at Pocono Downs and a leasehold mortgage on the land and improvements that comprise Mohegan Sun (the Authority and the Guarantors, other than MBC, are collectively referred to herein as the "Grantors"). The Grantors also are required to pledge additional assets as collateral for the Bank Credit Facility as they and future guarantor subsidiaries acquire them. The liens and security interests granted by the Grantors as security for the Authority's obligations under the Bank Credit Facility are senior in priority to the liens on the same collateral securing the Term Loan Facility (as defined below) and the 2009 Second Lien Notes, 2012 Second Lien Notes and 2012 Third Lien Notes (each as defined below and, collectively, the "Secured Notes"). The collateral securing the Bank Credit Facility constitutes substantially all of the Grantors' property and assets that secure the Term Loan Facility and the Secured Notes, but excludes certain excluded assets as defined in the Bank Credit Facility.

The Bank Credit Facility contains negative covenants applicable to the Authority and the Guarantors, including negative covenants governing incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions, mergers or consolidations and capital expenditures. Additionally, the Bank Credit Facility includes financial maintenance covenants pertaining to total leverage, senior leverage and minimum fixed charge coverage.

As of September 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the Bank Credit Facility.

***First Lien, Second Out Term Loan Facility***

On March 6, 2012, the Authority entered into a loan agreement providing for a \$225.0 million first lien, second out term loan with Wells Fargo Gaming Capital, LLC serving as Administrative Agent (the "Term Loan Facility"). The Term Loan Facility was issued at a price of 98.0% of par, for an initial yield of approximately 9.6% *per annum*. The Term Loan Facility has no mandatory amortization and is payable in full on March 31, 2016. The net proceeds from the Term Loan Facility were used to refinance the Authority's existing indebtedness, permanently reduce commitments under the Bank Credit Facility and pay accrued interest, fees and expenses in connection with the Authority's refinancing transactions consummated on March 6, 2012.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Loans under the Term Loan Facility incur interest as follows: (i) for base rate loans, base rate plus 6.50% per annum and (ii) for Eurodollar rate loans, LIBOR plus 7.50% per annum. In all cases, LIBOR is subject to a 1.50% floor. Interest on Eurodollar rate loans is payable at the end of each applicable interest period or every quarter in arrears, if an interest period exceeds three months. Interest on base rate loans is payable quarterly in arrears. As of September 30, 2012, the Authority had a \$225.0 million Eurodollar rate loan outstanding, which was based on the Eurodollar rate floor of 1.50% plus an applicable margin of 7.50%. As of September 30, 2012, accrued interest on the Term Loan Facility was \$1.2 million.

The Term Loan Facility is fully and unconditionally guaranteed, jointly and severally, by each of the Guarantors. The liens and security interests granted by the Grantors as security for the Authority's obligations under the Term Loan Facility are senior in priority to the liens on the same collateral securing any of the Secured Notes. The collateral securing the Term Loan Facility constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and the Secured Notes, but excludes certain excluded assets as defined in the Term Loan Facility.

The Term Loan Facility contains negative covenants and financial maintenance covenants that are substantially the same as those contained in the Bank Credit Facility. The Term Loan Facility also includes a separate first lien leverage ratio covenant.

As of September 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the Term Loan Facility.

The Authority continues to monitor revenues and expenditures to ensure continued compliance with its financial covenant requirements under both the Bank Credit Facility and the Term Loan Facility. While the Authority anticipates that it will remain in compliance with all covenant requirements under its bank credit facilities for all periods prior to maturity, it may need to increase revenues or offset any future declines in revenues by implementing further cost containment and other initiatives in order to maintain compliance with these financial covenant requirements. If the Authority is unable to satisfy its financial covenant requirements, it would need to obtain waivers or consents under the bank credit facilities; however, the Authority can provide no assurance that it would be able to obtain such waivers or consents. If the Authority is unable to obtain such waivers or consents, it would be in default under its bank credit facilities, which may result in cross-defaults under its other outstanding indebtedness and allow its lenders and creditors to exercise their rights and remedies as defined under their respective agreements, including their right to accelerate the repayment of the Authority's outstanding indebtedness. If such acceleration were to occur, the Authority can provide no assurance that it would be able to obtain the financing necessary to repay such accelerated indebtedness.

*Senior Secured Notes*

*2009 11 1/2% Second Lien Senior Secured Notes*

In October 2009, the Authority issued \$200.0 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11.50% *per annum* (the "2009 Second Lien Notes"). The 2009 Second Lien Notes were issued at a price of 96.234% of par, to yield an effective interest rate of 12.25% *per annum*. The 2009 Second Lien Notes mature on November 1, 2017. The first call date for the 2009 Second Lien Notes is November 1, 2013. Interest on the 2009 Second Lien Notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2009 Second Lien Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2009 Second Lien Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2009 Second Lien Notes tendered and exchanged was \$199.8 million. An aggregate principal amount of \$200,000 of 2009 Second Lien Notes remains outstanding as of September 30, 2012. As of September 30, 2012 and 2011, accrued interest on the 2009 Second Lien Notes was \$10,000 and \$9.6 million, respectively.

The 2009 Second Lien Notes are collateralized by a second priority lien on substantially all of the Grantors' and future guarantor subsidiaries' properties and assets, and are effectively subordinated to all of the Authority's and its existing and future guarantor subsidiaries' first priority lien secured indebtedness, including borrowings under the Bank Credit Facility and Term Loan Facility, to the extent of the value of the collateral securing such indebtedness. The 2009 Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2009 Second Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

***2012 11 ½% Second Lien Senior Secured Notes***

On March 6, 2012, the Authority issued \$199.8 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11.50% *per annum* (the “2012 Second Lien Notes”) in exchange for an equal amount of 2009 Second Lien Notes. The 2012 Second Lien Notes mature on November 1, 2017. The Authority may redeem the 2012 Second Lien Notes, in whole or in part, at any time prior to November 1, 2014, at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest. On or after November 1, 2014, the Authority may redeem the 2012 Second Lien Notes, in whole or in part, at a premium decreasing ratably to zero, plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Second Lien Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Second Lien Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Second Lien Notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, commencing November 1, 2012. As of September 30, 2012, accrued interest on the 2012 Second Lien Notes was \$13.1 million.

The 2012 Second Lien Notes and the related guarantees are secured by second lien security interests in substantially all of the Grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing the Authority's Bank Credit Facility and Term Loan Facility (and permitted replacements thereof) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 Second Lien Notes constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Third Lien Notes, but excludes certain excluded assets as defined in the 2012 Second Lien Notes indenture. The 2012 Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2012 Second Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

***2012 10 ½% Third Lien Senior Secured Notes***

On March 6, 2012, the Authority issued \$417.7 million Third Lien Senior Secured Notes with fixed interest payable at a rate of 10.50% *per annum* (the “2012 Third Lien Notes”) in exchange for \$234.2 million of 2005 Senior Unsecured Notes and \$183.5 million of 2002 Senior Subordinated Notes. The 2012 Third Lien Notes mature on December 15, 2016. The Authority may redeem the 2012 Third Lien Notes, in whole or in part, at any time at a price equal to 100% of the principal amount plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Third Lien Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Third Lien Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Third Lien Notes is payable semi-annually on June 15<sup>th</sup> and December 15<sup>th</sup>, commencing December 15, 2012. As of September 30, 2012, accrued interest on the 2012 Third Lien Notes was \$25.0 million.

The 2012 Third Lien Notes and the related guarantees are secured by third lien security interests in substantially all of the Grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing the Authority's Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Second Lien Notes (and permitted replacements of each of the foregoing) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 Third Lien Notes constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Second Lien Notes, but excludes certain excluded assets as defined in the 2012 Third Lien Notes indenture. The 2012 Third Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2012 Third Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

*Senior Unsecured Notes*

*2005 6<sup>1</sup>/<sub>8</sub>% Senior Unsecured Notes*

In February 2005, the Authority issued \$250.0 million Senior Unsecured Notes with fixed interest payable at a rate of 6.125% *per annum* (the “2005 Senior Unsecured Notes”). The 2005 Senior Unsecured Notes mature on February 15, 2013. The 2005 Senior Unsecured Notes are callable at the Authority's option at par. Interest on the 2005 Senior Unsecured Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2005 Senior Unsecured Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 Senior Unsecured Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2005 Senior Unsecured Notes tendered and exchanged was \$234.2 million. An aggregate principal amount of \$15.8 million of the 2005 Senior Unsecured Notes remains outstanding as of September 30, 2012. As of September 30, 2012 and 2011, accrued interest on the 2005 Senior Unsecured Notes was \$81,000 and \$1.9 million, respectively.

The 2005 Senior Unsecured Notes are uncollateralized general obligations of the Authority, and are effectively subordinated to all of the Authority's and the Guarantors' and future guarantor subsidiaries' senior secured indebtedness, including the Bank Credit Facility, Term Loan Facility, 2009 Second Lien Notes, 2012 Second Lien Notes and 2012 Third Lien Notes, to the extent of the value of the collateral securing such indebtedness. The 2005 Senior Unsecured Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors. Refer to Note 16 for condensed consolidating financial information of the Authority and its Guarantor and non-guarantor entities.

*Senior Subordinated Notes*

*2002 8% Senior Subordinated Notes*

In February 2002, the Authority issued \$250.0 million Senior Subordinated Notes with fixed interest payable at a rate of 8.000% *per annum* (the “2002 Senior Subordinated Notes”). The 2002 Senior Subordinated Notes matured on April 1, 2012. Subsequent to the March 6, 2012 private exchange offer, \$66.5 million 2002 Senior Subordinated Notes remained outstanding, which amount, including accrued interest, was repaid at maturity with cash on hand. As of September 30, 2011, accrued interest on the 2002 Senior Subordinated Notes was \$10.0 million.

*2004 7<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes*

In August 2004, the Authority issued \$225.0 million Senior Subordinated Notes with fixed interest payable at a rate of 7.125% *per annum* (the “2004 Senior Subordinated Notes”). The 2004 Senior Subordinated Notes mature on August 15, 2014. The 2004 Senior Subordinated Notes are callable at the Authority's option at par. Interest on the 2004 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2004 Senior Subordinated Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2004 Senior Subordinated Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2004 Senior Subordinated Notes tendered and exchanged was \$203.8 million. An aggregate principal amount of \$21.2 million of the 2004 Senior Subordinated Notes remains outstanding as of September 30, 2012. As of September 30, 2012 and 2011, accrued interest on the 2004 Senior Subordinated Notes was \$148,000 and \$2.0 million, respectively.

*2005 6<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes*

In February 2005, the Authority issued \$150.0 million Senior Subordinated Notes with fixed interest payable at a rate of 6.875% *per annum* (the “2005 Senior Subordinated Notes”). The 2005 Senior Subordinated Notes mature on February 15, 2015. The 2005 Senior Subordinated Notes are callable at the Authority's option at par. Interest on the 2005 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2005 Senior Subordinated Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 Senior Subordinated Notes, which eliminated certain covenants

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

under the notes and related indenture. The aggregate principal amount of 2005 Senior Subordinated Notes tendered and exchanged was \$140.3 million. An aggregate principal amount of \$9.7 million of the 2005 Senior Subordinated Notes remains outstanding as of September 30, 2012. As of September 30, 2012 and 2011, accrued interest on the 2005 Senior Subordinated Notes was \$56,000 and \$1.3 million, respectively.

***2012 11% Senior Subordinated Notes***

On March 6, 2012, the Authority issued \$344.2 million Senior Subordinated Toggle Notes with fixed interest payable at a rate of 11% *per annum* (the “2012 Senior Subordinated Notes”) in exchange for \$203.8 million of 2004 Senior Subordinated Notes and \$140.3 million of 2005 Senior Subordinated Notes. The 2012 Senior Subordinated Notes mature on September 15, 2018. The Authority may redeem the 2012 Senior Subordinated Notes, in whole or in part, at any time, at a price equal to 100% of the principal amount plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Senior Subordinated Notes is payable semi-annually on March 15<sup>th</sup> and September 15<sup>th</sup>, commencing September 15, 2012. The initial interest payment on the 2012 Senior Subordinated Notes is payable entirely in cash. For any subsequent interest payment period through March 15, 2018, the Authority may, at its option, elect to pay interest on the 2012 Senior Subordinated Notes either entirely in cash or by paying up to 2% in 2012 Senior Subordinated Notes (“PIK Interest”). If the Authority elects to pay PIK Interest, such election will increase the principal amount of the 2012 Senior Subordinated Notes in an amount equal to the amount of PIK Interest for the applicable interest payment period to holders of 2012 Senior Subordinated Notes on the relevant record date. As of September 30, 2012, accrued interest on the 2012 Senior Subordinated Notes was \$1.7 million.

The 2012 Senior Subordinated Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

The Authority's senior subordinated notes are uncollateralized general obligations of the Authority, and are subordinated to borrowings under the Bank Credit Facility, Term Loan Facility, 2009 Second Lien Notes, 2012 Second Lien Notes, 2012 Third Lien Notes and 2005 Senior Unsecured Notes. The senior subordinated notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors. Refer to Note 16 for condensed consolidating financial information of the Authority and its Guarantor and non-guarantor entities.

The senior and senior subordinated note indentures contain certain non-financial and financial covenant requirements with which the Authority and the Tribe must comply. The non-financial covenant requirements include, among other things, reporting obligations, compliance with laws and regulations, maintenance of licenses and insurances and continued existence of the Authority. The financial covenant requirements include, among other things, subject to certain exceptions, limitations on the Authority's and the Guarantors' ability to incur additional indebtedness, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company, transfer or sell assets or impair assets constituting collateral.

As of September 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the senior and senior subordinated note indentures.

The Authority or its affiliates may, from time to time, seek to purchase or otherwise retire outstanding indebtedness for cash in open market purchases, privately negotiated transactions or otherwise. Any such transaction will depend on prevailing market conditions and the Authority's liquidity and covenant requirement restrictions, among other factors.

***Line of Credit***

As of September 30, 2012, the Authority had a \$16.5 million revolving credit facility with Bank of America, N.A. (the “Line of Credit”). The Line of Credit was amended in March 2012 to, among other things, extend the maturity date to March 31, 2015. Pursuant to provisions of the Bank Credit Facility, the Line of Credit may be replaced by an Autoborrow Loan governed by the terms of an Autoborrow Agreement described in the Bank Credit Facility. Under the Line of Credit, each advance accrues interest on the basis of a one-month LIBOR Rate plus an applicable margin based on the Authority's total leverage ratio, as each term is defined under the Line of Credit. Borrowings under the Line of Credit are uncollateralized obligations. As of September

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

30, 2012, no amount was drawn on the Line of Credit. The Line of Credit contains negative covenants and financial maintenance covenants that are substantially the same as those contained in the Bank Credit Facility. As of September 30, 2012, the Authority was in compliance with all covenant requirements under the Line of Credit and had \$16.5 million of borrowing capacity thereunder. As of September 30, 2012, there was no accrued interest on the Line of Credit. As of September 30, 2011, accrued interest on the Line of Credit was \$7,000.

***2009 Mohegan Tribe Promissory Note***

In September 2009, the Tribe made a \$10.0 million loan to Salishan-Mohegan (the “2009 Mohegan Tribe Promissory Note”). The 2009 Mohegan Tribe Promissory Note was amended in March 2012 to extend the maturity date to September 30, 2014. As amended, the 2009 Mohegan Tribe Promissory Note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly in the amount of \$1.2 million, commencing December 31, 2013 and continuing through June 30, 2014, with the balance of accrued and unpaid interest due at maturity. Principal outstanding under the 2009 Mohegan Tribe Promissory Note amortizes as follows: (i) \$1.625 million per quarter, commencing December 31, 2012 and continuing through September 30, 2013 and (ii) \$875,000 per quarter, commencing December 31, 2013. As of September 30, 2012 and 2011, accrued interest on the Mohegan Tribe Promissory Note was \$3.9 million and \$2.7 million, respectively.

***2012 Mohegan Tribe Minor's Trust Promissory Note***

In March 2012, Comerica Bank & Trust, N.A., Trustee f/b/o The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan (the “2012 Mohegan Tribe Minor's Trust Promissory Note”), the proceeds of which were used to repay, among other things, the Salishan-Mohegan Bank Credit Facility. The 2012 Mohegan Tribe Minor's Trust Promissory Note matures on March 31, 2016. The 2012 Mohegan Tribe Minor's Trust Promissory Note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly, commencing June 30, 2012. Principal outstanding under the 2012 Mohegan Tribe Minor's Trust Promissory Note amortizes as follows: (i) \$500,000 per quarter, commencing December 31, 2012 and continuing through September 30, 2014 and (ii) \$1.5 million per quarter, commencing December 31, 2014 and continuing to maturity. As of September 30, 2012, accrued interest on the 2012 Mohegan Tribe Minor's Trust Promissory Note was \$16,000.

***Mohegan Tribe Credit Facility***

In 2011, the Tribe provided Salishan-Mohegan with a \$1.75 million revolving credit facility (the “Mohegan Tribe Credit Facility”). The Mohegan Tribe Credit Facility was amended in March 2012 to extend the maturity date to September 30, 2013 and reduce the borrowing capacity to \$1.45 million. The Mohegan Tribe Credit Facility accrues interest at an annual rate of 15.0% payable at maturity. As amended, principal outstanding under the Mohegan Tribe Credit Facility amortizes at a rate of \$362,500 per quarter, commencing December 31, 2012. As of September 30, 2012, the Mohegan Tribe Credit Facility was fully drawn. As of September 30, 2012 and 2011, accrued interest on the Mohegan Tribe Credit Facility was \$249,000 and \$47,000, respectively.

***Salishan-Mohegan Bank Credit Facility***

Salishan-Mohegan previously had a \$15.25 million revolving credit facility with Bank of America, N.A. (the “Salishan-Mohegan Bank Credit Facility”). The Salishan-Mohegan Bank Credit Facility, including accrued interest, matured in March 2012, at which time it was repaid with proceeds from the 2012 Mohegan Tribe Minor's Trust Promissory Note. As of September 30, 2011, accrued interest on the Salishan-Mohegan Bank Credit Facility was \$19,000.

***Downs Lodging Credit Facility***

On July 16, 2012, Downs Lodging, a single purpose entity and wholly-owned unrestricted subsidiary of the Authority, entered into a credit agreement providing for a \$45.0 million term loan from a third-party lender (the “Downs Lodging Credit Facility”). The proceeds of the Downs Lodging Credit Facility will be used by Downs Lodging to finance Project Sunlight, a hotel and convention center expansion project being developed and built by Downs Lodging at Mohegan Sun at Pocono Downs. The Downs Lodging Credit Facility matures on July 12, 2016 and accrues interest at an annual rate of 13.0%. Under the terms of the Downs Lodging Credit Facility, accrued interest of 10.0% is payable monthly in cash during the term of the loan, with the remaining 3.0% due at maturity. In addition, a 3.0% exit fee is payable upon repayment of the loan principal. The Downs Lodging Credit Facility is a senior secured obligation of Downs Lodging, collateralized by all existing and future assets of Downs Lodging. The Downs Lodging Credit Facility subjects Downs Lodging to certain covenant requirements customarily found in loan agreements for similar transactions. As of September 30, 2012, Downs Lodging was in compliance with all covenant requirements under the

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Downs Lodging Credit Facility. As of September 30, 2012, accrued interest on the Downs Lodging Credit Facility was \$375,000.

***Derivative Instruments***

The Authority is considered an “end user” of derivative instruments and engages in derivative transactions, from time to time, for risk management purposes only. The Authority held no derivative instrument as of September 30, 2012 and 2011.

Interest rate swap agreements hedging outstanding debt instruments of the Authority, which qualified for hedge accounting in accordance with authoritative guidance issued by the FASB pertaining to the accounting for derivative instruments and hedging activities, and were designated as fair value hedges, were sold in prior fiscal years for a net aggregate gain of \$1.7 million. This gain was deferred and added to the carrying value of the respective notes being hedged and is being amortized and recorded to interest expense over the remaining term of the respective notes. The Authority recorded related amortization to interest expense totaling \$(255,000), \$(467,000) and \$(467,000) for the fiscal years ended September 30, 2012, 2011 and 2010, respectively. The Authority expects to record amortization to offset interest expense of approximately \$12,000 over the next 12 months.

**NOTE 7—LEASES:**

The Authority leases certain areas at Mohegan Sun and Mohegan Sun at Pocono Downs to third-party food and beverage and retail outlets, as well as the rights to access and utilize Mohegan Sun’s rooftop for the installation and operation of antenna towers. Minimum future rental income that the Authority expects to earn under non-cancelable leases is as follows (in thousands):

	Fiscal Years Ending September 30,						Total
	2013	2014	2015	2016	2017	Thereafter	
Minimum future rental income	\$ 6,321	\$ 6,670	\$ 6,668	\$ 6,038	\$ 3,703	\$ 11,977	\$ 41,377

The Authority is required to make payments under various operating leases for buildings, equipment and land at Mohegan Sun and Mohegan Sun at Pocono Downs. The Authority incurred rental expense totaling \$12.6 million, \$13.3 million and \$14.6 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively. Minimum future rental expense that the Authority expects to incur under non-cancelable leases is as follows (in thousands):

	Fiscal Years Ending September 30,						Total
	2013	2014	2015	2016	2017	Thereafter	
Minimum future rental expense	\$ 1,003	\$ 777	\$ 667	\$ 118	\$ 16	\$ —	\$ 2,581

**NOTE 8—RELATED PARTY TRANSACTIONS:**

Distributions to the Tribe totaled \$53.0 million, \$47.1 million and \$61.5 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

The Tribe provides certain governmental and administrative services in connection with the operation of Mohegan Sun. The Authority incurred expenses for such services totaling \$27.0 million, \$27.2 million and \$28.0 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

The Authority purchases most of its utilities, including electricity, gas, water and waste water services, from an instrumentality of the Tribe, the Mohegan Tribal Utility Authority. The Authority incurred costs for such utilities totaling \$18.7 million, \$21.5 million and \$24.4 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

The Authority incurred interest expense associated with the 2009 Mohegan Tribe Promissory Note totaling \$1.2 million, \$1.5 million and \$1.5 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

The Authority incurred interest expense associated with the 2012 Mohegan Tribe Minor’s Trust Promissory Note totaling \$1.0 million for the fiscal year ended September 30, 2012.

The Authority incurred interest expense associated with the Mohegan Tribe Credit Facility totaling \$202,000 and \$47,000 for the fiscal years ended September 30, 2012 and 2011, respectively.

The Authority leases the land on which Mohegan Sun is located from the Tribe under a long-term lease agreement. The agreement requires the Authority to make a nominal annual rental payment. This lease has an initial term of 25 years and is renewable for an additional 25-year term upon expiration. In addition, in July 2008, the Authority entered into a land lease agreement with the Tribe, replacing a prior land lease agreement, relating to property located adjacent to the Tribe’s reservation that is utilized

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

by Mohegan Sun for employee parking. This agreement requires the Authority to make monthly payments equaling \$75,000 until maturity on June 30, 2018. The Authority classified this lease as a capital lease for financial reporting purposes due to the existence of a bargain purchase option at the expiration of the lease. Additionally, the Authority previously leased a building located adjacent to Mohegan Sun from the Tribe. In September 2010, the Tribe contributed this building to the Authority. The Authority recorded this asset contribution as a capital contribution at its book value of \$5.5 million. The Authority expensed \$50,000 relating to the previous lease for the fiscal year ended September 30, 2010.

In September 1995, the Tribe adopted the Mohegan Tribal Employment Rights Ordinance, as amended from time to time (the "TERO"), which sets forth hiring and contracting preference requirements for employers and entities conducting business on Tribal lands on or adjacent to the Mohegan Reservation. Pursuant to the TERO, the Authority and other covered employers are required to give hiring, promotion, training, retention and other employment-related preferences to Native Americans who meet the minimum qualifications for the applicable employment position. However, this preference requirement does not apply to key employees as such persons are defined under the TERO.

Similarly, any entity awarding a contract or subcontract valued up to \$200,000 to be performed on Tribal lands must give preference, first, to certified Mohegan entities submitting commercially responsible bids, and second, to other certified Native American entities. This contracting preference is conditioned upon the bid by the preferred certified entity being within 5% of the lowest bid by a non-certified entity. Contracts in excess of \$200,000 are awarded to the lowest commercially responsible bidder, on a competitive basis, with preference to certified Mohegan entities and then other certified Native American entities in the event of a matching bid. The TERO establishes procedures and requirements for certifying Mohegan entities and other Native American entities. Certification is based largely on the level of ownership and control exercised by the members of the Tribe or other Native American tribes, as the case may be, over the entity bidding on a contract.

As of September 30, 2012, the Authority employed approximately 125 members of the Tribe.

**NOTE 9—EMPLOYEE BENEFIT PLANS:**

The Authority maintains a retirement savings plan for its employees under Section 401(k) and Section 401(a) of the Internal Revenue Code (the "Mohegan Retirement and 401(k) Plan"). Under the 401(k) portion of the plan, participants may contribute between 1% and 25% of eligible compensation up to the maximum allowed by the Internal Revenue Code. The Authority matches 50% of participants' elective deferral contributions up to a maximum of 3% of participants' compensation. Under the retirement portion of the plan, the Authority may make discretionary retirement contributions based on a rate of \$0.30 per qualified hour worked. In general, employees become eligible for the Mohegan Retirement and 401(k) Plan after 90 days of service and become fully vested after six years of service. In February 2009, the Authority suspended both its discretionary matching 401(k) contributions and retirement contributions. In July 2012, the Authority resumed its discretionary matching 401(k) contributions. Discretionary retirement contributions remain suspended. The Authority contributed \$612,000, net of forfeitures, to the Mohegan Retirement and 401(k) Plan for the fiscal year ended September 30, 2012.

The Authority, together with the Tribe, maintains a non-qualified deferred compensation plan (the "Deferred Compensation Plan") for certain key employees. Under the Deferred Compensation Plan, participants may defer up to 100% of their compensation. Participants' contributions, net of withdrawals and changes in fair value of investments, totaled \$493,000, \$761,000 and \$1.2 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

**NOTE 10—COMMITMENTS AND CONTINGENCIES:**

*Slot Win and Free Promotional Slot Play Contributions*

In May 1994, the Tribe and the State of Connecticut entered into a Memorandum of Understanding ("MOU"), which sets forth certain matters regarding implementation of the Mohegan Compact. The MOU stipulates that a portion of revenues from slot machines must be paid to the State of Connecticut ("Slot Win Contribution"). Slot Win Contribution payments are not required if the State of Connecticut legalizes any other gaming operation with slot machines, video facsimiles of games of chance or other commercial casino games within the State of Connecticut, except those consented to by the Tribe and the Mashantucket Pequot Tribe (the "MPT"). For each 12-month period commencing July 1, 1995, Slot Win Contribution payments shall be the lesser of: (1) 30% of gross revenues from slot machines, or (2) the greater of (a) 25% of gross revenues from slot machines or (b) \$80.0 million.

In September 2009, the Authority entered into a settlement agreement with the State of Connecticut regarding contribution payments on the Authority's free promotional slot play program. Under the terms of the settlement agreement, effective July 1,

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

2009, the State of Connecticut agreed that no value shall be attributed to free promotional slot plays utilized by patrons at Mohegan Sun for purposes of calculating monthly contribution payments, provided that the aggregate amount of free promotional slot plays during any month does not exceed a certain threshold of gross revenues from slot machines for such month. In the event free promotional slot plays granted by the Authority exceed such threshold, contribution payments are required on such excess face amount of free promotional slot plays at the same rate as Slot Win Contribution payments, or 25%. Effective July 1, 2012, the threshold before contribution payments on free promotional slot plays are required was increased from 5.5% of gross revenues from slot machines to 11%.

The Authority reflected expenses associated with the combined Slot Win Contribution and free promotional slot play contribution totaling \$173.1 million, \$183.8 million and \$190.5 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively. As of September 30, 2012 and 2011, the combined outstanding Slot Win Contribution and free promotional slot play contribution totaled \$13.7 million and \$15.3 million, respectively.

***Pennsylvania Slot Machine Tax***

Downs Racing holds a Category One slot machine license issued by the PGCB for the operation of slot machines at Mohegan Sun at Pocono Downs. This license permits Downs Racing to install and operate up to 3,000 slot machines at Mohegan Sun at Pocono Downs, expandable to up to a total of 5,000 slot machines upon request and approval of the PGCB.

The Pennsylvania Race Horse Development and Gaming Act stipulates that holders of Category One slot machine licenses must pay a portion of revenues from slot machines to the PGCB on a daily basis ("Pennsylvania Slot Machine Tax"), which includes local share assessments to be paid to the cities and municipalities hosting Mohegan Sun at Pocono Downs and amounts to be paid to the Pennsylvania Harness Horsemen's Association, Inc. (the "PHHA"). The Pennsylvania Slot Machine Tax is currently 55% of gross revenues from slot machines, 2% of which is subject to a \$10.0 million minimum annual threshold to ensure that the host cities and municipalities receive an annual minimum of \$10.0 million in local share assessments. Downs Racing maintains a \$1.5 million escrow deposit in the name of the Commonwealth of Pennsylvania for Pennsylvania Slot Machine Tax payments, which was included in other assets, net, in the accompanying consolidated balance sheets.

The Authority reflected expenses associated with the Pennsylvania Slot Machine Tax totaling \$134.2 million, \$129.7 million and \$128.5 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively. As of September 30, 2012 and 2011, outstanding Pennsylvania Slot Machine Tax payments totaled \$5.5 million and \$4.8 million, respectively.

***Pennsylvania Table Game Tax***

In January 2010, the Commonwealth of Pennsylvania amended the Pennsylvania Race Horse Development and Gaming Act to allow slot machine operators in the Commonwealth of Pennsylvania to obtain a table game operation certificate and operate certain table games, including poker. On July 13, 2010, Downs Racing opened its table game and poker operations at Mohegan Sun at Pocono Downs. Under the amended law, holders of table game operation certificates must pay a portion of revenues from table games to the PGCB on a weekly basis ("Pennsylvania Table Game Tax"). During the initial two years of operation, the Pennsylvania Table Game Tax was 14%, plus 2% in local share assessments. Following the initial two years of operation, the Pennsylvania Table Game Tax was reduced to 12%, plus the 2% local share assessments. Downs Racing concluded its initial two years of table game and poker operations on July 13, 2012.

The Authority reflected expenses associated with the Pennsylvania Table Game Tax totaling \$6.8 million, \$6.6 million and \$1.3 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively. As of September 30, 2012 and 2011, outstanding Pennsylvania Table Game Tax payments totaled \$92,000 and \$87,000, respectively.

***Pennsylvania Regulatory Fee***

Slot machine licensees in the Commonwealth of Pennsylvania are required to reimburse state gaming regulatory agencies for various administrative and operating expenses ("Pennsylvania Regulatory Fee") at a rate of 1.5% of gross revenues from slot machines and table games.

The Authority reflected expenses associated with the Pennsylvania Regulatory Fee totaling \$5.1 million, \$5.0 million and \$4.2 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively. As of September 30, 2012 and 2011, outstanding Pennsylvania Regulatory Fee payments to the PGCB totaled \$129,000 and \$106,000, respectively.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

***Pennsylvania Gaming Control Board Loans***

The PGCB was initially granted \$36.1 million in loans to fund start-up costs for gaming in the Commonwealth of Pennsylvania, which are to be repaid by slot machine licensees (the "Initial Loans"). The PGCB was subsequently granted an additional \$63.8 million in loans to fund ongoing gaming oversight costs, which also are to be repaid by slot machine licensees (the "Subsequent Loans"). Repayment of the Initial Loans will commence when all 14 authorized gaming facilities are opened in the Commonwealth of Pennsylvania. Currently, 11 of the 14 authorized gaming facilities have commenced operations. As of September 30, 2012, the Authority has concluded that a repayment contingency for the Initial Loans is probable but not reasonably estimable since the PGCB has not yet established a method of assessment of repayment for the Initial Loans and, as such, the Authority has not recorded a related accrual for such repayment. In June 2011, the PGCB adopted a method of assessment of repayment for the Subsequent Loans pursuant to which repayment commenced on January 1, 2012 and will continue over a 10-year period in accordance with a formula based on a combination of a single fiscal year and cumulative gross revenues from slot machines for each operating slot machine licensee.

The Authority reflected expenses associated with this repayment schedule totaling \$659,000 and \$846,000 for the fiscal years ended September 30, 2012 and 2011, respectively.

***Horsemen's Agreement***

Downs Racing and the PHHA are parties to an agreement that governs all live harness racing and simulcasting and account wagering at the Pennsylvania Facilities through December 31, 2014. As of September 30, 2012 and 2011, outstanding payments to the PHHA for purses earned by horsemen, but not yet paid, and other fees totaled \$9.3 million and \$9.2 million, respectively.

***Priority Distribution Agreement***

In August 2001, the Authority and the Tribe entered into an agreement (the "Priority Distribution Agreement"), which stipulates that the Authority must make monthly payments to the Tribe to the extent of the Authority's Net Cash Flow, as defined under the Priority Distribution Agreement. The Priority Distribution Agreement, which has a perpetual term, limits the maximum aggregate priority distribution payments in each calendar year to \$14.0 million, as adjusted annually in accordance with a formula specified in the Priority Distribution Agreement to reflect the effects of inflation. Payments under the Priority Distribution Agreement: (1) do not reduce the Authority's obligations to reimburse the Tribe for governmental and administrative services provided by the Tribe or to make payments under any other agreements with the Tribe; (2) are limited obligations of the Authority and are payable only to the extent of the Authority's Net Cash Flow, as defined under the Priority Distribution Agreement; and (3) are not secured by a lien or encumbrance on any of the Authority's assets or properties.

The Authority reflected payments associated with the Priority Distribution Agreement totaling \$18.8 million, \$18.3 million and \$18.0 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

***Town of Montville Agreement***

In June 1994, the Tribe entered into an agreement with the Town of Montville (the "Town") under which the Tribe agreed to pay the Town \$500,000 annually to minimize the impact of Tribe's reservation being held in trust on the Town. The Tribe has assigned its rights and obligations under this agreement to the Authority.

***Land Lease Agreement***

The land upon which Mohegan Sun is located is held in trust for the Tribe by the United States. The Authority entered into a land lease agreement with the Tribe to lease the property and improvements and related facilities constructed or installed on the property. In March 2007, the agreement was amended to update the legal description of the property, and, in April 2007, the amended agreement was approved by the Secretary of the Interior. The following summarizes the key provisions of the land lease agreement:

***Term***

The term of the agreement is 25 years with an option, exercisable by the Authority, to extend the term for one additional 25-year period. Upon termination of the agreement, the Authority will be required to surrender to the Tribe possession of the property and improvements, excluding any equipment, furniture, fixtures or other personal property.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)**

***Rent and Other Operating Costs and Expenses***

The agreement requires the Authority to pay the Tribe a nominal annual rental fee. For any period that the Tribe or another agency or instrumentality of the Tribe is not the tenant, the rent will be 8% of such tenant's gross revenues from the property. The Authority is responsible for all costs and expenses of owning, operating, constructing, maintaining, repairing, replacing and insuring the property.

***Use of Property***

The Authority may utilize the property and improvements solely for the operation of Mohegan Sun, unless prior approval is obtained from the Tribe for any proposed alternative use. The Authority may not construct or alter any building or improvement located on the property unless complete and final plans and specifications are approved by the Tribe. Following foreclosure of any mortgage on the Authority's interest under the agreement or any transfer of such interest to the holder of such mortgage in lieu of foreclosure, the property and improvements may be utilized for any lawful purpose, subject to applicable codes and governmental regulations; provided, however, that a non-Indian holder of the property may under no circumstance conduct gaming operations on the property.

***Permitted Mortgages and Rights of Permitted Mortgagees***

The Authority may not mortgage, pledge or otherwise encumber its leasehold estate in the property except to a holder of a permitted mortgage. Under the terms of the agreement, permitted mortgages include the leasehold mortgage securing the Authority's senior secured indebtedness, provided that, among other things: (1) the Tribe will have the right to notice of, and to cure, any default of the Authority; (2) the Tribe will have the right to prior notice of an intention by the holder to foreclose on the permitted mortgage and the right to purchase the mortgage in lieu of any foreclosure; and (3) the permitted mortgage is subject and subordinated to any and all access and utility easements granted by the Tribe under the agreement. Under the terms of the agreement, each holder of a permitted mortgage has the right to notice of any default of the Authority under the agreement and the opportunity to cure such default within the applicable cure period.

***Default Remedies***

The Authority will be in default under the agreement if, subject to the notice provisions, it fails to make lease payments or comply with covenants under the agreement or if it pledges, encumbers or conveys its interest in violation of the terms of the agreement. Following a default, the Tribe may, with approval from the Secretary of the Interior, terminate the agreement unless a permitted mortgage remains outstanding with respect to the property. In such case, the Tribe may not: (1) terminate the agreement or the Authority's right to possession of the property; (2) exercise any right of re-entry; (3) take possession of and/or relet the property or any portion thereof; or (4) enforce any other right or remedy, which may materially and adversely affect the rights of the holder of the permitted mortgage, unless the default triggering such rights was a monetary default of which such holder failed to cure after notice.

***Litigation***

The Authority is a defendant in various litigation matters resulting from its normal course of business. In management's opinion, the aggregate liability, if any, arising from such litigations will not have a material impact on the Authority's financial position, results of operations or cash flows.

**NOTE 11—RELINQUISHMENT AGREEMENT:**

In February 1998, the Authority and TCA entered into a relinquishment agreement (the "Relinquishment Agreement"). Effective January 1, 2000 (the "Relinquishment Date"), the Relinquishment Agreement superseded a then-existing management agreement with TCA. The Relinquishment Agreement provides, among other things, that the Authority make certain payments to TCA out of, and determined as a percentage of, Revenues, as defined under the Relinquishment Agreement, generated by Mohegan Sun over a 15-year period commencing on the Relinquishment Date. The payments ("Senior Relinquishment Payments" and "Junior Relinquishment Payments") have separate schedules and priorities. Senior Relinquishment Payments commenced on April 25, 2000, 25 days following the end of the first three-month period after the Relinquishment Date, and continue at the end of each three-month period thereafter until January 25, 2015. Junior Relinquishment Payments commenced on July 25, 2000, 25 days following the end of the first six-month period after the Relinquishment Date, and continue at the end of each six-month period thereafter until January 25, 2015. Each Senior and Junior Relinquishment Payment is 2.5% of Revenues generated by Mohegan Sun over the immediate preceding three-month or six-month payment period, as the case may be. Revenues are defined under the Relinquishment Agreement as gross gaming revenues, other than Class II Gaming revenues, and all other revenues, as defined, including, without limitation, hotel revenues, room service revenues, food and beverage revenues, ticket revenues, fees

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

or receipts from the convention/events center and all rental revenues or other receipts from lessees and concessionaires, but not the gross receipts of such lessees, licensees and concessionaires, derived directly or indirectly from the facilities, as defined. Revenues under the Relinquishment Agreement exclude revenues generated from certain expansion areas of Mohegan Sun, such as Casino of the Wind, as such areas do not constitute facilities as defined under the Relinquishment Agreement.

In the event of any bankruptcy, liquidation, reorganization or similar proceeding relating to the Authority, the Relinquishment Agreement provides that Senior and Junior Relinquishment Payments then due and owing are subordinated in right of payment to the Authority's senior secured indebtedness and capital lease obligations, and that Junior Relinquishment Payments then due and owing are further subordinated in right of payment to all of the Authority's other senior indebtedness. The Relinquishment Agreement also provides that all relinquishment payments are subordinated in right of payment to minimum priority distribution payments, which are required monthly payments made by the Authority to the Tribe under the Priority Distribution Agreement, to the extent then due. The Authority, in accordance with authoritative guidance issued by the FASB pertaining to the accounting for contingencies, recorded a \$549.1 million relinquishment liability at September 30, 1998 based on the estimated present value of its obligations under the Relinquishment Agreement.

As of September 30, 2012 and 2011, the carrying amount of the relinquishment liability was \$120.8 million and \$178.3 million, respectively. The decrease in the relinquishment liability during the fiscal year ended September 30, 2012 was due to \$54.3 million in relinquishment payments and a \$11.4 million relinquishment liability reassessment credit. This reduction in the liability was offset by \$8.2 million representing the accretion of discount to the relinquishment liability.

Relinquishment payments consisted of the following (in millions):

	For the Fiscal Years Ended		
	September 30, 2012	September 30, 2011	September 30, 2010
Principal	\$ 45.3	\$ 42.6	\$ 39.9
Accretion of discount	9.0	12.4	16.7
Total	<u>\$ 54.3</u>	<u>\$ 55.0</u>	<u>\$ 56.6</u>

The accretion of discount to the relinquishment liability reflects the accretion of the discount to the present value of the relinquishment liability for the impact of the time value of money. As of September 30, 2012 and 2011, relinquishment payments earned but unpaid were \$13.3 million and \$14.7 million, respectively.

The relinquishment liability reassessment credits of \$11.4 million, \$8.8 million and \$26.5 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively, resulted from reductions in Mohegan Sun revenue projections as of the end of each respective fiscal year compared to projections as of the end of the related prior fiscal year.

**NOTE 12—MOHEGAN VENTURES-NORTHWEST, LLC (COWLITZ PROJECT):**

In July 2004, the Authority formed Mohegan Ventures-NW as its wholly-owned subsidiary. Mohegan Ventures-NW is one of three current members in Salishan-Mohegan, which was formed to participate in the Cowlitz Project, a proposed casino to be owned by the Cowlitz Tribe and to be located in Clark County, Washington. Mohegan Ventures-NW, Salishan Company, LLC, an unrelated entity, and the Tribe hold membership interests in Salishan-Mohegan of 49.15%, 43% and 7.85%, respectively. Salishan-Mohegan is not a restricted entity of the Authority, and therefore, is not a guarantor of the Authority's debt obligations. Refer to Note 16 for condensed consolidating financial information of the Authority, its guarantor subsidiaries and non-guarantor entities.

In September 2004, Salishan-Mohegan entered into development and management agreements with the Cowlitz Tribe in connection with the Cowlitz Project, which agreements have been amended from time to time. Under the terms of the development agreement, Salishan-Mohegan will assist in securing financing, as well as administer and oversee the planning, designing, development, construction and furnishing of the proposed casino. The development agreement provides for development fees of 3% of total Project Costs, as defined under the development agreement, which are to be distributed to Mohegan Ventures-NW, pursuant to the Salishan-Mohegan operating agreement. In 2006, Salishan-Mohegan purchased a 152-acre site for the proposed casino, which will be transferred to the Cowlitz Tribe or the United States pursuant to the development agreement. Development of the Cowlitz Project is subject to certain governmental and regulatory approvals, including, but not limited to, negotiation of a gaming compact with the State of Washington and acceptance of land into trust on behalf of the Cowlitz Tribe by the United States Department of the Interior. The development agreement provides for termination of Salishan-Mohegan's exclusive development rights if the land is not taken into trust by December 31, 2015. Under the terms of the management agreement, Salishan-Mohegan will manage, operate and maintain the proposed casino for a period of seven years following its opening. The management

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

agreement provides for management fees of 24% of Net Revenues, as defined under the management agreement, which approximates net income earned from the Cowlitz Project. Under the terms of the Salishan-Mohegan operating agreement, management fees will be allocated to the members of Salishan-Mohegan based on their respective membership interest. The management agreement is subject to approval by the National Indian Gaming Commission (the "NIGC").

Under the terms of the development agreement, certain receivables contributed to Salishan-Mohegan and amounts advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe are reimbursable to Salishan-Mohegan by the Cowlitz Tribe, subject to appropriate approvals defined under the development agreement. Reimbursements are contingent and are to be distributed upon: (1) the receipt of necessary financing for the development of the proposed casino, and (2) the related property being taken into trust by the United States Department of the Interior. The Authority currently accrues interest on the Salishan-Mohegan receivables at a rate of Bank of America's announced Prime Rate plus 2.0%, compounded monthly.

In December 2010, the Assistant Secretary – Indian Affairs of the Department of the Interior made a final agency determination to acquire the 152-acre Cowlitz Project site into trust for the benefit of the Cowlitz Tribe pursuant to the Indian Reorganization Act. The Assistant Secretary also determined that the acquired lands will serve as the initial reservation of the Cowlitz Tribe and that the tribe may conduct gaming on such lands under IGRA. Transfer of the property to the United States remains subject to final action by the Department of the Interior, including resolution of two lawsuits challenging the federal government's actions. In January 2011, Clark County, Washington, the City of Vancouver, Washington, and certain other plaintiffs filed suit against the Department of the Interior, the Bureau of Indian Affairs (the "BIA"), the NIGC and various government officials, and in February 2011, the Confederated Tribes of the Grand Ronde of Oregon filed suit against the Department of the Interior, the BIA and their officials. Both lawsuits are currently pending before the U.S. District Court for the District of Columbia. Pursuant to the Department of the Interior practice, the United States is not expected to take the Cowlitz Project site into trust while these lawsuits are pending. Class III gaming on the property remains subject to the negotiation and federal approval of a gaming compact between the Cowlitz Tribe and the State of Washington, which is a party to gaming compacts with twenty eight other federally-recognized Indian tribes in that state. The Authority can provide no assurance that these conditions will be satisfied or that it will be able to obtain the necessary financing for the development of the proposed casino.

In light of the aforementioned and the uncertainty in the development of the Cowlitz Project, the Authority maintains a reserve for doubtful collection of the Salishan-Mohegan receivables, which is based on the Authority's estimate of the probability that the receivables will be collected. As of September 30, 2012 and 2011, the Salishan-Mohegan receivables, including accrued interest, totaled \$40.0 million and \$34.7 million, respectively. As of September 30, 2012 and 2011, related reserves for doubtful collection totaled \$12.0 million and \$10.4 million, respectively. During fiscal 2012, the Authority recorded adjustments to increase the Salishan-Mohegan receivables by \$1.1 million and reserves for doubtful collection by \$326,000 relating to unrecorded interest and the related receivables and reserves that were not recorded during fiscal 2007, 2008, 2009, 2010, 2011 and 2012, and interim periods within those fiscal years. The Salishan-Mohegan receivables were included in other assets, net, in the accompanying consolidated balance sheets.

**NOTE 13—MOHEGAN VENTURES WISCONSIN, LLC (MENOMINEE PROJECT):**

In March 2007, the Authority formed MVW as its wholly-owned subsidiary and one of two original members in WTG, which was formed to participate in the Menominee Project, a proposed casino to be owned by the Menominee Tribe and to be located in Kenosha, Wisconsin. MVW now holds 100% membership interest in WTG. MVW and WTG are full and unconditional guarantors of the Authority's outstanding indebtedness. Refer to Note 16 for condensed consolidating financial information of the Authority, its guarantor subsidiaries and non-guarantor entities.

In connection with the Menominee Project, the Authority entered into a management agreement with the Menominee Tribe and the Menominee Kenosha Gaming Authority (the "MKGA"), and WTG purchased the development rights for the Menominee Project under a development agreement with the Menominee Tribe and the MKGA. In September 2010, WTG entered into a release and reimbursement agreement pursuant to which WTG: (1) relinquished its development rights and was relieved of its development obligations for the Menominee Project; (2) retained its rights to reimbursement of certain receivables related to reimbursable costs and expenses advanced by WTG on behalf of the Menominee Tribe for the Menominee Project, subject to certain conditions; and (3) assigned the option to purchase the proposed Menominee Project site in Kenosha to MKGA. The Authority retained its interest in the management agreement. Due to the uncertainty in the development of the Menominee Project, as of September 30, 2008, the Authority had fully reserved for these receivables and had written-off the related development rights intangible asset. In February 2012, the MKGA terminated its efforts to seek NIGC approval of the management agreement. As of September 30, 2012, the WTG receivables remain fully reserved.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**NOTE 14—INVESTMENT IN WNBA FRANCHISE:**

In January 2003, the Authority formed MBC as its wholly-owned subsidiary to own and operate a professional basketball team in the WNBA. In January 2003, the Authority and MBC entered into a Membership Agreement with WNBA, LLC which sets forth the terms and conditions under which MBC acquired its membership in the WNBA and the right to own and operate a team. The Authority guaranteed the obligations of MBC under the Membership Agreement. MBC is a full and unconditional guarantor of the Authority's outstanding indebtedness. Refer to Note 16 for condensed consolidating financial information of the Authority, its guarantor subsidiaries and non-guarantor entities.

In connection with MBC's acquisition of its membership in the WNBA and the right to own and operate a team, the Authority estimated the fair value of the initial player roster to be \$4.8 million and the remaining \$5.5 million of MBC's aggregate investment was recognized as a franchise value. The player roster value was amortized over seven years and became fully amortized in fiscal 2010. Amortization expense associated with the player roster value totaled \$54,000 for the fiscal year ended September 30, 2010.

The franchise value is being amortized over thirty years and is assessed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. As of September 30, 2012 and 2011, accumulated amortization on the franchise value was \$1.8 million and \$1.6 million, respectively. Amortization expense associated with the franchise value totaled \$183,000 for each of the fiscal years ended September 30, 2012, 2011 and 2010. The Authority expects to incur amortization expenses related to the franchise value of \$183,000 for each of the next five fiscal years. The franchise value was included in intangible assets, net, in the accompanying consolidated balance sheets.

MBC currently owns approximately 4.2% of the membership interest in WNBA, LLC which is accounted for under the Cost Method. Under the terms of the Limited Liability Company Agreement of WNBA, LLC, if at any time, WNBA, LLC's Board of Governors determines that additional funds are needed for WNBA, LLC's or any league entity's general business, the Board of Governors may require additional cash capital contributions. In such event, each member shall be obligated to contribute to WNBA, LLC an amount of cash equal to that member's proportionate share of ownership. No such cash capital contribution has been required by WNBA, LLC through September 30, 2012.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**NOTE 15—SEGMENT REPORTING:**

As of September 30, 2012, the Authority owns and operates, either directly or through wholly-owned subsidiaries, Mohegan Sun, the Connecticut Sun franchise, and the Mohegan Sun Country Club at Pautipaug (collectively, the “Connecticut Facilities”), and the Pennsylvania Facilities. All of the Authority’s revenues are derived from these operations. The Connecticut Sun franchise and the Mohegan Sun Country Club at Pautipaug are aggregated with the Mohegan Sun operating segment because these operations all share similar economic characteristics, which is to generate gaming and entertainment revenues by attracting patrons to Mohegan Sun. The Authority’s executive officers review and assess the performance and operating results and determine the proper allocation of resources to the Connecticut Facilities and the Pennsylvania Facilities on a separate basis. Accordingly, the Authority has two separate reportable segments: (1) Mohegan Sun, which includes the operations of the Connecticut Facilities, and (2) Mohegan Sun at Pocono Downs, which includes the operations of the Pennsylvania Facilities. The Authority’s operations related to investments in unconsolidated affiliates and certain other corporate and management operations have not been identified as separate reportable segments, therefore, these operations are included in corporate and other in the following segment disclosures to reconcile to consolidated results.

(in thousands)	For the Fiscal Years Ended		
	September 30, 2012	September 30, 2011	September 30, 2010
Net revenues:			
Mohegan Sun	\$ 1,084,017	\$ 1,115,326	\$ 1,157,419
Mohegan Sun at Pocono Downs	314,999	303,053	264,543
Corporate and other	297	—	—
Total	<u>1,399,313</u>	<u>1,418,379</u>	<u>1,421,962</u>
Income (loss) from operations:			
Mohegan Sun	199,358	223,777	142,143
Mohegan Sun at Pocono Downs	43,296	31,491	15,652
Corporate and other	(17,230)	(16,864)	(18,538)
Total	<u>225,424</u>	<u>238,404</u>	<u>139,257</u>
Accretion of discount to the relinquishment liability	(8,248)	(11,366)	(15,426)
Interest income	4,492	2,732	2,755
Interest expense, net of capitalized interest	(146,057)	(117,710)	(116,784)
Loss on early exchange and extinguishment of debt	(14,326)	—	(1,584)
Write-off of debt issuance costs	—	—	(338)
Other expense, net	(44)	(217)	(426)
Net income	<u>61,241</u>	<u>111,843</u>	<u>7,454</u>
Loss attributable to non-controlling interests	2,019	2,134	2,258
Net income attributable to Mohegan Tribal Gaming Authority	<u>\$ 63,260</u>	<u>\$ 113,977</u>	<u>\$ 9,712</u>

	For the Fiscal Years Ended		
	September 30, 2012	September 30, 2011	September 30, 2010
Capital expenditures incurred:			
Mohegan Sun	\$ 36,542	\$ 41,325	\$ 27,165
Mohegan Sun at Pocono Downs	3,543	5,152	16,379
Corporate	3,557	—	—
Total	<u>\$ 43,642</u>	<u>\$ 46,477</u>	<u>\$ 43,544</u>

	September 30, 2012	September 30, 2011
Total assets:		
Mohegan Sun	\$ 1,484,369	\$ 1,505,210
Mohegan Sun at Pocono Downs	570,078	584,267
Corporate	199,260	113,719
Total	<u>\$ 2,253,707</u>	<u>\$ 2,203,196</u>

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**NOTE 16—SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL STATEMENT INFORMATION:**

As of September 30, 2012, substantially all of the Authority's outstanding debt is fully and unconditionally guaranteed, on a joint and several basis, by the following 100% owned subsidiaries of the Authority: the Pocono Downs Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming. The Authority's 2011 8<sup>3</sup>/<sub>8</sub>% Senior Subordinated Notes, which were repaid at maturity on July 1, 2011, were fully and unconditionally guaranteed by MBC. Separate financial statements and other disclosures concerning the Pocono Downs Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming are not presented below because the Authority believes that the summarized financial information provided below and in Note 15 are adequate for investor analysis of these subsidiaries. Condensed consolidating financial statement information for the Authority, its 100% owned guarantor subsidiaries and its non-guarantor subsidiaries and entities as of September 30, 2012 and 2011 and for the fiscal years ended September 30, 2012, 2011 and 2010 is as follows (in thousands):

**CONDENSED CONSOLIDATING BALANCE SHEETS**

	September 30, 2012				
	Authority	Total Guarantor Subsidiaries (1)	Total Non-Guarantor Subsidiaries and Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
<b>ASSETS</b>					
Property and equipment, net	\$ 1,233,688	\$ 233,202	\$ 23,508	\$ —	\$ 1,490,398
Intercompany receivables	223,131	12,448	—	(235,579)	—
Investment in subsidiaries	351,703	557	—	(352,260)	—
Other intangible assets, net	120,623	285,305	—	—	405,928
Other assets, net	205,576	71,673	77,342	(210)	357,381
<b>Total assets</b>	<b>\$ 2,137,721</b>	<b>\$ 603,185</b>	<b>\$ 100,850</b>	<b>\$ (588,049)</b>	<b>\$ 2,253,707</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Current liabilities</b>	<b>\$ 261,433</b>	<b>\$ 32,771</b>	<b>\$ 6,359</b>	<b>\$ —</b>	<b>\$ 300,563</b>
Due to Mohegan Tribe	—	—	31,450	—	31,450
Long-term debt and capital leases, net of current portions	1,607,004	—	45,000	—	1,652,004
Relinquishment liability, net of current portion	57,470	—	—	—	57,470
Intercompany payables	—	222,787	12,792	(235,579)	—
Other long-term liabilities	2,607	—	350	—	2,957
<b>Total liabilities</b>	<b>1,928,514</b>	<b>255,558</b>	<b>95,951</b>	<b>(235,579)</b>	<b>2,044,444</b>
Mohegan Tribal Gaming Authority capital	209,207	347,627	4,899	(353,052)	208,681
Non-controlling interests	—	—	—	582	582
<b>Total liabilities and capital</b>	<b>\$ 2,137,721</b>	<b>\$ 603,185</b>	<b>\$ 100,850</b>	<b>\$ (588,049)</b>	<b>\$ 2,253,707</b>

(1) Includes the Pocono Downs Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming

(2) Includes MGA and subsidiaries, Downs Lodging, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

September 30, 2011

	Authority	Total Guarantor Subsidiaries (1)	Total Non- Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
<b>ASSETS</b>					
Property and equipment, net	\$ 1,263,876	\$ 245,768	\$ 19,951	\$ —	\$ 1,529,595
Intercompany receivables	509,799	12,909	—	(522,708)	—
Investment in subsidiaries	77,023	2,233	—	(79,261)	—
Other intangible assets, net	120,737	285,601	—	—	406,338
Other assets, net	168,178	71,951	27,134	—	267,263
<b>Total assets</b>	<b>\$ 2,139,618</b>	<b>\$ 618,462</b>	<b>\$ 47,085</b>	<b>\$ (601,969)</b>	<b>\$ 2,203,196</b>
<b>LIABILITIES AND CAPITAL</b>					
Current liabilities	\$ 1,006,018	\$ 31,950	\$ 18,773	\$ —	\$ 1,056,741
Due to Mohegan Tribe	—	—	10,850	—	10,850
Long-term debt and capital leases, net of current portions	823,951	—	—	—	823,951
Relinquishment liability, net of current portion	110,348	—	—	—	110,348
Intercompany payables	—	509,799	12,909	(522,708)	—
Other long-term liabilities	2,582	—	—	—	2,582
<b>Total liabilities</b>	<b>1,942,899</b>	<b>541,749</b>	<b>42,532</b>	<b>(522,708)</b>	<b>2,004,472</b>
Mohegan Tribal Gaming Authority capital	196,719	76,713	4,553	(81,582)	196,403
Non-controlling interests	—	—	—	2,321	2,321
<b>Total liabilities and capital</b>	<b>\$ 2,139,618</b>	<b>\$ 618,462</b>	<b>\$ 47,085</b>	<b>\$ (601,969)</b>	<b>\$ 2,203,196</b>

(1) Includes the Pocono Downs Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**CONDENSED CONSOLIDATING STATEMENTS OF INCOME**

For the Fiscal Year Ended September 30, 2012

	Authority	Total Guarantor Subsidiaries (1)	Total Non-Guarantor Subsidiaries and Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues	\$ 1,079,411	\$ 321,563	\$ 285	\$ (1,946)	\$ 1,399,313
Operating costs and expenses					
Gaming and other operations	643,557	230,263	—	(1,946)	871,874
Advertising, general and administrative	177,456	33,272	4,582	210	215,550
Depreciation and amortization	68,666	16,364	—	—	85,030
Loss on disposition of assets	68	285	—	—	353
Severance	12,521	—	—	—	12,521
Relinquishment liability reassessment	(11,439)	—	—	—	(11,439)
<b>Total operating costs and expenses</b>	<b>890,859</b>	<b>280,184</b>	<b>4,582</b>	<b>(1,736)</b>	<b>1,172,889</b>
<b>Income (loss) from operations</b>	<b>188,552</b>	<b>41,379</b>	<b>(4,297)</b>	<b>(210)</b>	<b>225,424</b>
Accretion of discount to the relinquishment liability	(8,248)	—	—	—	(8,248)
Interest expense, net of capitalized interest	(72,520)	(60,533)	(4,079)	975	(146,057)
Loss on early exchange of debt	(14,326)	—	—	—	(14,326)
Loss on interests in subsidiaries	(30,498)	(1,944)	—	32,442	—
Other income, net	300	1,051	4,072	(975)	4,448
<b>Net income (loss)</b>	<b>63,260</b>	<b>(29,047)</b>	<b>(5,204)</b>	<b>32,232</b>	<b>61,241</b>
Loss attributable to non-controlling interests	—	—	—	2,019	2,019
<b>Net income (loss) attributable to Mohegan Tribal Gaming Authority</b>	<b>\$ 63,260</b>	<b>\$ (29,047)</b>	<b>\$ (5,204)</b>	<b>\$ 34,251</b>	<b>\$ 63,260</b>

(1) Includes the Pocono Downs Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.

(2) Includes MGA and subsidiaries, Downs Lojting, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

For the Fiscal Year Ended September 30, 2011

	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues	\$ 1,112,021	\$ 308,274	\$ —	\$ (1,916)	\$ 1,418,379
Operating costs and expenses:					
Gaming and other operations	656,319	225,405	—	(1,916)	879,808
Advertising, general and administrative	183,246	31,491	3,959	—	218,696
Depreciation and amortization	69,388	20,644	—	—	90,032
Severance	244	—	—	—	244
Relinquishment liability reassessment	(8,805)	—	—	—	(8,805)
Total operating costs and expenses	930,392	277,540	3,959	(1,916)	1,179,975
Income (loss) from operations	211,629	30,734	(3,959)	—	238,404
Accretion of discount to the relinquishment liability	(11,366)	—	—	—	(11,366)
Interest expense	(60,859)	(54,713)	(2,798)	660	(117,710)
Loss on interests in subsidiaries	(25,311)	(2,053)	—	27,364	—
Other income (expense), net	(116)	721	2,570	(660)	2,515
Net income (loss)	113,977	(25,311)	(4,187)	27,364	111,843
Loss attributable to non-controlling interests	—	—	—	2,134	2,134
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 113,977	\$ (25,311)	\$ (4,187)	\$ 29,498	\$ 113,977

(1) Includes the Pocono Downs Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MFGA Gaming

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

For the Fiscal Year Ended September 30, 2010

	Authority	MBC 100% Owned Guarantor Subsidiary	Other 100% Owned Guarantor Subsidiaries (1)	Total Guarantor Subsidiaries	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues	\$ 1,153,194	\$ 5,180	\$ 265,439	\$ 270,619	\$ (2)	\$ (1,849)	\$ 1,421,962
Operating costs and expenses:							
Gaming and other operations	717,495	3,627	197,570	201,197	—	(1,849)	916,843
Advertising, general and administrative	190,401	1,503	28,467	29,970	3,988	—	224,359
Depreciation and amortization	74,337	248	22,704	22,952	—	—	97,289
Severance	9,865	—	—	—	—	—	9,865
Pre-opening	42	—	2,740	2,740	—	—	2,782
Impairment of Project Horizon	58,079	—	—	—	—	—	58,079
Relinquishment liability reassessment	(26,512)	—	—	—	—	—	(26,512)
Total operating costs and expenses	1,023,707	5,378	251,481	256,859	3,988	(1,849)	1,282,705
Income (loss) from operations	129,487	(198)	13,958	13,760	(3,990)	—	139,257
Accretion of discount to the relinquishment liability	(15,426)	—	—	—	—	—	(15,426)
Interest expense	(63,822)	(25)	(50,863)	(50,888)	(2,699)	625	(116,784)
Loss on early extinguishment of debt	(1,581)	—	—	—	—	—	(1,584)
Loss on interests in subsidiaries	(37,804)	—	(2,099)	(2,099)	—	39,003	—
Other income (expense), net	(1,139)	—	1,345	1,345	2,410	(625)	1,991
Net income (loss)	9,712	(223)	(37,659)	(37,882)	(4,279)	39,003	7,454
Loss attributable to non-controlling interests	—	—	78	78	—	2,180	2,258
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 9,712	\$ (223)	\$ (37,581)	\$ (37,804)	\$ (4,279)	\$ 42,083	\$ 9,712

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

- (1) Includes the Pocono Downs Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.  
(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS**

For the Fiscal Year Ended September 30, 2012

	Authority	Total Guarantor Subsidiaries (1)	Total Non-Guarantor Subsidiaries and Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net cash flows provided by (used in) operating activities	\$ 122,057	\$ 59,240	\$ (4,300)	\$ —	\$ 176,997
Cash flows provided by (used in) investing activities:					
Purchases of property and equipment	(37,523)	(7,175)	(2,773)	—	(47,471)
(Increase) decrease in restricted cash, net		313	(45,544)	—	(45,231)
Other cash flows provided by (used in) investing activities	53,718	3,372	(902)	(54,822)	1,366
Net cash flows provided by (used in) investing activities	16,195	(3,490)	(49,219)	(54,822)	(91,336)
Cash flows provided by (used in) financing activities:					
Bank Credit Facility borrowings - revolving loan	154,000	—	—	—	154,000
Bank Credit Facility repayments - revolving loan	(289,000)	—	—	—	(289,000)
Bank Credit Facility repayments - term loan	(3,000)	—	—	—	(3,000)
Term Loan Facility borrowings, net of discount	220,500	—	—	—	220,500
Line of Credit borrowings	225,215	—	—	—	225,215
Line of Credit repayments	(225,215)	—	—	—	(225,215)
Borrowings from Mohegan Tribe	—	—	20,600	—	20,600
Payments on long-term debt	(66,454)	—	—	—	(66,454)
Salishan-Mohegan Bank Credit Facility repayments - revolving loan	—	—	(15,250)	—	(15,250)
Downs Lodging Credit Facility borrowings - term loan	—	—	45,000	—	45,000
Principal portion of refinishment liability payments	(45,258)	—	—	—	(45,258)
Distributions to Mohegan Tribe	(52,950)	—	—	—	(52,950)
Payments of financing fees	(50,440)	—	(1,073)	—	(51,513)
Other cash flows provided by (used in) financing activities	(2,832)	(56,924)	4,508	54,822	(426)
Net cash flows provided by (used in) financing activities	(135,434)	(56,924)	53,785	54,822	(83,751)
Net increase (decrease) in cash and cash equivalents	2,818	(1,174)	266	—	1,910
Cash and cash equivalents at beginning of year	89,018	22,931	225	—	112,174
Cash and cash equivalents at end of year	<u>\$ 91,836</u>	<u>\$ 21,757</u>	<u>\$ 491</u>	<u>\$ —</u>	<u>\$ 114,084</u>

- (1) Includes the Pocono Downs Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.  
(2) Includes MGA and subsidiaries, Downs Lodging, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

For the Fiscal Year Ended September 30, 2011

	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net cash flows provided by (used in) operating activities	\$ 149,111	\$ 49,528	\$ (4,361)	\$ -	\$ 194,278
Cash flows provided by (used in) investing activities:					
Purchases of property and equipment	(37,530)	(14,463)	—	—	(51,993)
Other cash flows provided by (used in) investing activities	35,936	1	(656)	(35,465)	(184)
Net cash flows used in investing activities	(1,594)	(14,462)	(656)	(35,465)	(52,177)
Cash flows provided by (used in) financing activities:					
Bank Credit Facility borrowings - revolving loan	431,000	—	—	—	431,000
Bank Credit Facility repayments - revolving loan	(423,000)	—	—	—	(423,000)
Line of Credit borrowings	525,913	—	—	—	525,913
Line of Credit repayments	(533,300)	—	—	—	(533,300)
Principal portion of relinquishment liability payments	(42,644)	—	—	—	(42,644)
Distributions to Mohegan Tribe	(47,050)	—	—	—	(47,050)
Other cash flows provided by (used in) financing activities	(8,564)	(36,452)	4,808	35,465	(4,743)
Net cash flows provided by (used in) financing activities	(97,645)	(36,452)	4,808	35,465	(93,824)
Net increase (decrease) in cash and cash equivalents	49,872	(1,386)	(209)	—	48,277
Cash and cash equivalents at beginning of year	39,146	24,317	434	—	63,897
Cash and cash equivalents at end of year	\$ 89,018	\$ 22,931	\$ 225	\$ —	\$ 112,174

(1) Includes the Pocono Downs Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

For the Fiscal Year Ended September 30, 2010

	Authority	MBC 100% Owned Guarantor Subsidiary	Other 100% Owned Guarantor Subsidiaries (1)	Total Guarantor Subsidiaries	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net cash flows provided by (used in) operating activities	\$ 128,741	\$ (203)	\$ 44,760	\$ 44,557	\$ (2,792)	\$ —	\$ 170,506
Cash flows provided by (used in) investing activities:							
Purchases of property and equipment	(29,865)	(3)	(18,227)	(18,230)	—	—	(48,095)
Payment of table game certificate fee	—	—	(16,500)	(16,500)	—	—	(16,500)
Other cash flows provided by (used in) investing activities	4,604	—	1,161	1,161	(831)	(4,418)	516
Net cash flows used in investing activities	(25,261)	(3)	(33,566)	(33,569)	(831)	(4,418)	(64,079)
Cash flows provided by (used in) financing activities:							
Bank Credit Facility borrowings - revolving loan	358,000	—	—	—	—	—	368,000
Bank Credit Facility repayments - revolving loan	(407,000)	—	—	—	—	—	(407,000)
Bank Credit Facility repayments - term loan	(147,000)	—	—	—	—	—	(147,000)
Line of Credit borrowings	531,580	—	—	—	—	—	531,580
Line of Credit repayments	(536,373)	—	—	—	—	—	(536,373)
Proceeds from issuance of Second Lien Senior Secured Notes, net of discount	192,468	—	—	—	—	—	192,468
Principal portion of relinquishment liability payments	(39,939)	—	—	—	—	—	(39,939)
Distributions to Mohegan Tribe	(61,500)	—	—	—	—	—	(61,500)
Payments of financing fees	(8,179)	—	—	—	—	—	(8,179)
Other cash flows provided by (used in) financing activities	(1,693)	232	(5,704)	(5,472)	3,496	4,418	749
Net cash flows provided by (used in) financing activities	(109,636)	232	(5,704)	(5,472)	3,496	4,418	(107,194)
Net increase (decrease) in cash and cash equivalents	(6,156)	26	5,490	5,516	(127)	—	(767)
Cash and cash equivalents at beginning of year	45,302	(75)	18,876	18,801	561	—	64,664
Cash and cash equivalents at end of year	\$ 39,146	\$ (49)	\$ 24,366	\$ 24,317	\$ 434	\$ —	\$ 63,897

(1) Includes the Pocono Downs Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WFG and MIGA Gaming

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**NOTE 17—SUBSEQUENT EVENTS:**

In October 2012, Mohegan Gaming Advisors, through the Mohegan New Jersey Entities, entered into a joint venture and management arrangement with the owner of Resorts Atlantic City pursuant to which it is managing the facility.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012, 2011 and 2010**  
(in thousands)

Description:	Column A	Column B	Column C	Column D
	Balances at Beginning of Year	Charges to Costs and Expenses	Deductions from Reserves (1)	Balances at End of Year
<b>Fiscal Year ended September 30, 2012</b>				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 30,737	\$ 3,189	\$ 2,928	\$ 30,998
<b>Fiscal Year ended September 30, 2011</b>				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 29,588	\$ 3,128	\$ 1,979	\$ 30,737
<b>Fiscal Year Ended September 30, 2010</b>				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 37,880	\$ 2,551	\$ 10,843	\$ 29,588

(1) Deductions from reserves include write-off of uncollectible accounts, net of recoveries of accounts previously written-off.

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	Constitution of the Mohegan Tribe of Indians of Connecticut, as amended (filed as Exhibit 3.1 to the Authority's Registration Statement on Form S-4, filed with the SEC on November 1, 2004 (the "2004 Form S-4") and incorporated by reference herein).
3.2	Ordinance No. 95-2 of the Tribe for Gaming on Tribal Lands, enacted on July 15, 1995 (filed as Exhibit 3.2 to the Authority's Amendment No. 1 to its Registration Statement on Form S-1, filed with the SEC on February 29, 1996 (the "1996 Form S-1") and incorporated by reference herein).
3.3	Articles of Organization of Mohegan Basketball Club, L.L.C., dated as of January 27, 2003 (filed as Exhibit 3.3 to the Authority's Registration Statement on Form S-4, filed with the SEC on September 23, 2003 (the "2003 Form S-4") and incorporated by reference herein).
3.4	Operating Agreement of Mohegan Basketball Club, L.L.C., a Mohegan Tribe of Indians of Connecticut limited liability company, dated as of January 24, 2003 (filed as Exhibit 3.4 to the 2003 Form S-4 and incorporated by reference herein).
3.5	Certificate of Organization of Mohegan Commercial Ventures PA, L.L.C., dated as of January 6, 2005, as amended (filed as Exhibit 3.5 to the Authority's Registration Statement on Form S-4, filed with the SEC on June 7, 2005 (the "2005 Form S-4") and incorporated by reference herein).
3.6	Operating Agreement of Mohegan Commercial Ventures PA, L.L.C., a Commonwealth of Pennsylvania limited liability company, dated as of December 15, 2004 (filed as Exhibit 3.6 to the 2005 Form S-4 and incorporated by reference herein).
3.7	Certificate of Limited Partnership of Downs Racing, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.7 to the 2005 Form S-4 and incorporated by reference herein).
3.8	Amended and Restated Limited Partnership Agreement of Downs Racing, L.P., dated as of January 25, 2005 (filed as Exhibit 3.8 to the 2005 Form S-4 and incorporated by reference herein).
3.9	Certificate of Limited Partnership of Backside, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.9 to the 2005 Form S-4 and incorporated by reference herein).
3.10	Amended and Restated Limited Partnership Agreement of Backside, L.P., dated as of January 25, 2005 (filed as Exhibit 3.10 to the 2005 Form S-4 and incorporated by reference herein).
3.11	Certificate of Limited Partnership of Mill Creek Land, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.11 to the 2005 Form S-4 and incorporated by reference herein).
3.12	Amended and Restated Limited Partnership Agreement of Mill Creek Land, L.P., dated as of January 25, 2005 (filed as Exhibit 3.12 to the 2005 Form S-4 and incorporated by reference herein).
3.13	Certificate of Limited Partnership of Northeast Concessions, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.13 to the 2005 Form S-4 and incorporated by reference herein).
3.14	Amended and Restated Limited Partnership Agreement of Northeast Concessions, L.P., dated as of January 25, 2005 (filed as Exhibit 3.14 to the 2005 Form S-4 and incorporated by reference herein).
3.15	Articles of Organization of Mohegan Ventures-Northwest, L.L.C., dated as of July 23, 2004 (filed as Exhibit 3.15 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006, filed with the SEC on August 10, 2006 (the "June 2006 Form 10-Q") and incorporated by reference herein).
3.16	Operating Agreement of Mohegan Ventures-Northwest, L.L.C., a Mohegan Tribe of Indians of Connecticut limited liability company, dated as of July 23, 2004 (filed as Exhibit 3.16 to the June 2006 Form 10-Q and incorporated by reference herein).
3.17	Articles of Organization of Mohegan Golf, L.L.C., dated as of November 20, 2006 (filed as Exhibit 3.17 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2006, filed with the SEC on December 21, 2006 (the "2006 Form 10-K") and incorporated by reference herein).
3.18	Certificate of Formation of Wisconsin Tribal Gaming, L.L.C., dated as of February 27, 2007 (filed as Exhibit 3.18 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007, filed with the SEC on May 15, 2007 (the "March 2007 Form 10-Q") and incorporated by reference herein).

<u>Exhibit No.</u>	<u>Description</u>
3.19	Articles of Organization of Mohegan Ventures Wisconsin, L.L.C. dated as of March 1, 2007 (filed as Exhibit 3.19 to the March 2007 Form 10-Q and incorporated by reference herein).
3.20	Certificate of Formation of MTGA Gaming, L.L.C. dated as of July 27, 2007 (filed as Exhibit 3.20 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2007, filed with the SEC on December 21, 2007 (the "2007 Form 10-K") and incorporated by reference herein).
3.21	Articles of Amendment of Mohegan Golf, L.L.C. dated as of April 8, 2008 (filed as Exhibit 3.18 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008, filed with the SEC on May 15, 2008 and incorporated by reference herein).
4.1	Relinquishment Agreement, dated as of February 7, 1998, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut and Trading Cove Associates (filed as Exhibit 10.14 to the Authority's Form 10-K405 for the fiscal year ended September 30, 1998, filed with the SEC on December 29, 1998 (the "1998 Form 10-K") and incorporated by reference herein).
4.2	Indenture, dated as of August 3, 2004, between the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, Mohegan Basketball Club, L.L.C and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.19 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, filed with the SEC on August 16, 2004 (the "June 2004 Form 10-Q") and incorporated by reference herein).
4.3	Supplemental Indenture No. 1, dated as of January 25, 2005, between the Mohegan Tribal Gaming Authority, the Subsidiary Guarantors (as defined under the Indenture), and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.25 to the Authority's Quarterly Report on Form 10-Q for the quarter ended December 31, 2004, filed with the SEC on February 14, 2005 (the "December 2004 Form 10-Q") and incorporated by reference herein).
4.4	Supplemental Indenture No. 2, dated as of August 4, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, L.L.C (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.20 to the June 2006 Form 10-Q and incorporated by reference herein).
4.5	Supplemental Indenture No. 3, dated as of December 18, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Golf, L.L.C (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.23 to the 2006 Form 10-K and incorporated by reference herein).
4.6	Supplemental Indenture No. 4, dated as of March 28, 2007, between the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, L.L.C and Mohegan Ventures Wisconsin, L.L.C (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.26 to the March 2007 Form 10-Q and incorporated by reference herein).
4.7	Supplemental Indenture No. 5, dated as of August 27, 2007, between the Mohegan Tribal Gaming Authority, MTGA Gaming, L.L.C (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.29 to the 2007 Form 10-K and incorporated by reference herein).
4.8	Supplemental Indenture No. 6, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.19 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, filed with the SEC on May 14, 2012 (the "March 2012 Form 10-Q") and incorporated by reference herein).
4.9	Form of Global 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.20 to the June 2004 Form 10-Q and incorporated by reference herein).
4.10	Indenture, dated as of February 8, 2005, between the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 (filed as Exhibit 4.28 to the December 2004 Form 10-Q and incorporated by reference herein).

<u>Exhibit No.</u>	<u>Description</u>
4.11	Supplemental Indenture No. 1, dated as of August 4, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.23 to the June 2006 Form 10-Q and incorporated by reference herein).
4.12	Supplemental Indenture No. 2, dated as of December 18, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.27 to the 2006 Form 10-K and incorporated by reference herein).
4.13	Supplemental Indenture No. 3, dated as of March 28, 2007, between the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.31 to the March 2007 Form 10-Q and incorporated by reference herein).
4.14	Supplemental Indenture No. 4, dated as of August 27, 2007, between the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.35 to the 2007 Form 10-K and incorporated by reference herein).
4.15	Supplemental Indenture No. 5, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.26 to the March 2012 Form 10-Q and incorporated by reference herein).
4.16	Form of Global 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.29 to the December 2004 Form 10-Q and incorporated by reference herein).
4.17	Indenture, dated as of February 8, 2005, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and Wachovia Bank, National Association, as Trustee, relating to the 6 1/8% Senior Notes Due 2013 (filed as Exhibit 4.31 to the December 2004 Form 10-Q and incorporated by reference herein).
4.18	Supplemental Indenture No. 1, dated as of August 4, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association (as successor to Wachovia Bank, National Association), as Trustee, relating to the 6 7/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.26 to the June 2006 Form 10-Q and incorporated by reference herein).
4.19	Supplemental Indenture No. 2, dated as of December 18, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association (as successor to Wachovia Bank, National Association), as Trustee, relating to the 6 7/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.31 to the 2006 Form 10-K and incorporated by reference herein).
4.20	Supplemental Indenture No. 3, dated as of March 28, 2007, between the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association (as successor to Wachovia Bank, National Association), as Trustee, relating to the 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.36 to the March 2007 Form 10-Q and incorporated by reference herein).
4.21	Supplemental Indenture No. 4, dated as of August 27, 2007, between the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.41 to the 2007 Form 10-K and incorporated by reference herein).

<u>Exhibit No.</u>	<u>Description</u>
4.22	Supplemental Indenture No. 5, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.33 to the March 2012 Form 10-Q and incorporated by reference herein).
4.23	Form of Global 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.32 to the December 2004 Form 10-Q and incorporated by reference herein).
4.24	Indenture, dated as of October 26, 2009, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 2009 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.43 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2009, filed with the SEC on December 28, 2009 (the "2009 Form 10-K") and incorporated by reference herein).
4.25	Supplemental Indenture No.1, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 2009 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.36 to the March 2012 Form 10-Q and incorporated by reference herein).
4.26	Form of Global 2009 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.44 to the 2009 Form 10-K and incorporated by reference herein).
4.27	Indenture, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 2012 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.38 to the March 2012 Form 10-Q and incorporated by reference herein).
4.28	Form of Global 2012 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.39 to the March 2012 Form 10-Q and incorporated by reference herein).
4.29	Indenture, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 10 1/2% Third Lien Senior Secured Notes Due 2016 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.40 to the March 2012 Form 10-Q and incorporated by reference herein).
4.30	Form of Global 10 1/2% Third Lien Senior Secured Notes Due 2016 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.41 to the March 2012 Form 10-Q and incorporated by reference herein).
4.31	Indenture, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 11% Senior Subordinated Notes Due 2018 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.42 to the March 2012 Form 10-Q and incorporated by reference herein).
4.32	Form of Global 11% Senior Subordinated Notes Due 2018 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.43 to the March 2012 Form 10-Q and incorporated by reference herein).
10.1	The Mohegan Tribe—State of Connecticut Gaming Compact between the Mohegan Tribe of Indians of Connecticut and the State of Connecticut (filed as Exhibit 10.1 to the 1996 Form S-1 and incorporated by reference herein).
10.2	Agreement, dated as of April 25, 1994, between the Mohegan Tribe of Indians of Connecticut and the State of Connecticut resolving certain land claims (filed as Exhibit 10.2 to the 1996 Form S-1 and incorporated by reference herein).
10.3	Memorandum of Understanding, dated as of April 25, 1994, between the Mohegan Tribe of Indians of Connecticut and the State of Connecticut regarding implementation of the Compact and the Resolution Agreement (filed as Exhibit 10.3 to the 1996 Form S-1 and incorporated by reference herein).
10.4	Agreement, dated as of June 16, 1994, between the Mohegan Tribe of Indians of Connecticut and the Town of Montville, Connecticut (filed as Exhibit 10.4 to the 1996 Form S-1 and incorporated by reference herein).
10.5	Land Lease, dated as of September 29, 1995, between the Mohegan Tribe of Indians of Connecticut and the Mohegan Tribal Gaming Authority (filed as Exhibit 10.5 to the 1996 Form S-1 and incorporated by reference herein).

<u>Exhibit No.</u>	<u>Description</u>
10.6	Amendment to the Land Lease, dated as of February 19, 1999, between the Mohegan Tribe of Indians of Connecticut and the Mohegan Tribal Gaming Authority (filed as Exhibit 10.6 to the Authority's Registration Statement on Form S-4, filed with the SEC on April 21, 1999 (the "1999 Form S-4") and incorporated by reference herein).
10.7	Amendment to the Land Lease, dated as of March 6, 2007, between the Mohegan Tribe of Indians of Connecticut and the Mohegan Tribal Gaming Authority (filed as Exhibit 10.1 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007, filed with the SEC on August 13, 2007 and incorporated by reference herein).
10.8	The Merrill Lynch Non-Qualified Deferred Compensation Plan Trust Agreement, dated as of September 1, 1998, between the Mohegan Tribal Gaming Authority and Merrill Lynch Trust (filed as Exhibit 10.16 to the 1998 Form 10-K and incorporated by reference herein).*
10.9	Priority Distribution Agreement, dated as of August 1, 2001, between the Mohegan Tribal Gaming Authority and the Mohegan Tribe of Indians of Connecticut (filed as Exhibit 10.1 to the Authority's Quarterly Report on Form 10-Q for the period ended June 30, 2001 and incorporated by reference herein).
10.10	Employment Agreement, dated as of October 4, 2001, between the Mohegan Tribal Gaming Authority and Robert J. Soper (filed as Exhibit 10.23 to the Authority's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended September 30, 2001, filed with the SEC on November 12, 2002 and incorporated by reference herein).*
10.11	Membership Agreement, dated as of January 28, 2003, between WNBA, LLC, the Mohegan Basketball Club, LLC, the Mohegan Tribal Gaming Authority and the Mohegan Tribe of Indians of Connecticut (filed as Exhibit 10.1 to the Authority's Form 8-K filed with the SEC on January 30, 2003 and incorporated by reference herein).
10.12	Management Agreement, dated as of September 21, 2004, between The Cowlitz Indian Tribe and Salishan-Mohegan, LLC (filed as Exhibit 10.30 to the 2004 Form S-4 and incorporated by reference herein).
10.13	Development Agreement, dated as of September 21, 2004, between The Cowlitz Indian Tribe and Salishan-Mohegan, LLC (filed as Exhibit 10.31 to the 2004 Form S-4 and incorporated by reference herein).
10.14	Management Agreement, dated as of October 21, 2004, between the Menominee Indian Tribe of Wisconsin, the Menominee Kenosha Gaming Authority and the Mohegan Tribal Gaming Authority (filed as Exhibit 10.35 to the 2004 Form S-4 and incorporated by reference herein).
10.15	The Mohegan Retirement and 401(k) Plan Trust Agreement, dated as of July 1, 2005, between the Mohegan Tribe of Indians of Connecticut and Merrill Lynch Trust Company, FS3 (filed as Exhibit 10.30 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2005, filed with the SEC on December 9, 2005 and incorporated by reference herein).*
10.16	Employment Agreement, dated as of July 28, 2006, between the Mohegan Tribal Gaming Authority and Mitchell Grossinger Fitness (filed as Exhibit 10.1 to the Authority's Form 8-K, filed with the SEC on August 3, 2006 and incorporated by reference herein).*
10.17	Amended Employment Agreement, dated as of February 23, 2009, between the Mohegan Tribal Gaming Authority and Mitchell Grossinger Fitness (filed as Exhibit 10.1 to the Authority's Form 8-K, filed with the SEC on February 27, 2009 and incorporated by reference herein).*
10.18	Employment Agreement, dated as of April 2, 2009, between Downs Racing, L.P. and Robert J. Soper (filed as Exhibit 10.4 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, filed with the SEC on May 15, 2009 and incorporated by reference herein).*
10.19	Amendment to Employment Agreement, dated as of December 30, 2010, between the Mohegan Tribal Gaming Authority and Robert J. Soper (filed as Exhibit 10.1 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2010, filed with the SEC on February 14, 2011 and incorporated by reference herein).*
10.20	Employment Agreement, effective as of September 1, 2011, between the Mohegan Tribal Gaming Authority and Mario C. Kontomerkos (filed as Exhibit 10.1 to the Authority's Form 8-K, filed with the SEC on September 8, 2011 and incorporated by reference herein).*

<u>Exhibit No.</u>	<u>Description</u>
10.21	Amended Employment Agreement, dated as of February 14, 2012, between the Mohegan Tribal Gaming Authority and Mitchell Grossinger Etes (filed as Exhibit 10.1 to the Authority's Form 8-K, filed with the SEC on February 21, 2012 and incorporated by reference herein).*
10.22	Fourth Amended and Restated Loan Agreement, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, the Lenders named therein and Bank of America, N.A., as Administrative Agent (filed as Exhibit 10.1 to the March 2012 Form 10-Q and incorporated by reference herein).
10.23	Loan Agreement, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, the Lenders named therein and Wells Fargo Gaming Capital, LLC, as Administrative Agent (filed as Exhibit 10.2 to the March 2012 Form 10-Q and incorporated by reference herein).
10.24	First Lien Intercreditor Agreement, dated as of March 6, 2012, among Bank of America, N.A., as collateral agent and authorized representative for the Loan Agreement Secured Parties (as defined therein) and Wells Fargo Gaming Capital, LLC, as collateral agent and authorized representative for the FLSO Secured Parties (as defined therein) (filed as Exhibit 10.3 to the March 2012 Form 10-Q and incorporated by reference herein).
10.25	Amended and Restated Collateral Agency and Intercreditor Agreement, dated as of March 6, 2012, by and among the Mohegan Tribal Gaming Authority, the Grantors (as defined therein), Bank of America, N.A., as Initial First Lien Administrative Agent and Collateral Agent, Wells Fargo Gaming Capital, LLC, as Initial Additional First Lien Administrative Agent and Collateral Agent, and U.S. Bank National Association, as Existing Second Lien Trustee and Collateral Agent, Initial Additional Second Lien Trustee and Third Lien Trustee and Collateral Agent (filed as Exhibit 10.4 to the March 2012 Form 10-Q and incorporated by reference herein).
12.1	Statement regarding computation of ratio of earnings to fixed charges (filed herewith).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith).
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer (filed herewith).
32.1	Section 1350 Certification of Chief Executive Officer (filed herewith).
32.2	Section 1350 Certification of Chief Financial Officer (filed herewith).
101.INS**	XBRL Instance Document (filed herewith).
101.SCH**	XBRL Taxonomy Extension Schema (filed herewith).
101.CAL**	XBRL Taxonomy Calculation Linkbase (filed herewith).
101.DEF**	XBRL Taxonomy Extension Definition Linkbase (filed herewith).
101.LAB**	XBRL Taxonomy Extension Label Linkbase (filed herewith).
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase (filed herewith).

\* Management contract or compensatory plan or arrangement

\*\* Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibits 101 to this Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Exhibit 12.1

	For the Fiscal Years Ended September 30,				
	2012	2011	2010	2009	2008
<i>(in thousands, except ratios)</i>					
Net income	\$ 61,241	\$ 111,843	\$ 7,454	\$ 117,352	\$ 146,531
Fixed charges	155,561	130,402	133,737	132,691	128,861
Amortization of capitalized interest	2,221	2,229	2,231	2,214	2,031
Capitalized interest	(34)	—	(66)	(1,062)	(6,548)
Loss attributable to non-controlling interests	2,019	2,134	2,258	1,992	2,729
<b>Earnings</b>	<b>\$ 221,808</b>	<b>\$ 246,608</b>	<b>\$ 145,614</b>	<b>\$ 253,187</b>	<b>\$ 273,604</b>
Interest expense, inclusive of accretion of bond discount and net of capitalized interest	\$ 137,280	\$ 110,560	\$ 109,578	\$ 101,407	\$ 88,962
Capitalized interest	34	—	66	1,062	6,548
Amortization of debt issuance costs	8,743	7,150	7,206	8,252	4,831
Interest portion of rental expense (1)	1,256	1,326	1,461	1,515	1,435
Accretion of discount to the relinquishment liability	8,248	11,366	15,426	20,425	27,085
<b>Fixed charges</b>	<b>\$ 155,561</b>	<b>\$ 130,402</b>	<b>\$ 133,737</b>	<b>\$ 132,691</b>	<b>\$ 128,861</b>
Ratio of earnings to fixed charges (2)	1.42	1.89	1.09	1.91	2.12

(1) A 10% factor was utilized to calculate the interest portion of rental expense, which the Authority believes to be a reasonable approximation.

(2) Pursuant to Item 503 of Regulation S-K

**CERTIFICATION**

I, Mitchell Grossinger Eless, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended September 30, 2012 of the Mohegan Tribal Gaming Authority;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) and internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 21, 2012

/s/ MITCHELL GROSSINGER ELESS

\_\_\_\_\_  
 Mitchell Grossinger Eless  
 Chief Executive Officer, Mohegan Tribal Gaming Authority

## CERTIFICATION

I, Mario C. Kontomerkos, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended September 30, 2012 of the Mohegan Tribal Gaming Authority;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the condensed consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(c) and 15d-15(c) under the Securities Exchange Act of 1934) and internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 21, 2012

*/s/* MARIO C. KONTOMERKOS  
\_\_\_\_\_  
Mario C. Kontomerkos  
Chief Financial Officer, Mohegan Tribal Gaming Authority

**Written Statement of Chief Executive Officer  
Pursuant to Section 906 of the  
Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)**

The undersigned, the Chief Executive Officer of the Mohegan Tribal Gaming Authority (the "Authority"), hereby certifies that, to his knowledge, on the date hereof:

- (a) this Annual Report on Form 10-K of the Authority for the fiscal year ended September 30, 2012 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Authority.

*/s/ MITCHELL GROSSINGER ETESS*

---

**Mitchell Grossinger Eteess  
Chief Executive Officer,  
Mohegan Tribal Gaming Authority**

**December 21, 2012**

A signed original of this written statement required by Section 906 has been provided to the Authority and will be retained by the Authority and furnished to the Securities and Exchange Commission or its staff upon request.

**Written Statement of Chief Financial Officer  
Pursuant to Section 906 of the  
Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)**

The undersigned, the Chief Financial Officer of the Mohegan Tribal Gaming Authority (the "Authority"), hereby certifies that, to his knowledge, on the date hereof:

- (a) this Annual Report on Form 10-K of the Authority for the fiscal year ended September 30, 2012 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Authority.

*/s/* MARIO C. KONTOMERKOS

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Mario C. Kontomerkos  
Chief Financial Officer,  
Mohegan Tribal Gaming Authority

December 21, 2012

A signed original of this written statement required by Section 906 has been provided to the Authority and will be retained by the Authority and furnished to the Securities and Exchange Commission or its staff upon request.

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 033-80655

MOHEGAN TRIBAL GAMING AUTHORITY

(Exact name of registrant as specified in its charter)

Not Applicable  
(State or other jurisdiction  
of incorporation or organization)

06-1436334  
(IRS Employer  
Identification No.)

One Mohegan Sun Boulevard, Uncasville, CT  
(Address of principal executive offices)

06382  
(Zip Code)

(860) 862-8000  
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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. (Check one):

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company

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

MOHEGAN TRIBAL GAMING AUTHORITY  
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**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

**MOHEGAN TRIBAL GAMING AUTHORITY  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)  
(unaudited)**

	June 30, 2012	September 30, 2011
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 120,530	\$ 112,174
Restricted cash	2,665	2,002
Receivables, net	26,269	20,471
Inventories	15,052	14,028
Other current assets	27,103	27,227

Total current assets		191,619		175,902
<b>Non-current assets:</b>				
Property and equipment, net		1,501,616		1,529,595
Goodwill		39,459		39,459
Other intangible assets, net		406,030		406,318
Other assets, net		87,999		51,902
Total assets		<u>\$ 2,226,723</u>		<u>\$ 2,203,196</u>
<b>LIABILITIES AND CAPITAL</b>				
<b>Current liabilities:</b>				
Current portion of long-term debt	\$	19,795	\$	800,250
Current portion of relinquishment liability		71,083		67,911
Due to Mohegan Tribe		7,462		10,850
Current portion of capital leases		2,376		707
Trade payables		12,127		17,452
Construction payables		2,385		8,892
Accrued interest payable		46,614		28,580
Other current liabilities		143,040		132,949
Total current liabilities		<u>307,882</u>		<u>1,067,591</u>
<b>Non-current liabilities:</b>				
Long-term debt, net of current portion		1,602,161		819,316
Relinquishment liability, net of current portion		75,671		110,318
Due to Mohegan Tribe, net of current portion		23,988		—
Capital leases, net of current portion		6,486		4,635
Other long-term liabilities		2,704		2,582
Total liabilities		<u>2,018,892</u>		<u>2,004,472</u>
<b>Commitments and Contingencies</b>				
<b>Capital:</b>				
Retained earnings		206,376		196,403
Mohegan Tribal Gaming Authority capital		206,376		196,403
Non-controlling interests		1,455		2,321
Total capital		<u>207,831</u>		<u>198,724</u>
Total liabilities and capital	\$	<u>2,226,723</u>	\$	<u>2,203,196</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands)  
(unaudited)

	For the Three Months Ended June 30, 2012	For the Three Months Ended June 30, 2011	For the Nine Months Ended June 30, 2012	For the Nine Months Ended June 30, 2011
<b>Revenues:</b>				
Gaming	\$ 307,093	\$ 328,317	\$ 940,753	\$ 952,418
Food and beverage	22,700	22,446	68,627	65,669
Hotel	10,152	9,134	29,524	26,788

Retail, entertainment and other	29,946	29,123	82,458	77,947
Gross revenues	369,891	389,020	1,121,362	1,122,822
Less-Promotional allowances	(25,455)	(27,641)	(73,896)	(77,894)
Net revenues	344,436	361,379	1,047,466	1,044,928
<b>Operating costs and expenses:</b>				
Gaming	193,019	198,923	582,017	587,247
Food and beverage	11,240	10,421	33,355	30,861
Hotel	3,658	3,413	10,705	9,906
Retail, entertainment and other	10,578	9,081	29,819	23,247
Advertising, general and administrative	48,750	52,978	147,186	151,400
Corporate	4,651	3,856	12,653	12,163
Depreciation and amortization	21,693	22,621	64,077	68,451
Loss on disposition of assets	31	—	320	—
Severance	—	(11)	—	244
Total operating costs and expenses	291,600	301,282	880,130	883,519
Income from operations	50,836	60,097	167,336	161,409
<b>Other income (expense):</b>				
Accretion of discount to the relinquishment liability	(2,062)	(2,842)	(6,186)	(8,525)
Interest income	1,842	665	3,559	2,063
Interest expense	(41,581)	(29,378)	(103,047)	(88,837)
Loss on early exchange of debt	(17)	—	(14,323)	—
Other income (expense), net	7	118	(31)	(226)
Total other expense	(41,811)	(31,437)	(120,028)	(95,525)
Net income	9,025	28,660	47,308	65,884
Loss attributable to non-controlling interests	336	486	1,147	1,400
Net income attributable to Mohegan Tribal Gaming Authority	\$ 9,361	\$ 29,146	\$ 48,455	\$ 67,284

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL**  
(in thousands)  
(unaudited)

	Total	Mohegan Tribal Gaming Authority	Non-controlling Interests
Balance, March 31, 2012	\$ 211,306	\$ 209,515	\$ 1,791
Contributions from members	—	—	—
Net income (loss)	9,025	9,361	(336)
Distributions to Mohegan Tribe	(12,500)	(12,500)	—
Balance, June 30, 2012	\$ 207,831	\$ 206,376	\$ 1,455
Balance, September 30, 2011	\$ 198,724	\$ 196,403	\$ 2,321
Cumulative-effect of adoption of amendments to ASC 924 regarding jackpot liabilities	1,968	1,968	—
Contributions from members	281	—	281
Net income (loss)	47,308	48,455	(1,147)
Distributions to Mohegan Tribe	—	—	—

	(40,450)		(40,450)		—
Balance, June 30, 2012	\$ 207,831	\$	206,376	\$	1,455
Balance, March 31, 2011	\$ 161,659	\$	158,526	\$	3,133
Contributions from members	306		—		306
Net income (loss)	28,660		29,146		(486)
Distributions to Mohegan Tribe	(14,581)		(14,581)		—
Balance, June 30, 2011	\$ 176,044	\$	173,091	\$	2,953
Balance, September 30, 2010	\$ 132,044	\$	129,476	\$	2,568
Contributions from members	1,785		—		1,785
Net income (loss)	65,884		67,284		(1,400)
Distributions to Mohegan Tribe	(23,669)		(23,669)		—
Balance, June 30, 2011	\$ 176,044	\$	173,091	\$	2,953

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	For the Nine Months Ended June 30, 2012	For the Nine Months Ended June 30, 2011
<b>Cash flows provided by (used in) operating activities:</b>		
Net income	\$ 47,308	\$ 65,884
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	64,077	68,451
Accretion of discount to the relinquishment liability	6,186	8,525
Cash paid for accretion of discount to the relinquishment liability	(5,935)	(8,119)
Loss on early exchange of debt	14,323	—
Amortization of debt issuance costs	6,300	5,365
Accretion of bond discount	825	488
Amortization of net deferred gain on settlement of derivative instruments	(231)	(351)
Provision for losses on receivables	1,855	2,602
Loss on disposition of assets	320	249
Changes in operating assets and liabilities:		
Increase in receivables	(6,900)	(1,578)
Increase in inventories	(1,024)	(445)
Increase in other assets	(3,214)	(5,759)
(Decrease) increase in trade payables	(5,325)	1,560
Increase in other liabilities	25,346	2,219
Net cash flows provided by operating activities	144,291	139,091
<b>Cash flows provided by (used in) investing activities:</b>		
Purchases of property and equipment, net of decrease in construction payables of \$6,507 and \$5,688, respectively	(40,638)	(39,701)
Proceeds from Commonwealth of Pennsylvania's facility improvement grant	2,000	—
Issuance of third-party loans and advances	(570)	(595)

Payments received on third-party loans	113	186
Decrease in restricted cash, net	261	163
Proceeds from asset sales	134	281
Net cash flows used in investing activities	(38,700)	(39,666)
Cash flows provided by (used in) financing activities:		
Bank Credit Facility borrowings - revolving loan	154,000	270,000
Bank Credit Facility repayments - revolving loan	(289,000)	(318,000)
Bank Credit Facility repayments - term loan	(2,000)	—
Term Loan Facility borrowings, net of discount	220,500	—
Salishan-Mohegan Bank Credit Facility borrowings - revolving loan	—	250
Salishan-Mohegan Bank Credit Facility repayments - revolving loan	(15,250)	—
Line of Credit borrowings	225,215	412,909
Line of Credit repayments	(225,215)	(411,442)
Borrowings from Mohegan Tribe	20,600	600
Payments on long-term debt	(66,454)	(1,000)
Principal portion of relinquishment liability payments	(28,756)	(26,354)
Distributions to Mohegan Tribe	(40,450)	(23,669)
Payments of financing fees	(50,178)	(2,161)
Payments on capital lease obligations	(528)	(515)
Non-controlling interest contributions	281	1,785
Net cash flows used in financing activities	(97,235)	(97,597)
Net increase in cash and cash equivalents	8,356	1,828
Cash and cash equivalents at beginning of period	112,171	63,897
Cash and cash equivalents at end of period	\$ 120,530	\$ 65,725
Supplemental disclosures:		
Cash paid during the period for interest	\$ 78,119	\$ 82,377
Capital lease	\$ 4,048	\$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

**NOTE 1—ORGANIZATION:**

The Mohegan Tribe of Indians of Connecticut (the "Mohegan Tribe" or the "Tribe") established the Mohegan Tribal Gaming Authority (the "Authority") in July 1995 with the exclusive authority to conduct and regulate gaming activities for the Tribe on Tribal lands and the non-exclusive authority to conduct such activities elsewhere. The Tribe is a federally-recognized Indian tribe with an approximately 544-acre reservation situated in Southeastern Connecticut, adjacent to Uncasville, Connecticut. Under the Indian Gaming Regulatory Act of 1988 ("IGRA"), federally-recognized Indian tribes are permitted to conduct full-scale casino gaming operations on tribal land, subject to, among other things, the negotiation of a compact with the affected state. The Tribe and the State of Connecticut entered into a compact (the "Mohegan Compact"), which was approved by the United States Secretary of the Interior. The Authority is primarily engaged in the ownership, operation and development of gaming facilities. In October 1996, the Authority opened Mohegan Sun, a gaming and entertainment complex situated on a 185-acre site on the Tribe's reservation. The Authority is governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Tribe. Any change in the composition of the Mohegan Tribal Council results in a corresponding change in the Authority's Management Board.

As of June 30, 2012, the following subsidiaries were wholly-owned by the Authority: Mohegan Basketball Club, LLC ("MBC"), Mohegan Golf, LLC ("Mohegan Golf"), Mohegan Commercial Ventures-PA, LLC ("MCV-PA"), Mohegan Ventures-Northwest, LLC ("Mohegan Ventures-NW"), Mohegan Ventures Wisconsin, LLC ("MVW"), MTGA Gaming, LLC ("MTGA Gaming") and Downs Lodging, LLC ("Downs Lodging"). MBC owns and operates the Connecticut Sun, a professional basketball team in the Women's National Basketball Association (the "WNBA"). MBC currently owns a 4.2% membership interest in WNBA, LLC. Mohegan Golf owns and operates the Mohegan Sun Country Club at Pautipaug golf course in Southeastern Connecticut ("Mohegan Sun Country Club"). Downs Lodging, an unrestricted subsidiary of the Authority,

was formed to develop, finance and build Project Sunlight, a hotel and convention center to be located at Mohegan Sun at Pocono Downs. Refer to Note 9 for more information on Downs Lodging and Project Sunlight.

MCV-PA holds a 0.01% general partnership interest in each of Downs Racing, L.P., Backside, L.P., Mill Creek Land, L.P. and Northeast Concessions, L.P., while the Authority holds the remaining 99.99% limited partnership interest in each entity. Downs Racing, L.P. ("Downs Racing") owns and operates Mohegan Sun at Pocono Downs, a gaming and entertainment facility situated on a 400-acre site in Plains Township, Pennsylvania, and several off-track wagering facilities located elsewhere in Pennsylvania (collectively, the "Pennsylvania Entities"). The Authority views Mohegan Sun and the Pennsylvania Entities as two separate operating segments.

Mohegan Ventures-NW and the Tribe hold 49.15% and 7.85% membership interests in Salishan-Mohegan, LLC ("Salishan-Mohegan"), respectively, which was formed with an unrelated third-party to participate in the development and management of a proposed casino to be owned by the federally-recognized Cowlitz Indian Tribe of Washington (the "Cowlitz Tribe") and to be located in Clark County, Washington (the "Cowlitz Project").

MVW holds a 100% membership interest in Wisconsin Tribal Gaming, LLC ("WTG"), which was formed to participate in the development of a proposed casino to be owned by the federally-recognized Menominee Indian Tribe of Wisconsin (the "Menominee Tribe") and to be located in Kenosha, Wisconsin (the "Menominee Project").

MTGA Gaming and the Tribe hold 49% and 51% membership interests in Mohegan Gaming & Hospitality, LLC ("MG&H"), respectively. MG&H holds a 100% membership interest in Mohegan Resorts, LLC ("Mohegan Resorts"). Mohegan Resorts holds a 100% membership interest in Mohegan Resorts Mass, LLC, which was formed to pursue potential gaming opportunities in the Commonwealth of Massachusetts. Mohegan Resorts also holds 100% membership interests in Mohegan Resorts New York, LLC and Mohegan Gaming New York, LLC (collectively, the "Mohegan New York Entities"). The Mohegan New York Entities were formed to pursue potential gaming opportunities in the state of New York.

#### NOTE 2—BASIS OF PRESENTATION:

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In accordance with Rule 10-01, the accompanying unaudited condensed consolidated financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete consolidated financial statements. The accompanying year-end condensed consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by accounting

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#### MOHEGAN TRIBAL GAMING AUTHORITY NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued) (unaudited)

principles generally accepted in the United States of America. In management's opinion, all adjustments, including normal recurring accruals and adjustments, necessary for a fair statement of the Authority's operating results for the interim period, have been included. The Authority's operating results for the three months and nine months ended June 30, 2012 are not necessarily indicative of results for the fiscal year ending September 30, 2012.

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

The Authority's operating results for the three months and nine months ended June 30, 2012 reflect adjustments to increase interest income by \$1.1 million and reserves for doubtful collection of long-term receivables by \$326,000 relating to unrecorded interest income and the related receivables and reserves in connection with reimbursable costs and expenses advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe for the Cowlitz Project that were not recorded during fiscal 2007, 2008, 2009, 2010, 2011 and 2012, and interim periods within those fiscal years. Because amounts involved were not material to the Authority's financial statements in any individual prior period, and the cumulative amount is not material to estimated operating results for the fiscal year ending September 30, 2012, the Authority recorded the cumulative effect of correcting these items during the three months ended June 30, 2012.

During the three months ended June 30, 2011, the Authority recorded an adjustment of \$3.7 million to reduce cash and cash equivalents and slot revenues that were incorrectly recorded during fiscal 2005, 2006 and 2007, and interim periods within those fiscal years. Because amounts involved were not material to the Authority's financial statements in any individual prior period, and the cumulative amount was not material to operating results for the fiscal year ending September 30, 2011, the Authority recorded the cumulative effect of correcting these items during the three months ended June 30, 2011.

#### *Principles of Consolidation*

The accompanying condensed consolidated financial statements include the accounts of the Authority and its majority and wholly-owned subsidiaries and entities. In accordance with authoritative guidance issued by the Financial Accounting Standards Board (the "FASB") pertaining to consolidation of variable interest entities, the accounts of Salishan-Mohegan are consolidated into the accounts of Mohegan Ventures-NW, and the accounts of MG&H, Mohegan Resorts and its subsidiaries are consolidated into the accounts of MTGA Gaming, as Mohegan Ventures-NW and MTGA Gaming are deemed to be the primary beneficiaries. In consolidation, all intercompany balances and transactions were eliminated.

#### *Fair Value of Financial Instruments*

The fair value amounts presented below are reported to satisfy disclosure requirements pursuant to authoritative guidance issued by the FASB pertaining to disclosures about fair values of financial instruments and are not necessarily indicative of amounts that the Authority could realize in a current market transaction.

The Authority applies the following fair value hierarchy, which prioritizes the inputs utilized to measure fair value into three levels:

- Level 1-Quoted prices for identical assets or liabilities in active markets;
- Level 2-Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets or valuations based on models where the significant inputs are observable or can be corroborated by observable market data; and
- Level 3-Valuations based on models where the significant inputs are unobservable. The unobservable inputs reflect the Authority's estimates or assumptions that market participants would utilize in pricing such assets or liabilities.

The Authority's assessment of the significance of a particular input requires judgment and may affect the valuation of financial assets and liabilities and their placement within the fair value hierarchy.

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
(unaudited)

The carrying amount of cash and cash equivalents, receivables, trade payables and promissory notes approximates fair value. The estimated fair value of the Authority's financing facilities and notes were as follows (in thousands):

	June 30, 2012	
	Carrying Value	Fair Value
Bank Credit Facility	\$ 398,000	\$ 376,110
Tenn Loan Facility	\$ 220,782	\$ 225,563
2009 11 1/2% Second Lien Senior Secured Notes	\$ 194	\$ 206
2012 11 1/2% Second Lien Senior Secured Notes	\$ 194,024	\$ 205,794
2012 10 1/2% Third Lien Senior Secured Notes	\$ 417,771	\$ 363,461
2005 6 1/8% Senior Unsecured Notes	\$ 15,775	\$ 14,750
2004 7 1/8% Senior Subordinated Notes	\$ 21,156	\$ 16,396
2005 6 7/8% Senior Subordinated Notes	\$ 9,654	\$ 7,144
2012 11 % Senior Subordinated Notes	\$ 344,190	\$ 228,026

The estimated fair values of the Authority's financing facilities and notes were based on Level 2 inputs (quoted market prices or prices of similar instruments) on or about June 30, 2012.

### Long-Term Receivables

Long-term receivables consist primarily of receivables from affiliates and tenants. The following table presents a reconciliation of long-term receivables and the related reserves for doubtful collection of these long-term receivables (in thousands):

	Long-Term Receivables		
	Affiliates (1)	Tenants	Total
Balance, March 31, 2012	\$ 48,551	\$ 1,207	\$ 49,758
Additions:			
Issuance of affiliate advances and tenant loans (2)	2,132	—	2,132
Deductions:			
Payments received	—	(35)	(35)
Balance, June 30, 2012	\$ 50,683	\$ 1,172	\$ 51,855
Balance, September 30, 2011	\$ 46,561	\$ 1,285	\$ 47,846
Additions:			
Issuance of affiliate advances and tenant loans (2)	4,122	—	4,122
Deductions:			
Payments received	—	(113)	(113)
Balance, June 30, 2012	\$ 50,683	\$ 1,172	\$ 51,855

(1) Includes interest receivable of \$30.1 million, \$22.0 million and \$18.4 million as of March 31, 2012, June 30, 2012 and September 30, 2011, respectively. The WTCG receivables no longer accrue interest pursuant to a release and reimbursement agreement entered into in September 2010.

(2) Includes adjustment to increase long-term receivables by \$1.1 million, which related to prior periods.

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	Reserves for Doubtful Collection of Long-Term Receivables		
	Affiliates	Tenants	Total
Balance, March 31, 2012	\$ 20,714	\$ 73	\$ 20,787
Additions:			
Charges to bad debt expense (1)	627	—	627
Deductions:			
Adjustments	—	(2)	(2)
Balance, June 30, 2012	\$ 21,341	\$ 71	\$ 21,412
Balance, September 30, 2011	\$ 20,201	\$ 78	\$ 20,279
Additions:			
Charges to bad debt expense (1)	1,140	—	1,140
Deductions:			
Adjustments	—	(7)	(7)
Balance, June 30, 2012	\$ 21,341	\$ 71	\$ 21,412

(1) Includes adjustment to increase reserves for doubtful collection of long-term receivables by \$326,000, which related to prior periods.

*New Accounting Standards*

In July 2012, the FASB issued revised guidance pertaining to the accounting standard for indefinite-lived intangible assets. The revised guidance allows an entity the option to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired before performing the two-step indefinite-lived intangible asset impairment test. The revised guidance is effective for interim and annual periods beginning after September 15, 2012; however, early adoption is permitted. The Authority does not expect its adoption to impact its financial position, results of operations or cash flows.

In September 2011, the FASB issued revised guidance pertaining to the accounting standard for goodwill impairment tests. The revised guidance allows an entity the option to assess qualitative factors to determine whether the fair value of a reporting unit is less than its carrying value before performing the two-step goodwill impairment test. The revised guidance is effective for interim and annual periods beginning after December 15, 2011. The Authority adopted this guidance in its second quarter of fiscal 2012, and its adoption did not impact its financial position, results of operations or cash flows.

In May 2011, the FASB issued amended guidance seeking to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRS"). While consistent with existing fair value measurement principles under GAAP, the amended guidance expands existing disclosure requirements for fair value measurements and eliminates unnecessary differences between GAAP and IFRS. The amended guidance is effective for interim and annual periods beginning after December 15, 2011. The Authority adopted this guidance in its second quarter of fiscal 2012, and its adoption did not impact its financial position, results of operations or cash flows.

In April 2010, the FASB issued guidance pertaining to accruals for casino jackpot liabilities. The new guidance clarifies that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying such jackpot. The new guidance specifies that jackpots should be accrued and charged to revenue when the entity has the obligation to pay such jackpot and applies to both base and progressive jackpots and requires a cumulative-effect adjustment to opening retained earnings in the period of adoption. The new guidance was effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2010. The Authority adopted this guidance in its first quarter of fiscal 2012, and as such, recorded a cumulative-effect adjustment, which decreased other current liabilities and increased retained earnings by \$2.0 million.

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**NOTE 3—LONG-TERM DEBT:**

Long-term debt consisted of the following (in thousands, including current maturities):

	June 30, 2012	September 30, 2011
Bank Credit Facility, due March 2015	\$ 398,000	\$ 535,000
Term Loan Facility, due March 2016, net of discount of \$4,218	220,782	—
2009 11 <sup>1</sup> / <sub>2</sub> % Second Lien Senior Secured Notes, due November 2017, net of discount of \$6 and \$6,325, respectively	194	193,675
2012 11 <sup>1</sup> / <sub>2</sub> % Second Lien Senior Secured Notes, due November 2017, net of discount of \$5,776	194,024	—
2012 10 <sup>1</sup> / <sub>2</sub> % Third Lien Senior Secured Notes, due December 2016	417,771	—
2005 6 <sup>1</sup> / <sub>8</sub> % Senior Unsecured Notes, due February 2013	15,775	250,000
2002 8% Senior Subordinated Notes, due April 2012	—	250,000
2004 7 <sup>1</sup> / <sub>8</sub> % Senior Subordinated Notes, due August 2014		

	21,156	225,000
2005 6 <sup>7</sup> / <sub>8</sub> % Senior Subordinated Notes, due February 2015	9,654	150,000
2012 11% Senior Subordinated Notes, due September 2016	344,150	—
2009 Mohegan Tribe Promissory Note, due September 2014	10,000	10,000
2012 Mohegan Tribe Minor's Trust Promissory Note, due March 2016	20,000	—
Mohegan Tribe Credit Facility, due September 2013	1,450	850
Salsitan-Mohegan Bank Credit Facility, due March 2012	—	15,250
Subtotal	1,652,996	1,629,775
Plus net deferred gain on derivative instruments sold	410	641
Long-term debt, excluding capital leases	1,653,406	1,630,416
Less current portion of long-term debt	(27,257)	(81,100)
Long-term debt, net of current portion	<u>\$ 1,626,149</u>	<u>\$ 819,316</u>

On March 6, 2012, the Authority completed a comprehensive refinancing of its outstanding indebtedness, including the consummation of private exchange offers and consent solicitations with respect to its outstanding notes, an amendment and restatement of its bank credit facility and the execution and funding of a term loan facility (all further discussed below). Consummation of the exchange offers resulted in the issuance of approximately \$961.8 million in aggregate principal amount of new notes in exchange for an equivalent principal amount of tendered and accepted old notes. The Authority incurred approximately \$58.3 million in costs in connection with these refinancing transactions, consisting primarily of consulting, legal and consent fees. In accordance with authoritative guidance issued by the FASB pertaining to debt refinancing, these refinancing transactions were each considered a debt modification and approximately \$14.3 million in transaction costs were written-off and recorded as a loss on early exchange of debt in the related accompanying condensed consolidated statements of income. The remaining \$44.0 million in transaction costs were capitalized and included in other assets, net, in the related accompanying condensed consolidated balance sheet and will be amortized over the terms of the related debt.

#### *Bank Credit Facilities*

##### *First Lien, First Out Credit Facility*

On March 6, 2012, the Authority entered into a Fourth Amended and Restated Bank Credit Facility providing for a \$400.0 million term loan and a revolving loan with letter of credit and borrowing capacity of up to \$75.0 million from a syndicate of financial institutions and commercial banks, with Bank of America, N.A. serving as Administrative Agent (the "Bank Credit Facility"). Principal outstanding on the term loan under the Bank Credit Facility is to be repaid at a rate of \$1.0 million per quarter. The Bank Credit Facility matures on March 31, 2015, upon which date all outstanding balances are payable in full. As of June 30, 2012, there were \$398.0 million in term loans and no revolving loans outstanding under the Bank Credit Facility. As of June 30, 2012, letters of credit issued under the Bank Credit Facility totaled \$2.3 million, of which no amount was drawn. Inclusive of letters of credit, which reduce borrowing availability under the Bank Credit Facility, and after taking into account restrictive financial covenant requirements, the Authority had approximately \$72.7 million of borrowing capacity under the Bank Credit Facility as of June 30, 2012.

Borrowings under the Bank Credit Facility incur interest as follows: (i) for base rate revolving loans, base rate plus an applicable margin based on a leverage-based pricing grid between 2.25% and 3.25%; (ii) for Eurodollar rate revolving loans, the

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applicable LIBOR rate plus an applicable margin based on a leverage-based pricing grid between 3.50% and 4.50%; (iii) for base rate term loans, base rate plus an applicable margin equal to 3.25%; and (iv) for Eurodollar rate term loans, the applicable LIBOR rate plus 4.50%. For Eurodollar rate term loans, LIBOR is subject to a 1.0% floor. There also is a fee of between 0.25% and 0.50%, based on a leverage-based pricing grid, charged on unused revolving commitments. Interest on Eurodollar rate loans is payable at the end of each applicable interest period for periods of three months or less and for loans of more than three months, each March, June, September or December that occurs after the beginning of such interest period. Interest on base rate advances is payable quarterly in arrears. As of June 30, 2012, the \$398.0 million term loan outstanding was based on the Eurodollar rate floor of 1.0% plus an applicable margin of 4.50%. The applicable margin for commitment fees was 0.50% as of June 30, 2012. As of June 30, 2012 and September 30, 2011, accrued interest, including commitment fees, on the Bank Credit Facility was \$7.0 million and \$1.0 million, respectively.

The Authority's obligations under the Bank Credit Facility are fully and unconditionally guaranteed, jointly and severally, by the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTC and MTGA Gaming (the "Guarantors"). The Bank Credit Facility is collateralized by a first priority lien on substantially all of the Authority's property and assets and those of the Guarantors (other than MBC), including the assets that comprise Mohegan Sun at Pocono Downs and a leasehold mortgage on the land and improvements that comprise Mohegan Sun (the Authority and the Guarantors, other than MBC, are collectively referred to herein as the "Grantors"). The Grantors are also required to pledge additional assets as collateral for the Bank Credit Facility as they and future guarantor subsidiaries acquire them. The liens and security interests granted by the Grantors as security for the Authority's obligations under the Bank Credit Facility are senior in priority to the liens on the same collateral securing the Term Loan Facility (as defined below) and the 2009 Second Lien Notes, 2012 Second Lien Notes and 2012 Third Lien Notes (each as defined below and, collectively, the "Secured Notes"). The collateral securing the Bank Credit Facility constitutes substantially all of the Grantors' property and assets that secure the Term Loan Facility and the Secured Notes, but excludes certain excluded assets as defined in the Bank Credit Facility.

The Bank Credit Facility contains negative covenants applicable to the Authority and the Guarantors, including negative covenants governing incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions, mergers or consolidations and capital expenditures. Additionally, the Bank Credit Facility includes financial maintenance covenants pertaining to total leverage, senior leverage and minimum fixed charge coverage.

As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the Bank Credit Facility.

#### *First Lien, Second Out Term Loan Facility*

On March 6, 2012, the Authority entered into a loan agreement providing for a \$225.0 million first lien, second out term loan with Wells Fargo Gaming Capital, L.L.C. serving as Administrative Agent (the "Term Loan Facility"). The Term Loan Facility was issued at a price of 98.0% of par, for an initial yield of approximately 9.6% per annum. The Term Loan Facility has no mandatory amortization and is payable in full on March 31, 2016. The net proceeds from the Term Loan Facility were used to refinance the Authority's existing indebtedness, permanently reduce commitments under the Bank Credit Facility and pay accrued interest, fees and expenses in connection with the Authority's refinancing transactions consummated on March 6, 2012.

Loans under the Term Loan Facility incur interest as follows: (i) for base rate loans, base rate plus 6.50% per annum and (ii) for Eurodollar rate loans, LIBOR plus 7.50% per annum. In all cases, LIBOR is subject to a 1.50% floor. Interest on Eurodollar rate loans is payable at the end of each applicable interest period or every quarter in arrears, if an interest period exceeds three months. Interest on base rate loans is payable quarterly in arrears. As of June 30, 2012, the Authority had a \$225.0 million Eurodollar rate loan outstanding, which was based on the Eurodollar rate floor of 1.50% plus an applicable margin of 7.50%. As of June 30, 2012, accrued interest on the Term Loan Facility was \$1.1 million.

The Term Loan Facility is fully and unconditionally guaranteed, jointly and severally, by each of the Guarantors. The liens and security interests granted by the Grantors as security for the Authority's obligations under the Term Loan Facility are senior in priority to the liens on the same collateral securing any of the Secured Notes. The collateral securing the Term Loan Facility constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and the Secured Notes, but excludes certain excluded assets as defined in the Term Loan Facility.

The Term Loan Facility contains negative covenants that are substantially the same as the negative covenants contained in the Bank Credit Facility. The Term Loan Facility also contains financial maintenance covenants that are substantially the same as those in the Bank Credit Facility and also includes a separate first lien leverage ratio covenant.

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As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the Term Loan Facility.

#### *Senior Secured Notes*

##### *2009 11 1/2% Second Lien Senior Secured Notes*

In October 2009, the Authority issued \$200.0 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11.50% per annum (the "2009 Second Lien Notes"). The 2009 Second Lien Notes were issued at a price of 96.234% of par, to yield an effective interest rate of 12.25% per annum. The 2009 Second Lien Notes mature on November 1, 2017. The first call date for the 2009 Second Lien Notes is November 1, 2013. Interest on the 2009 Second Lien Notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2009 Second Lien Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2009 Second Lien Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2009 Second Lien Notes tendered and exchanged was \$199.8 million. An aggregate principal amount of \$200,000 of 2009 Second Lien Notes remains outstanding as of June 30, 2012. As of June 30, 2012 and September 30, 2011, accrued interest on the 2009 Second Lien Notes was \$4,000 and \$9.6 million, respectively.

The 2009 Second Lien Notes are collateralized by a second priority lien on substantially all of the Grantors' and future guarantor subsidiaries' properties and assets, and are effectively subordinated to all of the Authority's and its existing and future guarantor subsidiaries' first priority lien secured indebtedness, including borrowings under the Bank Credit Facility and Term Loan Facility, to the extent of the value of the collateral securing such indebtedness. The 2009 Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2009 Second Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

#### **2012 11 ½% Second Lien Senior Secured Notes**

On March 6, 2012, the Authority issued \$199.8 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11.50% *per annum* (the "2012 Second Lien Notes") in exchange for an equal amount of 2009 Second Lien Notes. The 2012 Second Lien Notes mature on November 1, 2017. The Authority may redeem the 2012 Second Lien Notes, in whole or in part, at any time prior to November 1, 2014, at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest. On or after November 1, 2014, the Authority may redeem the 2012 Second Lien Notes, in whole or in part, at a premium decreasing ratably to zero, plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Second Lien Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Second Lien Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Second Lien Notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, commencing November 1, 2012. As of June 30, 2012, accrued interest on the 2012 Second Lien Notes was \$7.3 million.

The 2012 Second Lien Notes and the related guarantees are secured by second lien security interests in substantially all of the Grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing the Authority's Bank Credit Facility and Term Loan Facility (and permitted replacements thereof) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 Second Lien Notes constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Third Lien Notes, but excludes certain excluded assets as defined in the 2012 Second Lien Notes indenture. The 2012 Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2012 Second Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

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#### **2012 10 ½% Third Lien Senior Secured Notes**

On March 6, 2012, the Authority issued approximately \$417.7 million Third Lien Senior Secured Notes with fixed interest payable at a rate of 10.50% *per annum* (the "2012 Third Lien Notes") in exchange for \$234.2 million of 2005 Senior Unsecured Notes and \$183.5 million of 2002 Senior Subordinated Notes. The 2012 Third Lien Notes mature on December 15, 2016. The Authority may redeem the 2012 Third Lien Notes, in whole or in part, at any time at a price equal to 100% of the principal amount plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Third Lien Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Third Lien Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Third Lien Notes is payable semi-annually on June 15<sup>th</sup> and December 15<sup>th</sup>, commencing December 15, 2012. As of June 30, 2012, accrued interest on the 2012 Third Lien Notes was \$14.0 million.

The 2012 Third Lien Notes and the related guarantees are secured by third lien security interests in substantially all of the Grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing the Authority's Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Second Lien Notes (and permitted replacements of each of the foregoing) and to all other

permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 Third Lien Notes constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Second Lien Notes, but excludes certain excluded assets as defined in the 2012 Third Lien Notes indenture. The 2012 Third Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2012 Third Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

#### *Senior Unsecured Notes*

##### *2005 6 1/8% Senior Unsecured Notes*

In February 2005, the Authority issued \$250.0 million Senior Unsecured Notes with fixed interest payable at a rate of 6.125% *per annum* (the "2005 Senior Unsecured Notes"). The 2005 Senior Unsecured Notes mature on February 15, 2013. The 2005 Senior Unsecured Notes are callable at the Authority's option at par. Interest on the 2005 Senior Unsecured Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2005 Senior Unsecured Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 Senior Unsecured Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2005 Senior Unsecured Notes tendered and exchanged was \$234.2 million. An aggregate principal amount of \$15.8 million of the 2005 Senior Unsecured Notes remains outstanding as of June 30, 2012. As of June 30, 2012 and September 30, 2011, accrued interest on the 2005 Senior Unsecured Notes was \$322,000 and \$1.9 million, respectively.

The 2005 Senior Unsecured Notes are uncollateralized general obligations of the Authority, and are effectively subordinated to all of the Authority's and the Guarantors' and future guarantor subsidiaries' senior secured indebtedness, including the Bank Credit Facility, Term Loan Facility, 2009 Second Lien Notes, 2012 Second Lien Notes and 2012 Third Lien Notes, to the extent of the value of the collateral securing such indebtedness. The 2005 Senior Unsecured Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors. Refer to Note 8 for condensed consolidating financial information of the Authority and its Guarantor and non-guarantor entities.

#### *Senior Subordinated Notes*

##### *2002 8% Senior Subordinated Notes*

In February 2002, the Authority issued \$250.0 million Senior Subordinated Notes with fixed interest payable at a rate of 8.000% *per annum* (the "2002 Senior Subordinated Notes"). The 2002 Senior Subordinated Notes matured on April 1, 2012. Subsequent to the March 6, 2012 private exchange offer, \$66.5 million 2002 Senior Subordinated Notes remained outstanding, which amount, including accrued interest, was repaid at maturity with cash on hand. As of September 30, 2011, accrued interest on the 2002 Senior Subordinated Notes was \$10.0 million.

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##### *2004 7 1/8% Senior Subordinated Notes*

In August 2004, the Authority issued \$225.0 million Senior Subordinated Notes with fixed interest payable at a rate of 7.125% *per annum* (the "2004 Senior Subordinated Notes"). The 2004 Senior Subordinated Notes mature on August 15, 2014. The 2004 Senior Subordinated Notes are callable at the Authority's option at par. Interest on the 2004 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2004 Senior Subordinated Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2004 Senior Subordinated Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2004 Senior Subordinated Notes tendered and exchanged was \$203.8 million. An aggregate principal amount of \$21.2 million of the 2004 Senior Subordinated Notes remains outstanding as of June 30, 2012. As of June 30, 2012 and September 30, 2011, accrued interest on the 2004 Senior Subordinated Notes was \$525,000 and \$2.0 million, respectively.

##### *2005 6 3/8% Senior Subordinated Notes*

In February 2005, the Authority issued \$150.0 million Senior Subordinated Notes with fixed interest payable at a rate of 6.875% *per annum* (the "2005 Senior Subordinated Notes"). The 2005 Senior Subordinated Notes mature on February 15, 2015. The 2005 Senior Subordinated Notes are callable at the Authority's option at par. Interest on the 2005 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2005 Senior Subordinated Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 Senior Subordinated Notes, which eliminated certain covenants under the notes and related indenture. The aggregate principal amount of 2005 Senior Subordinated Notes tendered and exchanged was \$140.3 million. An aggregate principal amount of \$9.7 million of the 2005 Senior Subordinated Notes remains outstanding as of June 30, 2012. As of June 30, 2012 and September 30, 2011, accrued interest on the 2005 Senior Subordinated Notes was \$222,000 and \$1.3 million, respectively.

#### *2012 11% Senior Subordinated Notes*

On March 6, 2012, the Authority issued \$344.2 million Senior Subordinated Toggle Notes with fixed interest payable at a rate of 11% *per annum* (the "2012 Senior Subordinated Notes") in exchange for \$203.8 million of 2004 Senior Subordinated Notes and \$140.3 million of 2005 Senior Subordinated Notes. The 2012 Senior Subordinated Notes mature on September 15, 2018. The Authority may redeem the 2012 Senior Subordinated Notes, in whole or in part, at any time, at a price equal to 100% of the principal amount plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Senior Subordinated Notes is payable semi-annually on March 15<sup>th</sup> and September 15<sup>th</sup>, commencing September 15, 2012. The initial interest payment on the 2012 Senior Subordinated Notes is payable entirely in cash. For any subsequent interest payment period through March 15, 2018, the Authority may, at its option, elect to pay interest on the 2012 Senior Subordinated Notes either entirely in cash or by paying up to 2% in 2012 Senior Subordinated Notes ("PIK Interest"). If the Authority elects to pay PIK Interest, such election will increase the principal amount of the 2012 Senior Subordinated Notes in an amount equal to the amount of PIK Interest for the applicable interest payment period to holders of 2012 Senior Subordinated Notes on the relevant record date. As of June 30, 2012, accrued interest on the 2012 Senior Subordinated Notes was \$12.1 million.

The 2012 Senior Subordinated Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

The Authority's senior subordinated notes are uncollateralized general obligations of the Authority, and are subordinated to borrowings under the Bank Credit Facility, Term Loan Facility, 2009 Second Lien Notes, 2012 Second Lien Notes, 2012 Third Lien Notes and 2005 Senior Unsecured Notes. The senior subordinated notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors. Refer to Note 8 for condensed consolidating financial information of the Authority and its

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#### Guarantor and non-guarantor entities.

The senior and senior subordinated note indentures contain certain non-financial and financial covenant requirements with which the Authority and the Tribe must comply. The non-financial covenant requirements include, among other things, reporting obligations, compliance with laws and regulations, maintenance of licenses and insurances and continued existence of the Authority. The financial covenant requirements include, among other things, subject to certain exceptions, limitations on the Authority's and the Guarantors' ability to incur additional indebtedness, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company, transfer or sell assets or impair assets constituting collateral.

As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the senior and senior subordinated note indentures.

The Authority or its affiliates may, from time to time, seek to purchase or otherwise retire outstanding indebtedness for cash in open market purchases, privately negotiated transactions or otherwise. Any such transaction will depend on prevailing market conditions and the Authority's liquidity and covenant requirement restrictions, among other factors.

#### *Line of Credit*

As of June 30, 2012, the Authority had a \$16.5 million revolving credit facility with Bank of America, N.A. (the "Line of Credit"). The Line of Credit was amended in March 2012 to, among other things, extend the maturity date to March 31, 2015. Pursuant to the provisions of the Bank Credit Facility, the Line of Credit may be replaced by an Autoborrow Loan governed by the terms of an Autoborrow Agreement described in the Bank Credit Facility. Under the Line of Credit, as amended, each advance accrues interest on the basis of a one-month LIBOR Rate plus an applicable margin based on the Authority's total leverage ratio, as each term is defined under the Line of Credit. Borrowings under the Line of Credit are uncollateralized obligations. As of June 30, 2012, no amount was drawn on the Line of Credit. The Line of Credit contains negative covenants and financial maintenance covenants that are substantially the same as the corresponding covenants contained in the Bank Credit Facility.

As of June 30, 2012, the Authority was in compliance with all covenant requirements under the Line of Credit and had \$16.5 million of borrowing capacity thereunder. As of June 30, 2012, there was no accrued interest on the Line of Credit. As of September 30, 2011, accrued interest on the Line of Credit was \$7,000.

#### *2009 Mohegan Tribe Promissory Note*

In September 2009, the Tribe made a \$10.0 million loan to Salishan-Mohegan (the "2009 Mohegan Tribe Promissory Note"). The 2009 Mohegan Tribe Promissory Note was amended in March 2012 to extend the maturity date to September 30, 2014. As amended, the 2009 Mohegan Tribe Promissory Note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly in the amount of \$1.2 million, commencing December 31, 2013 and continuing through June 30, 2014, with the balance of accrued and unpaid interest due at maturity. Principal outstanding under the 2009 Mohegan Tribe Promissory Note amortizes as follows: (i) \$1.625 million per quarter, commencing December 31, 2012 and continuing through September 30, 2013 and (ii) \$875,000 per quarter, commencing December 31, 2013. As of June 30, 2012 and September 30, 2011, accrued interest on the Mohegan Tribe Promissory Note was \$3.7 million and \$2.7 million, respectively.

#### *2012 Mohegan Tribe Minor's Trust Promissory Note*

In March 2012, Comerica Bank & Trust, N.A., Trustee f/b/o The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan (the "2012 Mohegan Tribe Minor's Trust Promissory Note"), the proceeds of which were used to repay, among other things, the Salishan-Mohegan Bank Credit Facility. The 2012 Mohegan Tribe Minor's Trust Promissory Note matures on March 31, 2016. The 2012 Mohegan Tribe Minor's Trust Promissory Note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly, commencing June 30, 2012. Principal outstanding under the 2012 Mohegan Tribe Minor's Trust Promissory Note amortizes as follows: (i) \$500,000 per quarter, commencing December 31, 2012 and continuing through September 30, 2014 and (ii) \$1.5 million per quarter, commencing December 31, 2014 and continuing to maturity. As of June 30, 2012, accrued interest on the 2012 Mohegan Tribe Minor's Trust Promissory Note was \$11,000.

#### *Mohegan Tribe Credit Facility*

In 2011, the Tribe provided Salishan-Mohegan with a \$1.75 million revolving credit facility (the "Mohegan Tribe Credit Facility"). The Mohegan Tribe Credit Facility was amended in March 2012 to extend the maturity date to September 30, 2013

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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and reduce the borrowing capacity to \$1.45 million. The Mohegan Tribe Credit Facility accrues interest at an annual rate of 15.0% payable at maturity. As amended, principal outstanding under the Mohegan Tribe Credit Facility amortizes at a rate of \$362,500 per quarter, commencing December 31, 2012. As of June 30, 2012, the Mohegan Tribe Credit Facility was fully drawn. As of June 30, 2012 and September 30, 2011, accrued interest on the Mohegan Tribe Credit Facility was \$194,000 and \$47,000, respectively.

#### *Salishan-Mohegan Bank Credit Facility*

Salishan-Mohegan previously had a \$15.25 million revolving credit facility with Bank of America, N.A. (the "Salishan-Mohegan Bank Credit Facility"). The Salishan-Mohegan Bank Credit Facility, including accrued interest, matured in March 2012, at which time it was repaid with proceeds from the 2012 Mohegan Tribe Minor's Trust Promissory Note. As of September 30, 2011, accrued interest on the Salishan-Mohegan Bank Credit Facility was \$19,000.

#### **NOTE 4—RELATED PARTY TRANSACTIONS:**

Distributions to the Tribe totaled \$12.5 million and \$14.6 million for the three months ended June 30, 2012 and 2011, respectively, and \$40.5 million and \$23.7 million for the nine months ended June 30, 2012 and 2011, respectively.

The Tribe provides certain governmental and administrative services in connection with the operation of Mohegan Sun. The Authority incurred expenses for such services totaling \$6.8 million and \$6.9 million for the three months ended June 30, 2012 and 2011, respectively, and \$20.3 million and \$20.6 million for the nine months ended June 30, 2012 and 2011, respectively.

The Authority purchases most of its utilities, including electricity, gas, water and waste water services, from an instrumentality of the Tribe, the Mohegan Tribal Utility Authority. The Authority incurred costs for such utilities totaling \$4.2 million and \$5.3 million for the three months ended June 30, 2012 and 2011, respectively, and \$14.2 million and \$16.3 million for the nine months ended June 30, 2012 and 2011, respectively.

The Authority incurred interest expense associated with the 2009 Mohegan Tribe Promissory Note totaling \$281,000 and \$374,000 for the three months ended June 30, 2012 and 2011, respectively, and \$997,000 and \$1.1 million for the nine months ended June 30, 2012 and 2011, respectively.

The Authority incurred interest expense associated with the 2012 Mohegan Tribe Minor's Trust Promissory Note totaling \$497,000 and

\$508,000 for the three months and nine months ended June 30, 2012, respectively.

The Authority incurred interest expense associated with the Mohegan Tribe Credit Facility totaling \$54,000 and \$15,000 for the three months ended June 30, 2012 and 2011, respectively, and \$147,000 and \$18,000 for the nine months ended June 30, 2012 and 2011, respectively.

**NOTE 5—COMMITMENTS AND CONTINGENCIES:**

***Slot Win and Free Promotional Slot Play Contributions***

In May 1994, the Tribe and the State of Connecticut entered into a Memorandum of Understanding ("MOU"), which sets forth certain matters regarding implementation of the Mohegan Compact. The MOU stipulates that a portion of revenues from slot machines must be paid to the State of Connecticut ("Slot Win Contribution"). Slot Win Contribution payments are not required if the State of Connecticut legalizes any other gaming operation with slot machines, video facsimiles of games of chance or other commercial casino games within the State of Connecticut, except those consented to by the Tribe and the Mashantucket Pequot Tribe (the "MPT"). For each 12-month period commencing July 1, 1995, Slot Win Contribution payments shall be the lesser of: (1) 30% of gross revenues from slot machines, or (2) the greater of (a) 25% of gross revenues from slot machines or (b) \$80.0 million.

In September 2009, the Authority entered into a settlement agreement with the State of Connecticut regarding contribution payments on the Authority's free promotional slot play program. Under the terms of the settlement agreement, effective July 1, 2009, the State of Connecticut agreed that no value shall be attributed to free promotional slot plays utilized by patrons at Mohegan Sun for purposes of calculating monthly contribution payments, provided that the aggregate amount of free promotional slot plays during any month does not exceed 5.5% of gross revenues from slot machines for such month. In the event free promotional slot plays granted by the Authority exceed 5.5% of monthly gross revenues from slot machines, contribution payments are required on such excess face amount of free promotional slot plays at the same rate as Slot Win Contribution payments, or 25%. Effective July 1, 2012, the threshold before contribution payments on free promotional slot plays are required was increased from 5.5% of gross revenues from slot machines to 11%.

The Authority reflected expenses associated with the combined Slot Win Contribution and free promotional slot play contribution totaling \$43.6 million and \$46.8 million for the three months ended June 30, 2012 and 2011, respectively, and \$130.4

MOHEGAN TRIBAL GAMING AUTHORITY  
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million and \$135.4 million for the nine months ended June 30, 2012 and 2011, respectively. As of June 30, 2012 and September 30, 2011, the combined outstanding Slot Win Contribution and free promotional slot play contribution totaled \$14.6 million and \$15.3 million, respectively.

***Pennsylvania Slot Machine Tax***

Downs Racing holds a Category One slot machine license issued by the Pennsylvania Gaming Control Board (the "PGCB") for the operation of slot machines at Mohegan Sun at Pocono Downs. This license permits Downs Racing to install and operate up to 3,000 slot machines at Mohegan Sun at Pocono Downs, expandable to up to a total of 5,000 slot machines upon request and approval of the PGCB.

The Pennsylvania Race Horse Development and Gaming Act stipulates that holders of Category One slot machine licenses must pay a portion of revenues from slot machines to the PGCB on a daily basis ("Pennsylvania Slot Machine Tax"), which includes local share assessments to be paid to the cities and municipalities hosting Mohegan Sun at Pocono Downs and amounts to be paid to the Pennsylvania Harness Horsemen's Association, Inc. (the "PHHA"). The Pennsylvania Slot Machine Tax is currently 55% of gross revenues from slot machines, 2% of which is subject to a \$10.0 million minimum annual threshold to ensure that the host cities and municipalities receive an annual minimum of \$10.0 million in local share assessments. Downs Racing maintains a \$1.5 million escrow deposit in the name of the Commonwealth of Pennsylvania for Pennsylvania Slot Machine Tax payments, which was included in other assets, net, in the accompanying condensed consolidated balance sheets.

The Authority reflected expenses associated with the Pennsylvania Slot Machine Tax totaling \$33.5 million and \$32.4 million for the three months ended June 30, 2012 and 2011, respectively, and \$100.8 million and \$95.5 million for the nine months ended June 30, 2012 and 2011, respectively. As of June 30, 2012 and September 30, 2011, outstanding Pennsylvania Slot Machine Tax payments totaled \$3.9 million and \$4.8 million, respectively.

***Pennsylvania Table Game Tax***

In January 2010, the Commonwealth of Pennsylvania amended the Pennsylvania Race Horse Development and Gaming Act to allow slot machine operators in the Commonwealth of Pennsylvania to obtain a table game operation certificate and operate certain table games, including poker. On July 13, 2010, Downs Racing opened its table game and poker operations at Mohegan Sun at Pocono Downs. Under the amended law, holders of table game operation certificates must pay a portion of revenues from table games to the PGCB on a weekly basis ("Pennsylvania Table Game Tax"). During the initial two years of operation, the Pennsylvania Table Game Tax is 14%, plus 2% in local share assessments. Following the initial two years of operation, the Pennsylvania Table Game Tax will be reduced to 12%, plus the 2% local share assessments. Downs Racing

concluded its initial two years of table game and poker operations on July 13, 2012.

The Authority reflected expenses associated with the Pennsylvania Table Game Tax totaling \$1.6 million and \$1.7 million for the three months ended June 30, 2012 and 2011, respectively, and \$5.2 million and \$4.9 million for the nine months ended June 30, 2012 and 2011, respectively. As of June 30, 2012 and September 30, 2011, outstanding Pennsylvania Table Game Tax payments totaled \$117,000 and \$87,000, respectively.

#### *Pennsylvania Regulatory Fee*

Slot machine licensees in the Commonwealth of Pennsylvania are required to reimburse state gaming regulatory agencies for various administrative and operating expenses ("Pennsylvania Regulatory Fee") at a rate of 1.5% of gross revenues from slot machines and table games.

The Authority reflected expenses associated with the Pennsylvania Regulatory Fee totaling \$1.2 million and \$1.3 million for the three months ended June 30, 2012 and 2011, respectively, and \$3.8 million and \$3.7 million for the nine months ended June 30, 2012 and 2011, respectively. As of June 30, 2012 and September 30, 2011, outstanding Pennsylvania Regulatory Fee payments to the PGCB totaled \$125,000 and \$106,000, respectively.

#### *Pennsylvania Gaming Control Board Loans*

The PGCB was initially granted \$36.1 million in loans to fund start-up costs for gaming in the Commonwealth of Pennsylvania, which are to be repaid by slot machine licensees (the "Initial Loans"). The PGCB was subsequently granted an additional \$63.8 million in loans to fund ongoing gaming oversight costs, which also are to be repaid by slot machine licensees (the "Subsequent Loans"). Repayment of the Initial Loans will commence when all 14 authorized gaming facilities are opened in

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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the Commonwealth of Pennsylvania. Currently, 11 of the 14 authorized gaming facilities have commenced operations. As of June 30, 2012, the Authority has concluded that a repayment contingency for the Initial Loans is probable but not reasonably estimable since the PGCB has not yet established a method of assessment of repayment for the Initial Loans and, as such, the Authority has not recorded a related accrual for such repayment. In June 2011, the PGCB adopted a method of assessment of repayment for the Subsequent Loans pursuant to which repayment commenced on January 1, 2012 and will continue over a 10-year period in accordance with a formula based on a combination of a single fiscal year and cumulative gross revenues from slot machines for each operating slot machine licensee.

The Authority reflected expenses associated with this repayment schedule totaling \$166,000 and \$676,000 for the three months ended June 30, 2012 and 2011, respectively, and \$504,000 and \$676,000 for the nine months ended June 30, 2012 and 2011, respectively.

#### *Horsemen's Agreement*

Downs Racing and the PHHA are parties to an agreement that governs all live harness racing and simulcasting and account wagering at the Pennsylvania Entities through December 31, 2014. As of June 30, 2012 and September 30, 2011, outstanding payments to the PHHA for purses earned by horsemen, but not yet paid, and other fees totaled \$9.5 million and \$9.2 million, respectively.

#### *Priority Distribution Agreement*

In August 2001, the Authority and the Tribe entered into an agreement (the "Priority Distribution Agreement"), which stipulates that the Authority must make monthly payments to the Tribe to the extent of the Authority's Net Cash Flow, as defined under the Priority Distribution Agreement. The Priority Distribution Agreement, which has a perpetual term, limits the maximum aggregate priority distribution payments in each calendar year to \$14.0 million, as adjusted annually in accordance with a formula specified in the Priority Distribution Agreement to reflect the effects of inflation. Payments under the Priority Distribution Agreement: (1) do not reduce the Authority's obligations to reimburse the Tribe for governmental and administrative services provided by the Tribe or to make payments under any other agreements with the Tribe; (2) are limited obligations of the Authority and are payable only to the extent of the Authority's Net Cash Flow, as defined under the Priority Distribution Agreement; and (3) are not secured by a lien or encumbrance on any of the Authority's assets or properties.

The Authority reflected payments associated with the Priority Distribution Agreement totaling \$4.7 million and \$4.6 million for the three months ended June 30, 2012 and 2011, respectively, and \$14.0 million and \$13.7 million for the nine months ended June 30, 2012 and 2011, respectively.

#### *Litigation*

The Authority is a defendant in various litigation matters resulting from its normal course of business. In management's opinion, the aggregate liability, if any, arising from such litigations will not have a material impact on the Authority's financial position, results of operations or

cash flows.

**NOTE 6—RELINQUISHMENT AGREEMENT:**

In February 1998, the Authority and Trading Cove Associates (“TCA”) entered into a relinquishment agreement (the “Relinquishment Agreement”). Effective January 1, 2000 (the “Relinquishment Date”), the Relinquishment Agreement superseded a then-existing management agreement with TCA. The Relinquishment Agreement provides, among other things, that the Authority make certain payments to TCA out of, and determined as a percentage of, Revenues, as defined under the Relinquishment Agreement, generated by Mohegan Sun over a 15-year period commencing on the Relinquishment Date. The payments (“Senior Relinquishment Payments” and “Junior Relinquishment Payments”) have separate schedules and priorities. Senior Relinquishment Payments commenced on April 25, 2000, 25 days following the end of the first three-month period after the Relinquishment Date, and continue at the end of each three-month period thereafter until January 25, 2015. Junior Relinquishment Payments commenced on July 25, 2000, 25 days following the end of the first six-month period after the Relinquishment Date, and continue at the end of each six-month period thereafter until January 25, 2015. Each Senior and Junior Relinquishment Payment is 2.5% of Revenues generated by Mohegan Sun over the immediate preceding three-month or six-month payment period, as the case may be. Revenues are defined under the Relinquishment Agreement as gross gaming revenues, other than Class II Gaming revenues, and all other revenues, as defined, including, without limitation, hotel revenues, room service revenues, food and beverage revenues, ticket revenues, fees or receipts from the convention/events center and all rental revenues or other receipts from lessees and concessionaires, but not the gross receipts of such lessees, licensees and concessionaires, derived directly or indirectly from the facilities, as defined. Revenues under the Relinquishment Agreement exclude revenues generated from certain expansion areas.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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of Mohegan Sun, such as Casino of the Wind, as such areas do not constitute facilities as defined under the Relinquishment Agreement.

In the event of any bankruptcy, liquidation, reorganization or similar proceeding relating to the Authority, the Relinquishment Agreement provides that Senior and Junior Relinquishment Payments then due and owing are subordinated in right of payment to the Authority's senior secured indebtedness and capital lease obligations, and that Junior Relinquishment Payments then due and owing are further subordinated in right of payment to all of the Authority's other senior indebtedness. The Relinquishment Agreement also provides that all relinquishment payments are subordinated in right of payment to minimum priority distribution payments, which are required monthly payments made by the Authority to the Tribe under the Priority Distribution Agreement, to the extent then due. The Authority, in accordance with authoritative guidance issued by the FASB pertaining to the accounting for contingencies, recorded a \$549.1 million relinquishment liability at September 30, 1998 based on the estimated present value of its obligations under the Relinquishment Agreement.

As of June 30, 2012 and September 30, 2011, the carrying amount of the relinquishment liability was \$149.8 million and \$178.3 million, respectively. The decrease in the relinquishment liability during the nine months ended June 30, 2012 was due to \$34.7 million in relinquishment payments. This reduction in the liability was offset by \$6.2 million representing the accretion of discount to the relinquishment liability.

Relinquishment payments consisted of the following (in millions):

	For the Nine Months Ended	
	June 30, 2012	June 30, 2011
Principal	\$ 28.8	\$ 26.3
Accretion of discount	5.9	8.1
Total	<u>\$ 34.7</u>	<u>\$ 34.4</u>

The accretion of discount to the relinquishment liability reflects the accretion of the discount to the present value of the relinquishment liability for the impact of the time value of money. As of June 30, 2012 and September 30, 2011, relinquishment payments earned but unpaid were \$19.6 million and \$14.7 million, respectively.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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**NOTE 7—SEGMENT REPORTING:**

As of June 30, 2012, the Authority owns and operates, either directly or through wholly-owned subsidiaries, Mohegan Sun, the Connecticut Sun WNBA franchise, and the Mohegan Sun Country Club (collectively, the "Connecticut Entities"), and the Pennsylvania Entities. All of the Authority's revenues are derived from these operations. The Connecticut Sun WNBA franchise and the Mohegan Sun Country Club are aggregated with the Mohegan Sun operating segment because these operations all share similar economic characteristics, which is to generate gaming and entertainment revenues by attracting patrons to Mohegan Sun. The Authority's executive officers review and assess the performance and operating results and determine the proper allocation of resources to the Connecticut Entities and the Pennsylvania Entities on a separate basis. The Authority, therefore, believes that it has two separate reportable segments: (1) Mohegan Sun, which includes the operations of the Connecticut Entities, and (2) Mohegan Sun at Pocono Downs, which includes the operations of the Pennsylvania Entities. The following tables provide financial information related to each segment (in thousands):

	For the Three Months Ended		For the Nine Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Net revenues:				
Mohegan Sun	\$ 264,876	\$ 284,289	\$ 811,838	\$ 822,284
Mohegan Sun at Pocono Downs	79,560	77,090	235,628	222,644
Total	344,436	361,379	1,047,466	1,044,928
Income (loss) from operations:				
Mohegan Sun	44,801	56,316	148,424	152,107
Mohegan Sun at Pocono Downs	10,716	7,677	31,660	21,590
Corporate	(4,681)	(3,896)	(12,748)	(12,288)
Total	50,836	60,097	167,336	161,409
Accretion of discount to the relinquishment liability	(2,062)	(2,842)	(6,186)	(8,525)
Interest income	1,842	665	3,559	2,063
Interest expense	(41,581)	(29,378)	(103,017)	(88,837)
Loss on early exchange of debt	(17)	—	(14,323)	—
Other income (expense), net	7	118	(31)	(226)
Net income	9,025	28,660	47,308	65,884
Loss attributable to non-controlling interests	336	486	1,147	1,100
Net income attributable to Mohegan Tribal Gaming Authority	\$ 9,361	\$ 29,146	\$ 48,455	\$ 67,284

For the Nine Months Ended

	June 30, 2012	June 30, 2011
Capital expenditures incurred:		
Mohegan Sun	\$ 29,567	\$ 29,889
Mohegan Sun at Pocono Downs	3,558	4,124
Corporate	606	—
<b>Total</b>	<b>\$ 34,131</b>	<b>\$ 34,013</b>
	June 30, 2012	September 30, 2011
Total assets:		
Mohegan Sun	\$ 1,504,708	\$ 1,505,210
Mohegan Sun at Pocono Downs	576,612	584,267
Corporate	145,403	113,719
<b>Total</b>	<b>\$ 2,226,723</b>	<b>\$ 2,203,196</b>

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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**NOTE 8—SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL STATEMENT INFORMATION:**

As of June 30, 2012, substantially all of the Authority's outstanding debt is fully and unconditionally guaranteed, on a joint and several basis, by the following 100% owned subsidiaries of the Authority: the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming. The Authority's 2001 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes, which were repaid at maturity on July 1, 2011, were fully and unconditionally guaranteed by MBC. Separate financial statements and other disclosures concerning the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming are not presented below because the Authority believes that the summarized financial information provided below and in Note 7 are adequate for investor analysis of these subsidiaries. Condensed consolidating financial statement information for the Authority, its 100% owned guarantor subsidiaries and its non-guarantor entities as of June 30, 2012 and September 30, 2011 and for the three months and nine months ended June 30, 2012 and 2011 is as follows (in thousands):

**CONDENSED CONSOLIDATING BALANCE SHEETS**

	June 30, 2012				
	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
<b>ASSETS</b>					
Property and equipment, net	\$ 1,244,915	\$ 236,750	\$ 19,951	\$ —	\$ 1,501,616
Intercompany receivables	518,639	10,541	—	(529,180)	—
Investment in subsidiaries	56,512	1,400	—	(57,912)	—
Other intangible assets, net	120,650	285,380	—	—	406,030
Other assets, net	215,053	74,869	29,155	—	319,077
<b>Total assets</b>	<b>\$ 2,155,769</b>	<b>\$ 608,940</b>	<b>\$ 49,106</b>	<b>\$ (587,092)</b>	<b>\$ 2,226,723</b>
<b>LIABILITIES AND CAPITAL</b>					
Current liabilities	\$ 262,055	\$ 34,103	\$ 4,262	\$ —	\$ 300,420

Due to Mohegan Tribe	---	---	31,450	—	31,450
Long-term debt and capital leases, net of current portions	1,608,647	—	—	—	1,608,647
Relinquishment liability, net of current portion	75,671	—	—	—	75,671
Intercompany payables	—	518,639	10,541	(529,180)	—
Other long-term liabilities	2,704	—	—	—	2,704
<b>Total liabilities</b>	<b>1,949,077</b>	<b>552,742</b>	<b>46,253</b>	<b>(529,180)</b>	<b>2,018,892</b>
Mohegan Tribal Gaming Authority capital	206,692	56,198	2,853	(59,367)	206,376
Non-controlling interests	—	—	—	1,455	1,455
<b>Total liabilities and capital</b>	<b>\$ 2,155,769</b>	<b>\$ 608,940</b>	<b>\$ 49,106</b>	<b>\$ (587,092)</b>	<b>\$ 2,226,723</b>

- (1) Includes the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming  
(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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	September 30, 2011				
	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
<b>ASSETS</b>					
Property and equipment, net	\$ 1,263,876	\$ 245,768	\$ 19,951	\$ —	\$ 1,529,595
Intercompany receivables	509,799	12,909	—	(522,708)	—
Investment in subsidiaries	77,028	2,233	—	(79,261)	—
Other intangible assets, net	120,737	285,601	—	—	406,338
Other assets, net	168,178	71,951	27,134	—	267,263
<b>Total assets</b>	<b>\$ 2,139,618</b>	<b>\$ 618,462</b>	<b>\$ 47,085</b>	<b>\$ (601,969)</b>	<b>\$ 2,203,196</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Current liabilities</b>	<b>\$ 1,006,018</b>	<b>\$ 31,950</b>	<b>\$ 18,773</b>	<b>\$ —</b>	<b>\$ 1,056,741</b>
Due to Mohegan Tribe	---	---	10,850	—	10,850
Long-term debt and capital leases, net of current portions	823,951	—	—	—	823,951
Relinquishment liability, net of current portions	110,348	—	—	—	110,348
Intercompany payables	—	509,799	12,909	(522,708)	—
Other long-term liabilities	2,582	—	—	—	2,582
<b>Total liabilities</b>	<b>1,942,899</b>	<b>541,749</b>	<b>42,532</b>	<b>(522,708)</b>	<b>2,004,472</b>
Mohegan Tribal Gaming Authority capital	196,719	76,713	4,553	(81,582)	196,403
Non-controlling interests	—	—	—	2,321	2,321
<b>Total liabilities and capital</b>	<b>\$ 2,139,618</b>	<b>\$ 618,462</b>	<b>\$ 47,085</b>	<b>\$ (601,969)</b>	<b>\$ 2,203,196</b>

- (1) Includes the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.  
(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**CONDENSED CONSOLIDATING STATEMENTS OF INCOME**

For the Three Months Ended June 30, 2012

	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues	\$ 263,090	\$ 82,271	\$ —	\$ (925)	\$ 344,436
Operating costs and expenses:					

Gaming and other operations	160,866	58,554	—	(925)	218,495
Advertising, general and administrative	43,189	8,823	1,369	—	53,381
Depreciation and amortization	17,384	4,309	—	—	21,693
Loss on disposition of assets	13	13	—	—	31
<b>Total operating costs and expenses</b>	<b>221,457</b>	<b>71,699</b>	<b>1,369</b>	<b>(925)</b>	<b>293,600</b>
Income (loss) from operations	41,633	10,572	(1,369)	—	50,836
Accretion of discount to the relinquishment liability	(2,062)	—	—	—	(2,062)
Interest expense	(20,775)	(19,974)	(977)	145	(41,581)
Loss on early exchange of debt	(17)	—	—	—	(17)
Loss on interests in subsidiaries	(9,451)	(226)	—	9,677	—
Other income, net	33	177	1,784	(145)	1,849
<b>Net income (loss)</b>	<b>9,361</b>	<b>(9,451)</b>	<b>(562)</b>	<b>9,677</b>	<b>9,025</b>
Loss attributable to non-controlling interests	—	—	—	336	336
<b>Net income (loss) attributable to Mohegan Tribal Gaming Authority</b>	<b>\$ 9,361</b>	<b>\$ (9,451)</b>	<b>\$ (562)</b>	<b>\$ 10,013</b>	<b>\$ 9,361</b>

(1) Includes the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries

**MOHEGAN TRIBAL GAMING AUTHORITY**  
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(unaudited)

For the Three Months Ended June 30, 2011

	Authority	MBC 100% Owned Guarantor Subsidiary	Other 100% Owned Guarantor Subsidiaries (1)	Total Guarantor Subsidiaries	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues	\$ 283,576	\$ 1,263	\$ 77,090	\$ 78,353	\$ —	\$ (550)	\$ 361,379
Operating costs and expenses:							
Gaming and other operations	164,553	895	56,940	57,835	—	(550)	221,838
Advertising, general and administrative	47,996	552	7,444	7,996	842	—	56,834
Depreciation and amortization	17,264	47	5,310	5,357	—	—	22,621
Severance	(11)	—	—	—	—	—	(11)
<b>Total operating costs and expenses</b>	<b>229,802</b>	<b>1,494</b>	<b>69,694</b>	<b>71,188</b>	<b>842</b>	<b>(550)</b>	<b>301,282</b>
Income (loss) from operations	53,774	(231)	7,396	7,165	(842)	—	60,097
Accretion of discount to the relinquishment liability	(2,842)	—	—	—	—	—	(2,842)
Interest expense	(15,017)	—	(13,805)	(13,805)	(722)	166	(29,378)
Loss on interests in subsidiaries	(6,896)	—	(462)	(462)	—	7,358	—
Other income, net	127	—	206	206	616	(166)	783
<b>Net income (loss)</b>	<b>29,146</b>	<b>(231)</b>	<b>(6,655)</b>	<b>(6,896)</b>	<b>(948)</b>	<b>7,358</b>	<b>28,660</b>
Loss attributable to non-controlling interests	—	—	—	—	—	486	486
<b>Net income (loss) attributable to Mohegan Tribal Gaming Authority</b>	<b>\$ 29,146</b>	<b>\$ (231)</b>	<b>\$ (6,655)</b>	<b>\$ (6,896)</b>	<b>\$ (948)</b>	<b>\$ 7,844</b>	<b>\$ 29,146</b>

(1) Includes the Pennsylvania Entities, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries

## For the Nine Months Ended June 30, 2012

	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues	\$ 809,936	\$ 238,457	\$ —	\$ (927)	\$ 1,047,466
Operating costs and expenses:					
Gaming and other operations	485,354	171,467	—	(927)	655,894
Advertising, general and administrative	132,123	24,761	2,955	—	159,839
Depreciation and amortization	51,335	12,742	—	—	64,077
Loss on disposition of assets	36	281	—	—	320
Total operating costs and expenses	668,848	209,254	2,955	(927)	880,130
Income (loss) from operations	141,088	29,203	(2,955)	—	167,336
Accretion of discount to the relinquishment liability	(6,186)	—	—	—	(6,186)
Interest expense	(51,767)	(49,379)	(2,480)	579	(103,047)
Loss on early exchange of debt	(14,323)	—	—	—	(14,323)
Loss on interests in subsidiaries	(20,640)	(1,103)	—	21,743	—
Other income, net	283	639	3,185	(579)	3,528
Net income (loss)	48,455	(20,640)	(2,250)	21,743	47,308
Loss attributable to non-controlling interests	—	—	—	1,147	1,147
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 48,455	\$ (20,640)	\$ (2,250)	\$ 22,890	\$ 48,455

(1) Includes the Pennsylvania Entities, MRC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
(unaudited)

## For the Nine Months Ended June 30, 2011

	Authority	MBC 100% Owned Guarantor Subsidiary	Other 100% Owned Guarantor Subsidiaries(1)	Total Guarantor Subsidiaries	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues	\$ 821,562	\$ 1,275	\$ 222,644	\$ 223,919	\$ —	\$ (553)	\$ 1,044,928
Operating costs and expenses:							
Gaming and other operations	487,172	1,616	163,026	164,642	—	(553)	651,261
Advertising, general and administrative	137,387	950	22,639	23,589	2,587	—	163,563
Depreciation and amortization	52,243	142	16,066	16,208	—	—	68,451
Severance	244	—	—	—	—	—	244
Total operating costs and expenses	677,046	2,708	201,731	204,439	2,587	(553)	883,519
Income (loss) from operations	144,516	(1,433)	20,913	19,480	(2,587)	—	161,409
Accretion of discount to the relinquishment liability	(8,525)	—	—	—	—	—	(8,525)
Interest expense	(46,196)	(6)	(41,030)	(41,036)	(2,096)	491	(88,837)
Loss on interests in subsidiaries	(22,358)	—	(1,348)	(1,348)	—	23,706	—
Other income (expense), net	(153)	—	546	546	1,935	(491)	1,837
Net income (loss)	67,284	(1,439)	(20,919)	(22,358)	(2,748)	23,706	65,834
Loss attributable to non-controlling							

interests	—	—	—	—	—	1,400	1,400
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 67,284	\$ (1,439)	\$ (30,919)	\$ (22,358)	\$ (2,748)	\$ 25,106	\$ 67,284

(1) Includes the Pennsylvania Entities, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming

(2) Includes Salishan-Mohegan, MGI&H and Mohegan Resorts and subsidiaries

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

**CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS**

For the Nine Months Ended June 30, 2012

	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net cash flows provided by (used in) operating activities	\$ 103,561	\$ 43,100	\$ (2,370)	\$ —	\$ 144,291
Cash flows provided by (used in) investing activities:					
Purchases of property and equipment	(34,536)	(6,102)	—	—	(40,638)
Other cash flows provided by (used in) investing activities	34,702	5,182	(562)	(37,384)	1,938
Net cash flows provided by (used in) investing activities	166	(920)	(562)	(37,384)	(38,700)
Cash flows provided by (used in) financing activities:					
Bank Credit Facility borrowings—revolving loan	154,000	—	—	—	154,000
Bank Credit Facility repayments—revolving loan	(289,000)	—	—	—	(289,000)
Bank Credit Facility repayments—term loan	(2,000)	—	—	—	(2,000)
Term Loan Facility borrowings, net of discount	220,500	—	—	—	220,500

Salishan-Mohegan Bank Credit Facility repayments— revolving loan		—	(15,250)	—	(15,250)
Line of Credit borrowings	225,215	—	—	—	225,215
Line of Credit repayments	(225,215)	—	—	—	(225,215)
Borrowings from Mohegan Tribe	—	—	20,600	—	20,600
Payments on long-term debt	(66,454)	—	—	—	(66,454)
Principal portion of relinquishment liability payments	(28,756)	—	—	—	(28,756)
Distributions to Mohegan Tribe	(40,450)	—	—	—	(40,450)
Payments of financing fees	(50,178)	—	—	—	(50,178)
Other cash flows provided by (used in) financing activities	5,495	(40,754)	(2,372)	37,384	(217)
Net cash flows provided by (used in) financing activities	(96,843)	(40,754)	2,978	37,384	(97,235)
Net increase in cash and cash equivalents	6,884	1,426	46	—	8,356
Cash and cash equivalents at beginning of period	89,018	22,931	225	—	112,174
Cash and cash equivalents at end of period	\$ 95,902	\$ 24,357	\$ 271	\$ —	\$ 120,530

(1) Includes the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WFG and MTGA Gaming.

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)**  
(unaudited)

For the Nine Months Ended June 30, 2011

Authority	MBC 100% Owned Guarantor Subsidiary	Other 100% Owned Guarantor Subsidiaries (1)	Total Guarantor Subsidiaries	Total Non Guarantor Entities (2)	Consolidating/Eliminating Adjustments	Consolidated
Net cash flows provided by (used in) operating activities	\$ 106,396	\$ (15)	\$ 36,562	\$ 36,547	\$ (3,852)	\$ 139,091
Cash flows provided by (used in) investing activities:						
Purchases of property and equipment	(27,586)	(19)	(12,096)	(12,115)	—	(39,701)
Other cash flows provided by (used in) investing activities	22,306	—	70	70	(21,822)	35
Net cash flows used in investing activities	(5,280)	(19)	(12,026)	(12,045)	(21,822)	(39,666)
Cash flows provided by (used in) financing activities:						
Bank Credit Facility borrowings - revolving loan	270,000	—	—	—	—	270,000
Bank Credit Facility repayments - revolving loan	(318,000)	—	—	—	—	(318,000)
Line of Credit borrowings	412,909	—	—	—	—	412,909
Line of Credit repayments	(411,442)	—	—	—	—	(411,442)
Principal portion of relinquishment liability payments	(26,354)	—	—	—	—	(26,354)
Distributions to Mohegan Tribe	(23,669)	—	—	—	—	(23,669)
Other cash flows provided by (used in) financing activities	(4,419)	41	(22,845)	(22,804)	21,822	(1,041)
Net cash flows provided by (used in) financing activities	(100,975)	41	(22,845)	(22,804)	21,822	(97,597)
Net increase (decrease) in cash and cash equivalents	141	7	1,691	1,698	—	1,828

Cash and cash equivalents at beginning of period	39,146	(49)	24,366	24,317	434	—	63,897
Cash and cash equivalents at end of period	\$ 39,287	\$ (42)	\$ 26,057	\$ 26,015	\$ 423	\$ —	\$ 65,725

(1) Includes the Pennsylvania Entities, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WIG and MTGA Gaming.

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**(unaudited)**

**NOTE 9—SUBSEQUENT EVENTS:**

Project Sunlight, an estimated \$50 million hotel expansion project at Mohegan Sun at Pocono Downs, is planned for development and construction on land adjacent to the existing casino facility. When completed, Project Sunlight is anticipated to include a 238-room hotel with a fitness center, an indoor pool, a bistro and a 20,000-square-foot convention center. Project Sunlight is being developed and built by Downs Lodging, a wholly-owned unrestricted subsidiary of the Authority, on land leased from Downs Racing. The anticipated costs for Project Sunlight will be funded through a combination of non-recourse third-party financing obtained by Downs Lodging of approximately \$45 million and a \$5 million investment by the Authority. Construction of Project Sunlight commenced in July 2012 and is expected to be completed by the end of 2013. Once completed, the hotel and convention center will be operated by Downs Racing under a triple net lease from Downs Lodging.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Some information included in this Quarterly Report on Form 10-Q and other materials filed by us with the Securities and Exchange Commission, or the SEC, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. Such statements include information relating to business development activities, as well as capital spending, financing sources and the effects of regulation, including gaming and tax regulation, and increased competition. These statements can sometimes be identified by our use of forward-looking words such as "may," "will," "anticipate," "estimate," "expect" or "intend" and similar expressions. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated future results, and accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on our behalf. These risks and uncertainties include, but are not limited to, those relating to the following:

- the financial performance of Mohegan Sun and Mohegan Sun at Pocono Downs and the Pennsylvania off-track wagering facilities;
- our leverage and ability to meet our debt obligations and maintain compliance with financial covenant requirements;
- the availability of financing;
- the local, regional, national or global economic climate, including the lingering effects of the economic recession;
- increased competition, including the expansion of gaming in New England, New York, New Jersey or Pennsylvania;
- our dependence on existing management;
- our ability to integrate new amenities from expansions to our facilities into our current operations and manage the expanded facilities;
- changes in federal or state tax laws or the administration of such laws;
- changes in gaming laws or regulations, including the limitation, denial or suspension of licenses required under gaming laws and regulations;
- changes in applicable laws pertaining to the service of alcohol, smoking or other amenities offered at Mohegan Sun and Mohegan Sun at Pocono Downs;
- our ability to successfully implement our diversification strategy;
- an act of terrorism on the United States;
- our customers' access to inexpensive transportation to our facilities and increases in oil, fuel or other transportation-related expenses; and
- unfavorable weather conditions.

Additional information concerning potential factors that could affect our financial results is included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011, as well as our other reports and filings with the SEC. The forward-looking statements included in

this Quarterly Report on Form 10-Q are made only as of the date of this report. We do not undertake any obligation to update or supplement any forward-looking statements to reflect subsequent events or circumstances, except as required by law. We cannot assure you that projected results or events will be achieved or will occur.

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and the related notes beginning on page 3 of this Quarterly Report on Form 10-Q.

## Overview

### *The Tribe and the Authority*

The Mohegan Tribe of Indians of Connecticut, or the Mohegan Tribe or the Tribe, is a federally-recognized Indian tribe with an approximately 544-acre reservation situated in Southeastern Connecticut, adjacent to Uncasville, Connecticut. Under the Indian Gaming Regulatory Act of 1988, or IGRA, federally-recognized Indian tribes are permitted to conduct full-scale casino gaming operations on tribal land, subject to, among other things, the negotiation of a compact with the affected state. The Tribe and the State of Connecticut entered into a compact, the Mohegan Compact, which was approved by the United States Secretary of the Interior. We were established as an instrumentality of the Tribe, with the exclusive authority to conduct and regulate gaming activities for the Tribe on Tribal lands and the non-exclusive authority to conduct such activities elsewhere. Our gaming operation at Mohegan Sun is one of only two legally authorized gaming operations in New England offering traditional slot machines and table games. Through our subsidiary, Downs Racing, L.P., or Downs Racing, we also own and operate Mohegan Sun at Pocono Downs, a gaming and entertainment facility located in Plains Township, Pennsylvania, and several off-track wagering facilities, or OTW facilities, located elsewhere in Pennsylvania, collectively the Pennsylvania entities. We are governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Tribe. Any change in the composition of the Mohegan Tribal Council results in a corresponding change in our Management Board.

### *Mohegan Sun*

In October 1996, we opened a gaming and entertainment complex known as Mohegan Sun. Mohegan Sun is located on a 185-acre site on the Tribe's reservation overlooking the Thames River with direct access from Interstate 395 and Connecticut Route 2A. Mohegan Sun is approximately 125 miles from New York City, New York, and approximately 100 miles from Boston, Massachusetts. In 2002, we completed a major expansion of Mohegan Sun known as Project Sunburst, which included increased gaming, restaurant and retail space, an entertainment arena, an approximately 1,200-room luxury Sky Hotel Tower and approximately 100,000 square feet of convention space. In 2007, we opened Sunrise Square, and, in 2008, we opened Casino of the Wind.

Mohegan Sun currently operates in an approximately 3.1 million square-foot facility, which includes the following:

#### *Casino of the Earth*

As of June 30, 2012, Casino of the Earth offered:

- approximately 188,000 square feet of gaming space;
- approximately 3,070 slot machines and 180 table games, including blackjack, roulette and craps;
- Sunrise Square, a 9,800-square-foot Asian-themed gaming area;
- an approximately 9,000-square-foot simulcasting Racebook facility;
- food and beverage amenities, including: Seasons Buffet, a 784-seat multi-station buffet with live cooking stations, Birches Bar & Grill, a Hong Kong-style food outlet offering authentic Southeast Asian cuisine, Bobby Flay's Bobby's Burger Palace and multiple service bars, all operated by us, as well as Ballo Italian Restaurant & Social Club, Frank Pepe Pizzeria Napoletana and Fiducia's Market, an approximately 290-seat multi-station food court, operated by third-parties, for a total seating of approximately 1,700;
- four Mohegan Sun-owned retail shops, offering products ranging from Mohegan Sun logo souvenirs to cigars; and
- the Wolf Den, an approximately 10,000-square-foot, 400-seat lounge featuring live entertainment seven days a week.

#### *Casino of the Sky*

As of June 30, 2012, Casino of the Sky offered:

- approximately 119,000 square feet of gaming space;
- approximately 2,120 slot machines and 105 table games, including blackjack, roulette and craps;
- food and beverage amenities, including: Todd English's Tuscany, Bobby Flay's Bar Americain, a 24-hour coffee shop and three lounges and bars, all operated by us, as well as five full-service restaurants, three quick-service restaurants and a multi-station food court operated by third-parties, for a total seating of approximately 2,350;

- The Shops at Mohegan Sun containing 31 retail shops, seven of which we own;
- the Mohegan Sun Arena with seating for up to 10,000;
- an approximately 1,200-room luxury Sky Hotel Tower, including a private high-limit table games suite;
- Mohegan After Dark, consisting of Ultra 88, a nightclub, Lucky's Lounge and Dubliner, an Irish pub, all operated by a third-party;
- an approximately 20,000-square-foot spa operated by a third-party;
- approximately 100,000 square feet of convention space; and
- a child care facility and an arcade-style entertainment area operated by a third-party.

#### *Casino of the Wind*

As of June 30, 2012, Casino of the Wind offered:

- approximately 45,000 square feet of gaming space;
- approximately 725 slot machines, 30 table games, including blackjack, roulette and craps, and a 12-table themed poker room;
- food and beverage amenities, including: a two-level, 16,000-square-foot Jimmy Buffet's Margaritaville Restaurant and a casual dining restaurant operated by third-parties, and a bar operated by us, for a total seating of approximately 475; and

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- a retail shop operated by a third-party.

Mohegan Sun offers parking for approximately 13,000 patrons and 3,900 employees. In addition, we operate a gasoline and convenience center, an approximately 3,600-square-foot, 20-pump facility located adjacent to Mohegan Sun.

#### *Mohegan Basketball Club*

We formed Mohegan Basketball Club, LLC, or MBC, to own and operate a professional basketball team in the Women's National Basketball Association, or the WNBA. In January 2003, MBC entered into a membership agreement with the WNBA permitting it to operate the Connecticut Sun basketball team. The team plays its home games in the Mohegan Sun Arena.

#### *Mohegan Golf*

We formed Mohegan Golf, LLC, or Mohegan Golf, to purchase and operate a golf course in Southeastern Connecticut. In May 2007, Mohegan Golf acquired substantially all of the assets of Pautipaug County Club, Inc., which included a golf course in Sprague and Franklin, Connecticut. The golf course was renamed Mohegan Sun Country Club at Pautipaug and reopened under the ownership of Mohegan Golf in June 2007.

#### *Mohegan Sun at Pocono Downs*

Through Downs Racing, we own and operate a gaming and entertainment facility known as Mohegan Sun at Pocono Downs located on a 400-acre site in Plains Township, Pennsylvania, and OTW facilities located in Carbondale, East Stroudsburg and Lehigh Valley, Pennsylvania. In November 2006, Mohegan Sun at Pocono Downs became the first location to offer slot machine gaming in the Commonwealth of Pennsylvania when Phase I of its gaming and entertainment facility opened. In July 2008, we completed a major expansion of Mohegan Sun at Pocono Downs known as Project Sunrise, which included increased gaming, restaurant and retail space. In July 2010, Mohegan Sun at Pocono Downs opened its table game and poker operations, including additional non-smoking sections and a high-limit gaming area.

Mohegan Sun at Pocono Downs currently operates in an approximately 400,000-square-foot facility, which includes the following as of June 30, 2012:

- approximately 82,000 square feet of gaming space;
- approximately 2,330 slot machines, 66 table games, including blackjack, roulette and craps, and an 18-table poker room;
- live harness racing and simulcast and off-track wagering;
- food and beverage amenities, including: Ruth's Chris Steakhouse, Rustic Kitchen Bistro and Bar, which features dining and a live cooking show, Bar Louie, a casual bar and restaurant, Timbers Buffet, a 300-seat Mohegan Indian cultural heritage themed multi-station buffet, and a food court, including: Johnny Rockets, Hot Dog Hall of Fame, Puck Express by Wolfgang Puck and Ben & Jerry's Ice Cream, for a total seating of approximately 1,800;
- five retail shops, one of which we own, offering products ranging from Mohegan Sun at Pocono Downs logo souvenirs to fine apparel; and
- three bars/lounges: Sunburst Bar, featured in the center of the gaming floor, Breakers Night Club and Pearl Sushi Bar.

#### **Market and Competition from Other Gaming Operations**

Our gaming operation at Mohegan Sun is one of only two current gaming operations in New England offering traditional slot machines and table games, with the other operation being our sole gaming competitor in Connecticut, Foxwoods Resort Casino, or Foxwoods, owned by the Mashantucket Pequot Tribe and located approximately 10 miles from Mohegan Sun. We also face competition from racino and video lottery terminal facilities in the states of Rhode Island and New York and gaming facilities in the states of New York and New Jersey. In addition, we face competition in and from the Northeastern Pennsylvania gaming market, both in the immediate market for Mohegan Sun at Pocono Downs, and for Mohegan Sun, in marketing and attracting patrons from the New York City metropolitan region. Please refer to "Part I. Item 1. Business-Market and Competition from Other Gaming Operations" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 and our other reports and filings with the SEC for further details regarding current and potential competition from other gaming operations.

#### Explanation of Key Financial Statement Captions

There has been no material change from the explanation of key financial statement captions previously disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

#### Results of Operations

##### Summary Operating Results

As of June 30, 2012, we own and operate, either directly or through wholly-owned subsidiaries, Mohegan Sun, the Connecticut Sun WNBA franchise, and the Mohegan Sun Country Club, or collectively, the Connecticut entities, and the Pennsylvania entities. All of our revenues are derived from these operations. The Connecticut Sun WNBA franchise and the Mohegan Sun Country Club are aggregated with the Mohegan Sun operating segment because these operations all share similar economic characteristics, which is to generate gaming and entertainment revenues by attracting patrons to Mohegan Sun. Our executive officers review and assess the performance and operating results and determine the proper allocation of resources to the Connecticut entities and the Pennsylvania entities on a separate basis. We, therefore, believe that we have two separate reportable segments: (1) Mohegan Sun, which includes the operations of the Connecticut entities, and (2) Mohegan Sun at Pocono Downs, which includes the operations of the Pennsylvania entities.

The following table summarizes our results on a property basis (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011 (1)	Variance	Percentage Variance	2012	2011 (1)	Variance	Percentage Variance
<b>Net revenues:</b>								
Mohegan Sun	\$ 264,876	\$ 284,289	\$ (19,413)	(6.8)%	\$ 811,838	\$ 822,284	\$ (10,446)	(1.3)%
Mohegan Sun at Pocono Downs	79,560	77,090	2,470	3.2%	235,628	222,644	12,984	5.8%
<b>Total</b>	<b>\$ 344,436</b>	<b>\$ 361,379</b>	<b>\$ (16,943)</b>	<b>(4.7)%</b>	<b>\$ 1,047,466</b>	<b>\$ 1,044,928</b>	<b>\$ 2,538</b>	<b>0.2%</b>
<b>Income (less) from operations:</b>								
Mohegan Sun	\$ 41,801	\$ 56,316	\$ (11,515)	(20.4)%	\$ 148,424	\$ 152,107	\$ (3,683)	(2.4)%
Mohegan Sun at Pocono Downs	10,716	7,677	3,039	39.6%	31,660	21,590	10,070	46.6%
Corporate	(4,681)	(3,896)	(785)	20.1%	(12,748)	(12,288)	(460)	3.7%
<b>Total</b>	<b>\$ 50,836</b>	<b>\$ 60,097</b>	<b>\$ (9,261)</b>	<b>(15.4)%</b>	<b>\$ 167,336</b>	<b>\$ 161,409</b>	<b>\$ 5,927</b>	<b>3.7%</b>
<b>Net income attributable to Mohegan Tribal Gaming Authority</b>	<b>\$ 9,361</b>	<b>\$ 29,146</b>	<b>\$ (19,785)</b>	<b>(67.9)%</b>	<b>\$ 48,455</b>	<b>\$ 67,284</b>	<b>\$ (18,829)</b>	<b>(28.0)%</b>
<b>Operating margin:</b>								
Mohegan Sun	16.9%	19.8%	(2.9)%	(14.6)%	18.3%	18.5%	(0.2)%	(1.1)%
Mohegan Sun at Pocono Downs	13.5%	10.0%	3.5%	35.0%	13.4%	9.7%	3.7%	38.1%
<b>Total</b>	<b>14.8%</b>	<b>16.6%</b>	<b>(1.8)%</b>	<b>(10.8)%</b>	<b>16.0%</b>	<b>15.4%</b>	<b>0.6%</b>	<b>3.9%</b>

(1) Includes adjustment to reduce Mohegan Sun's slot revenues by \$3.7 million, which related to prior periods.

The most significant factors and trends that we believe impacted our financial performance were as follows:

- lower table games hold percentage at Mohegan Sun;
- additional gaming capacity in the Northeast gaming market and aggressive promotional programs from competitors;
- changes in operations designed to improve profitability;
- persisting economic concerns;
- strong patron response to promotional offers at Mohegan Sun at Pocono Downs;
- improved non-gaming results;
- continued focus on managing expenses and enhancing operating efficiencies; and
- a \$14.3 million non-operating loss on early exchange of debt in connection with our refinancing transactions.

Net revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year reflect lower gaming revenues at Mohegan Sun. These results were partially offset by higher gaming and non-gaming revenues at Mohegan Sun at Pocono Downs.

Income from operations for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year reflects the reductions in gaming revenues at Mohegan Sun, partially offset by the growth in gaming and non-gaming revenues at Mohegan Sun at Pocono Downs. Income from operations for the three months and nine months ended June 30, 2012 also reflects changes in our operations designed to improve profitability and our continued focus on managing expenses, as well as lower depreciation expense.

Net income attributable to the Authority for the three months ended June 30, 2012 compared to the same period in the

prior year declined primarily as a result of higher interest expense, combined with the reduction in income from operations. Net income attributable to the Authority for the nine months ended June 30, 2012 compared to the same period in the prior year declined primarily due to the loss on early exchange of debt and higher interest expense, combined with the reduction in income from operations.

### *Mohegan Sun*

#### *Gross Revenues*

Gross revenues consisted of the following (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011 (1)	Variance	Percentage Variance	2012	2011 (1)	Variance	Percentage Variance
Gaming	\$ 232,346	\$ 255,916	\$ (23,570)	(9.2)%	\$ 718,169	\$ 742,082	\$ (23,913)	(3.2)%
Food and beverage	16,163	15,897	266	1.7 %	49,827	47,790	2,037	4.3 %
Hotel	10,152	9,134	1,018	11.1 %	29,524	26,788	2,736	10.2 %
Retail, entertainment and other	27,620	26,914	706	2.6 %	76,265	72,518	3,747	5.2 %
Total	\$ 286,281	\$ 307,861	\$ (21,580)	(7.0)%	\$ 873,725	\$ 889,178	\$ (15,453)	(1.7)%

(1) Includes adjustment to reduce slot revenues by \$3.7 million, which related to prior periods

The following table summarizes the percentage of gross revenues from each of the four revenue sources:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2012	2011 (1)	2012	2011 (1)
Gaming	81.2%	83.1%	82.2%	83.5%
Food and beverage	5.6%	5.2%	5.7%	5.4%
Hotel	3.5%	3.0%	3.4%	3.0%
Retail, entertainment and other	9.7%	8.7%	8.7%	8.1%
Total	100.0%	100.0%	100.0%	100.0%

(1) Includes adjustment to reduce slot revenues by \$3.7 million, which related to prior periods

The following table presents data related to gaming operations (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011 (1)	Variance	Percentage Variance	2012	2011 (1)	Variance	Percentage Variance
<b>Slots:</b>								
Handle	\$ 2,010,037	\$ 2,226,569	\$ (216,532)	(9.7)%	\$ 6,086,090	\$ 6,529,577	\$ (443,487)	(6.8)%
Gross revenues	\$ 165,224	\$ 179,576	\$ (14,352)	(8.0)%	\$ 504,095	\$ 524,242	\$ (20,147)	(3.8)%
Net revenues	\$ 158,761	\$ 172,743	\$ (13,982)	(8.1)%	\$ 484,002	\$ 504,266	\$ (20,264)	(4.0)%
Free promotional slot plays (2)	\$ 18,236	\$ 17,412	\$ 824	4.7%	\$ 46,476	\$ 46,084	\$ 392	0.9%
Weighted average number of machines (in units)	5,953	6,358	(405)	(6.4)%	6,065	6,377	(292)	(4.6)%
Hold percentage (gross)	8.2%	8.1%	0.1%	1.2%	8.3%	8.0%	0.3%	3.8%
Win per unit per day (gross) (in dollars)	\$ 305	\$ 310	\$ (5)	(1.6)%	\$ 302	\$ 301	\$ 1	0.3%
<b>Table games:</b>								
Drop	\$ 469,276	\$ 491,104	\$ (21,828)	(4.4)%	\$ 1,448,202	\$ 1,483,947	\$ (35,745)	(2.4)%
Revenues	\$ 69,150	\$ 81,749	\$ (12,599)	(15.4)%	\$ 220,047	\$ 226,567	\$ (6,520)	(2.9)%
Weighted average number of games (in units)	314	324	(10)	(3.1)%	314	329	(15)	(4.6)%
Hold percentage (3)	14.7%	16.7%	(2.0)%	(12.0)%	15.2%	15.3%	(0.1)%	(0.7)%
Win per unit per day (in dollars)	\$ 2,421	\$ 2,775	\$ (354)	(12.8)%	\$ 2,560	\$ 2,525	\$ 35	1.4%
<b>Poker:</b>								
Revenues	\$ 2,627	\$ 2,891	\$ (264)	(9.1)%	\$ 8,705	\$ 8,732	\$ (27)	(0.3)%
Weighted average number of tables (in units)	42	42	—	—	42	42	—	—
Revenue per unit per day (in dollars)	\$ 687	\$ 756	\$ (69)	(9.1)%	\$ 756	\$ 762	\$ (6)	(0.8)%

(1) Includes adjustment to reduce slot revenues by \$3.7 million, which related to prior periods.

(2) Free promotional slot plays are included in slot handle, but not reflected in slot revenues.

(3) Table game hold percentage is relatively predictable over longer periods of time, but can significantly fluctuate over shorter periods.

Gaming revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year declined primarily as a result of lower slot and table game revenues. The reductions in slot revenues and handle reflect additional gaming capacity in the Northeast gaming market and aggressive promotional programs from competitors, changes in our operations designed to improve profitability, including changes in the slot mix on our gaming floor, and a shift in hotel occupancy from casino patrons to transient guests. The declines in table game revenues primarily resulted from lower table game hold percentage, combined with the impact of additional gaming capacity in the Northeast gaming market. Gaming revenues for the three months and nine months ended June 30, 2012 also were negatively impacted by the sluggish overall economic environment.

The following table presents data related to food and beverage operations (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Meals served	804	802	2	0.2%	2,408	2,433	(25)	(1.0)%
Average price per meal served (in dollars)	\$ 16.17	\$ 15.71	\$ 0.46	2.9%	\$ 16.40	\$ 15.50	\$ 0.90	5.8%

Food and beverage revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased due to the increases in the average price per meal served resulting, in part, from the July 2011 re-opening of the renovated Season's Buffet featuring expanded offerings.

The following table presents data related to hotel operations (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Rooms occupied	103	105	(2)	(1.9)%	308	310	(2)	(0.6)%
Occupancy rate	96.3%	97.5%	(1.2)%	(1.2)%	95.8%	96.5%	(0.7)%	(0.7)%
Average daily room rate (in dollars)	\$ 93	\$ 84	\$ 9	10.7%	\$ 91	\$ 83	\$ 8	9.6%
Revenue per available room (in dollars)	\$ 89	\$ 82	\$ 7	8.5%	\$ 87	\$ 80	\$ 7	8.8%

Hotel revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased as a result of the increases in average daily room rate, reflecting a shift in hotel occupancy to higher paying transient guests.

The following table presents data related to entertainment operations (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Arena events (in events)	38	30	8	26.7%	91	79	12	15.2%
Arena tickets	229	182	47	25.8%	529	449	80	17.8%
Average price per Arena ticket (in dollars)	\$ 42.23	\$ 57.18	\$ (14.95)	(26.1)%	\$ 45.12	\$ 54.04	\$ (8.92)	(16.5)%

Retail, entertainment and other revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of additional gasoline revenues from the September 2011 opening of our employee gas station. The declines in average price per Arena ticket were attributable to reductions in the number of headliner shows held at the Mohegan Sun Arena.

### Promotional Allowances

The retail value of providing promotional allowances was included in revenues as follows (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Food and beverage	\$ 6,498	\$ 6,956	\$ (458)	(6.6)%	\$ 19,988	\$ 20,974	\$ (986)	(4.7)%
Hotel	3,411	3,491	(80)	(2.3)%	10,434	10,804	(370)	(3.4)%
Retail, entertainment and other	11,496	13,125	(1,629)	(12.4)%	31,465	35,116	(3,651)	(10.4)%
Total	\$ 21,405	\$ 23,572	\$ (2,167)	(9.2)%	\$ 61,887	\$ 66,894	\$ (5,007)	(7.5)%

The estimated cost of providing promotional allowances was included in gaming costs and expenses as follows (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Food and beverage	\$ 6,350	\$ 6,995	\$ (645)	(9.2)%	\$ 19,679	\$ 21,351	\$ (1,672)	(7.8)%
Hotel	1,811	2,027	(216)	(10.7)%	5,716	6,471	(755)	(11.7)%
Retail, entertainment and other	10,267	11,146	(879)	(7.9)%	28,844	29,544	(700)	(2.4)%
Total	\$ 18,428	\$ 20,168	\$ (1,740)	(8.6)%	\$ 54,239	\$ 57,366	\$ (3,127)	(5.5)%

Promotional allowances for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year declined primarily due to changes in our operations designed to improve profitability, combined with lower redemptions under the Player's Club program.

**Operating Costs and Expenses**

Operating costs and expenses consisted of the following (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Gaming	\$ 138,387	\$ 144,520	\$ (6,133)	(4.2)%	\$ 419,690	\$ 431,254	\$ (11,564)	(2.7)%
Food and beverage	8,970	8,219	751	9.1%	27,139	24,768	2,371	9.6%
Hotel	3,658	3,413	245	7.2%	10,703	9,906	797	8.0%
Retail, entertainment and other	10,291	8,749	1,542	17.6%	28,957	22,334	6,623	29.7%
Advertising, general and administrative	41,045	45,706	(4,661)	(10.2)%	124,623	129,104	(4,481)	(3.5)%
Depreciation and amortization	17,706	17,377	329	1.9%	52,366	52,569	(203)	(0.6)%
Loss on disposition of assets	18	—	18	100.0%	36	—	36	100.0%
Severance	—	(11)	11	(100.0)%	—	242	(242)	(100.0)%
<b>Total</b>	<b>\$ 220,075</b>	<b>\$ 227,973</b>	<b>\$ (7,898)</b>	<b>(3.5)%</b>	<b>\$ 663,414</b>	<b>\$ 670,177</b>	<b>\$ (6,763)</b>	<b>(1.0)%</b>

Gaming costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year decreased primarily as a result of changes in our operations designed to improve profitability, including lower costs related to Player's Club point redemptions at third-party outlets and Mohegan Sun-owned facilities. The reductions in gaming costs and expenses also reflect lower Slot Win Contribution expenses commensurate with the declines in slot revenues and reduced labor costs. These results were partially offset by higher casino marketing and promotional expenses in response to the competitive promotional environment. Expenses associated with the combined Slot Win Contribution and free promotional slot play contribution totaled \$43.6 million and \$130.4 million for the three months and nine months ended June 30, 2012, respectively, and \$46.8 million and \$135.4 million for the three months and nine months ended June 30, 2011, respectively. Gaming costs and expenses as a percentage of gaming revenues were 59.6% and 58.4% for the three months and nine months ended June 30, 2012, respectively, compared to 56.5% and 58.1% for the three months and nine months ended June 30, 2011, respectively.

Food and beverage costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily due to reduced use of food and beverage complimentarys, resulting in lower amounts of food and beverage costs being allocated to gaming costs and expenses. The increases in food and beverage costs and expenses also reflect higher cost of food and beverage sold commensurate with the growth in food and beverage revenues.

Hotel costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of reduced use of hotel complimentarys, resulting in lower amounts of hotel costs.

being allocated to gaming costs and expenses.

Retail, entertainment and other costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of the higher cost of gasoline sold commensurate with the growth in gasoline revenues and reduced use of retail, entertainment and other complimentarys, resulting in lower amounts of retail, entertainment and other costs and expenses being allocated to gaming costs and expenses.

Advertising, general and administrative costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year declined primarily as a result of reductions in insurance and utility costs, as well as expenses associated with services provided by the State of Connecticut. Advertising, general and administrative costs and expenses for the three months ended June 30, 2012 also reflect lower advertising expenditures.

**Mohegan Sun at Pocono Downs****Gross Revenues**

Gross revenues consisted of the following (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Gaming	\$ 74,747	\$ 72,401	\$ 2,346	3.2%	\$ 222,644	\$ 210,336	\$ 12,308	5.9%
Food and beverage	6,537	6,549	(12)	(0.2)%	18,800	17,879	921	5.2%

Retail, entertainment and other	2,326	2,209	117	53 %	6,193	5,429	764	14.1%
Total	\$ 83,610	\$ 81,159	\$ 2,451	3.0 %	\$ 247,637	\$ 231,614	\$ 13,993	6.0%

The following table summarizes the percentage of gross revenues from each of the three revenue sources:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2012	2011	2012	2011
Gaming	89.4%	89.2%	89.9%	90.0%
Food and beverage	7.8%	8.1%	7.6%	7.7%
Retail, entertainment and other	2.8%	2.7%	2.5%	2.3%
Total	100.0%	100.0%	100.0%	100.0%

The following table presents data related to gaming operations (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
<b>Slots</b>								
Handle	\$ 743,645	\$ 753,434	\$ (9,789)	(1.3)%	\$ 2,235,962	\$ 2,143,426	\$ 92,536	4.3 %
Gross revenues	\$ 59,696	\$ 57,047	\$ 2,649	4.6 %	\$ 178,653	\$ 167,232	\$ 11,421	6.8 %
Net revenues	\$ 59,667	\$ 57,034	\$ 2,633	4.6 %	\$ 178,618	\$ 167,178	\$ 11,440	6.8 %
Free promotional slot plays (1)	\$ 15,324	\$ 18,386	\$ (3,062)	(16.7)%	\$ 46,508	\$ 48,226	\$ (1,718)	(3.6)%
Weighted average number of machines (in units)	2,332	2,332	—	—	2,332	2,409	(77)	(3.2)%
Hold percentage (gross)	8.0%	7.6%	0.4%	5.3 %	8.0%	7.8%	0.2 %	2.6 %
Win per unit per day (gross) (in dollars)	\$ 281	\$ 269	\$ 12	4.5 %	\$ 280	\$ 254	\$ 26	10.2 %
<b>Table games:</b>								
Drop	\$ 50,927	\$ 53,524	\$ (2,597)	(4.9)%	\$ 161,480	\$ 149,525	\$ 11,955	8.0 %
Revenues	\$ 9,246	\$ 9,171	\$ 75	0.8 %	\$ 29,216	\$ 27,144	\$ 2,072	7.6 %
Weighted average number of games (in units)	66	66	—	—	66	66	—	—
Hold percentage (2)	18.2%	17.1%	1.1%	6.4 %	18.1%	18.2%	(0.1)%	(0.5)%
Win per unit per day (in dollars)	\$ 1,540	\$ 1,527	\$ 13	0.9 %	\$ 1,615	\$ 1,506	\$ 109	7.2 %
<b>Poker:</b>								
Revenues	\$ 871	\$ 1,074	\$ (203)	(18.9)%	\$ 2,891	\$ 3,222	\$ (331)	(10.3)%
Weighted average number of tables (in units)	18	18	—	—	18	18	—	—
Revenue per unit per day (in dollars)	\$ 531	\$ 656	\$ (125)	(19.1)%	\$ 586	\$ 656	\$ (70)	(10.7)%

(1) Free promotional slot plays are included in slot handle, but not reflected in slot revenues

(2) Table games hold percentage is relatively predictable over longer periods of time, but can significantly fluctuate over shorter periods

Gaming revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of higher slot revenues. The growth in slot revenues reflects strong patron response to our promotional offers and changes in our operations designed to improve profitability.

The following table presents data related to food and beverage operations (in thousands, except where noted):

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
		Percentage		Percentage

	2012	2011	Variance	Variance	2012	2011	Variance	Variance
Meals served	186	219	(33)	(15.1)%	546	578	(32)	(5.5)%
Average price per meal served (in dollars)	\$ 15.98	\$ 15.16	\$ 0.82	5.4%	\$ 15.67	\$ 15.00	\$ 0.67	4.5%

Food and beverage revenues for the three months ended June 30, 2012 compared to the same period in the prior year were flat. Food and beverage revenues for the nine months ended June 30, 2012 compared to the same period in the prior year increased due to changes in promotional beverage offers. The reductions in meals served, as well as the growth in average price per meal served primarily resulted from changes in our operations designed to improve profitability.

Retail, entertainment and other revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of higher ATM commissions and changes in promotional tobacco offers.

#### Promotional Allowances

The retail value of providing promotional allowances was included in revenues as follows (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Food and beverage	\$ 3,608	\$ 3,640	\$ (32)	(0.9)%	\$ 10,729	\$ 9,942	\$ 787	7.9%
Retail and entertainment	442	429	13	3.0%	1,280	1,058	222	21.0%
Total	\$ 4,050	\$ 4,069	\$ (19)	(0.5)%	\$ 12,009	\$ 11,000	\$ 1,009	9.2%

The estimated cost of providing promotional allowances was included in gaming costs and expenses as follows (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Food and beverage	\$ 2,786	\$ 2,861	\$ (75)	(2.6)%	\$ 8,165	\$ 7,896	\$ 269	3.4%
Retail and entertainment	533	523	10	1.9%	1,492	1,338	154	11.5%
Total	\$ 3,319	\$ 3,384	\$ (65)	(1.9)%	\$ 9,657	\$ 9,234	\$ 423	4.6%

Promotional allowances for the three months ended June 30, 2012 compared to the same period in the prior year were flat. Promotional allowances for the nine months ended June 30, 2012 compared to the same period in the prior year increased due to higher redemptions under the Player's Club program and changes in certain promotional offers.

#### Operating Costs and Expenses

Operating costs and expenses consisted of the following (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Gaming	\$ 54,632	\$ 54,403	\$ 229	0.4%	\$ 162,327	\$ 155,993	\$ 6,334	4.1%
Food and beverage	2,270	2,202	68	3.1%	6,216	6,093	123	2.0%
Retail, entertainment and other	287	332	(45)	(13.6)%	862	913	(51)	(5.6)%

Advertising, general and administrative	7,685	7,272	413	5.7 %	22,563	22,296	267	1.2 %
Depreciation and amortization	3,957	5,204	(1,247)	(24.0)%	11,716	15,759	(4,043)	(25.7)%
(Gain) loss on disposition of assets	13	-	13	(100.0)%	284	-	284	100.0 %
Total	\$ 68,844	\$ 69,413	\$ (569)	(0.8)%	\$ 203,968	\$ 201,054	\$ 2,914	1.4 %

Gaming costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of higher Pennsylvania Slot Machine Tax commensurate with the growth in slot revenues. Gaming costs and expenses for the nine months ended June 30, 2012 also reflect higher payroll costs and advertising and promotional expenditures. These results were partially offset by a \$676,000 charge associated with scheduled repayments to be made by Mohegan Sun at Pocono Downs (along with other slot machine licensees in the Commonwealth of Pennsylvania) for its proportional share of gaming oversight costs previously incurred by the Pennsylvania Gaming Control Board, or the PGCB, pursuant to a repayment schedule adopted by the PGCB in June 2011. Expenses associated with the Pennsylvania Slot Machine Tax totaled \$33.5 million and \$100.8 million for the three months and nine months ended June 30, 2012, respectively, and \$32.4 million and \$95.5 million for the three months and nine months ended June 30, 2011, respectively. Expenses associated with the Pennsylvania Table Game Tax totaled \$1.6 million and \$5.2 million for the three months and nine months ended June 30, 2012, respectively, and \$1.7 million and \$4.9 million for the three months and nine months ended June 30, 2011, respectively. Gaming costs and expenses as a percentage of gaming revenues were 73.1% and 72.9% for the three months and nine months ended June 30, 2012, respectively, compared to 75.1% and 74.2% for the three months and nine months ended June 30, 2011, respectively.

Food and beverage costs and expenses for the three months ended June 30, 2012 compared to the same period in the prior year increased primarily due to reduced use of food and beverage complimentarys, resulting in lower amounts of food and beverage costs being allocated to gaming costs and expenses. Food and beverage costs and expenses for the nine months ended June 30, 2012 compared to the same period in the prior year increased primarily as a result of higher cost of goods sold commensurate with the growth in food and beverage revenues, partially offset by increased use of food and beverage complimentarys, resulting in higher amounts of food and beverage costs being allocated to gaming costs and expenses.

Retail, entertainment and other costs and expenses for the three months ended June 30, 2012 compared to the same period in the prior year declined primarily due to non-recurring entertainment costs resulting from the discontinuation of concerts on the infield of the harness racing track. Retail, entertainment and other costs and expenses for the nine months ended June 30, 2012 compared to the same period in the prior year decreased primarily as a result of increased use of retail, entertainment and other complimentarys, resulting in higher amounts of retail, entertainment and other costs and expenses being allocated to gaming costs and expenses.

Advertising, general and administrative costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of higher insurance and payroll costs and regulatory expenses.

Depreciation and amortization expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year decreased primarily as a result of fully depreciated assets related to the Phase II facility.

#### Corporate Expenses and Other Income (Expense)

Corporate expenses and other income (expense) consisted of the following (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Corporate expenses:								
Corporate	\$ 4,651	\$ 3,856	\$ 795	20.6 %	\$ 12,653	\$ 12,163	\$ 490	4.0 %
Depreciation and amortization	30	40	(10)	(25.0)%	95	123	(28)	(22.8)%

Severance (1)						2	(2)	(100.0)%
Total Corporate expenses	\$ 4,681	\$ 3,896	\$ 785	20.1 %	\$ 12,748	\$ 12,288	\$ 460	3.7 %
Other income (expense)								
Accretion of discount to the relinquishment liability (2)	\$ (2,062)	\$ (2,842)	\$ 780	(27.4)%	\$ (6,186)	\$ (8,525)	\$ 2,339	(27.4)%
Interest income (3)	1,842	665	1,177	177.0 %	3,559	2,063	1,496	72.5 %
Interest expense	(41,581)	(29,378)	(12,203)	41.5 %	(103,047)	(88,837)	(14,210)	16.0 %
Loss on early exchange of debt	(17)	--	(17)	100.0 %	(14,323)	--	(14,323)	100.0 %
Other income (expense), net	7	118	(111)	(94.1)%	(31)	(226)	195	(86.3)%
Total other expense	\$ (41,811)	\$ (31,437)	\$ (10,374)	33.0 %	\$ (120,028)	\$ (95,525)	\$ (24,503)	25.7 %

(1) Non-recurring workforce reduction related

(2) Reflects accretion of the discount to the present value of the relinquishment liability for the impact of the time value of money.

(3) Primarily represents interest earned on long-term receivables. Interest income for the three months and nine months ended June 30, 2012, includes adjustment of \$1.1 million, which related to prior periods.

Total Corporate costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of higher development related expenditures and severance costs.

Interest expense for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased as a result of higher weighted average interest rate. Weighted average interest rate was 9.9% and 8.4% for the three months and nine months ended June 30, 2012, respectively, compared to 7.2% and 7.1% for the three months and nine months ended June 30, 2011, respectively. The increases in weighted average interest rate were driven by our March 6, 2012 refinancing transactions. Weighted average outstanding debt was \$1.67 billion and \$1.65 billion for the three months and nine months ended June 30, 2012, respectively, compared to \$1.63 billion and \$1.66 billion for the three months and nine months ended June 30, 2011, respectively.

Loss on early exchange of debt for the three months and nine months ended June 30, 2012 represents financing fees written-off in connection with our March 6, 2012 refinancing transactions. We incurred approximately \$58.3 million in transaction costs in connection with our refinancing, of which \$14.3 million was written-off and \$44.0 million was capitalized and will be amortized over the terms of the related debt.

#### Seasonality

The gaming market in the Northeastern United States is seasonal in nature, with peak gaming activities often occurring at Mohegan Sun and Mohegan Sun at Pocono Downs during the months of May through August. Accordingly, our results of operations for the three months and nine months ended June 30, 2012 are not necessarily indicative of operating results for other interim periods or an entire fiscal year.

#### Liquidity and Capital Resources

Our cash flows consisted of the following (in thousands):

	For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance
Net cash provided by operating activities	\$ 144,291	\$ 139,091	\$ 5,200	3.7 %
Net cash used in investing activities	(38,700)	(39,666)	966	(2.4)%
Net cash used in financing activities	(97,235)	(97,597)	362	(0.4)%
Net increase in cash and cash equivalents	\$ 8,356	\$ 1,828	\$ 6,528	357.1 %

As of June 30, 2012 and September 30, 2011, we held cash and cash equivalents of \$120.5 million and \$112.2 million, respectively. As a result of the cash-based nature of our business, operating cash flow levels tend to follow trends in our operating income, excluding the effects of non-cash charges, such as depreciation and amortization, accretion of discounts, relinquishment liability reassessments and loss on early exchange of debt. The increase in cash provided by operating activities for the nine months ended June 30, 2012 compared to the same period in the prior year was attributable to lower working capital requirements, partially offset by reduced operating income after adjustments for non-cash items.

Operating activities are a significant source of our cash flows. We utilize cash flows from operations for scheduled interest payments, relinquishment payments, planned capital expenditures, distributions to the Tribe, projected working capital needs and debt reduction, as well as

make investments, from time to time. There are numerous potential factors which may cause a substantial reduction in the amount of such cash flows, including, but not limited to, the following:

- reduced discretionary spending on activities such as gaming, leisure and hospitality;
- increased competition, including the legalization or expansion of gaming in New England, New York, New Jersey, Pennsylvania or other states in the mid-Atlantic region, or the expansion of on-line gaming in the United States;
- unfavorable weather conditions;
- changes in applicable laws or policies regarding smoking or alcohol service at Mohegan Sun and Mohegan Sun at Pocono Downs;
- an infrastructure or transportation disruption, such as the closure of a major highway near Mohegan Sun or Mohegan Sun at Pocono Downs, for an extended period of time; and
- an act of terrorism on the United States.

The decrease in cash used in investing activities for the nine months ended June 30, 2012 compared to the same period in the prior year primarily reflects proceeds from the Commonwealth of Pennsylvania's facility improvement grant, partially offset by higher capital expenditures. The slight decrease in cash used in financing activities for the nine months ended June 30, 2012 compared to the same period in the prior year primarily reflects increased borrowings, partially offset by higher payments of financing fees and distributions to the Tribe.

#### *External Sources of Liquidity*

On March 6, 2012, the Authority completed a comprehensive refinancing of its outstanding indebtedness, including the consummation of private exchange offers and consent solicitations with respect to its outstanding notes, an amendment and restatement of its bank credit facility and the execution and funding of a term loan facility (all further discussed below).

#### *Bank Credit Facilities*

##### *First Lien, First Out Credit Facility*

On March 6, 2012, the Authority entered into a Fourth Amended and Restated Bank Credit Facility providing for a \$400.0 million term loan and a revolving loan with letter of credit and borrowing capacity of up to \$75.0 million from a syndicate of financial institutions and commercial banks, with Bank of America, N.A. serving as Administrative Agent (the "Bank Credit Facility"). Principal outstanding on the term loan under the Bank Credit Facility is to be repaid at a rate of \$1.0 million per quarter. The Bank Credit Facility matures on March 31, 2015, upon which date all outstanding balances are payable in full. As of June 30, 2012, there were \$398.0 million in term loans and no revolving loans outstanding under the Bank Credit Facility. As of June 30, 2012, letters of credit issued under the Bank Credit Facility totaled \$2.3 million, of which no amount was drawn. Inclusive of letters of credit, which reduce borrowing availability under the Bank Credit Facility, and after taking into account restrictive financial covenant requirements, the Authority had approximately \$72.7 million of borrowing capacity under the Bank Credit Facility as of June 30, 2012.

Borrowings under the Bank Credit Facility incur interest as follows: (i) for base rate revolving loans, base rate plus an applicable margin based on a leverage-based pricing grid between 2.25% and 3.25%; (ii) for Eurodollar rate revolving loans, the applicable LIBOR rate plus an applicable margin based on a leverage-based pricing grid between 3.50% and 4.50%; (iii) for base rate term loans, base rate plus an applicable margin equal to 3.25%; and (iv) for Eurodollar rate term loans, the applicable LIBOR rate plus 4.50%. For Eurodollar rate term loans, LIBOR is subject to a 1.0% floor. There also is a fee of between 0.25% and 0.50%, based on a leverage-based pricing grid, charged on unused revolving commitments. Interest on Eurodollar rate loans is payable at the end of each applicable interest period for periods of three months or less and for loans of more than three months, each March, June, September or December that occurs after the beginning of such interest period. Interest on base rate advances is

payable quarterly in arrears. As of June 30, 2012, the \$398.0 million term loan outstanding was based on the Eurodollar rate floor of 1.0% plus an applicable margin of 4.50%. The applicable margin for commitment fees was 0.50% as of June 30, 2012.

The Authority's obligations under the Bank Credit Facility are fully and unconditionally guaranteed, jointly and severally, by the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming (the "Guarantors"). The Bank Credit Facility is collateralized by a first priority lien on substantially all of the Authority's property and assets and those of the Guarantors (other than MBC), including the assets that comprise Mohegan Sun at Pocono Downs and a leasehold mortgage on the land and improvements that comprise Mohegan Sun (the Authority and the Guarantors, other than MBC, are collectively referred to herein as the "Grantors"). The Grantors are also required to pledge additional assets as collateral for the Bank Credit Facility as they and future guarantor subsidiaries acquire them. The liens and security interests granted by the Grantors as security for the Authority's obligations under the Bank Credit Facility are senior in priority to the liens on the same collateral securing the Term Loan Facility (as defined below) and the 2009 Second Lien Notes, 2012 Second Lien Notes and 2012 Third Lien Notes (each as defined below and, collectively, the "Secured Notes"). The collateral securing the Bank Credit Facility constitutes substantially all of the Grantors' property and assets that secure the Term Loan Facility and the Secured Notes, but excludes certain excluded assets

as defined in the Bank Credit Facility.

The Bank Credit Facility contains negative covenants applicable to the Authority and the Guarantors, including negative covenants governing incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions, mergers or consolidations and capital expenditures. Additionally, the Bank Credit Facility includes financial maintenance covenants pertaining to total leverage, senior leverage and minimum fixed charge coverage. The levels of these covenants as of June 30, 2012 through the remaining term of the Bank Credit Facility are as follows:

Minimum fixed charge coverage ratio covenant, as defined under the Bank Credit Facility:

Fiscal Quarters Ending:	
June 30, 2012 and thereafter	1.05:1.00

Maximum total leverage ratio covenant, or ratio of total debt to annualized EBITDA, as such terms are defined under the Bank Credit Facility:

Fiscal Quarters Ending:	
June 30, 2012 through September 30, 2012	7.25:1.00
December 31, 2012 through March 31, 2013	7.00:1.00
June 30, 2013 through December 31, 2013	6.75:1.00
March 31, 2014 through June 30, 2014	6.50:1.00
September 30, 2014 and thereafter	6.25:1.00

Maximum senior leverage ratio covenant, or ratio of total debt outstanding under the Bank Credit Facility to annualized EBITDA, as such terms are defined under the Bank Credit Facility:

Fiscal Quarters Ending:	
June 30, 2012 and thereafter	1.75:1.00

As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the Bank Credit Facility.

#### *First Lien, Second Out Term Loan Facility*

On March 6, 2012, the Authority entered into a loan agreement providing for a \$225.0 million first lien, second out term loan with Wells Fargo Gaming Capital, LLC serving as Administrative Agent (the "Term Loan Facility"). The Term Loan Facility was issued at a price of 98.0% of par, for an initial yield of approximately 9.6% *per annum*. The Term Loan Facility has no mandatory amortization and is payable in full on March 31, 2016. The net proceeds from the Term Loan Facility were used to refinance the Authority's existing indebtedness, permanently reduce commitments under the Bank Credit Facility and pay accrued interest, fees and expenses in connection with the Authority's refinancing transactions consummated on March 6, 2012.

Loans under the Term Loan Facility incur interest as follows: (i) for base rate loans, base rate plus 6.50% *per annum* and (ii) for Eurodollar rate loans, LIBOR plus 7.50% *per annum*. In all cases, LIBOR is subject to a 1.50% floor. Interest on Eurodollar rate loans is payable at the end of each applicable interest period or every quarter in arrears, if an interest period exceeds three months. Interest on base rate loans is payable quarterly in arrears. As of June 30, 2012, the Authority had a \$225.0 million Eurodollar

rate loan outstanding, which was based on the Eurodollar rate floor of 1.50% plus an applicable margin of 7.50%.

The Term Loan Facility is fully and unconditionally guaranteed, jointly and severally, by each of the Guarantors. The liens and security interests granted by the Grantors as security for the Authority's obligations under the Term Loan Facility are senior in priority to the liens on the same collateral securing any of the Secured Notes. The collateral securing the Term Loan Facility constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and the Secured Notes, but excludes certain excluded assets as defined in the Term Loan Facility.

The Term Loan Facility contains negative covenants that are substantially the same as the negative covenants contained in the Bank Credit Facility. The Term Loan Facility also contains financial maintenance covenants that are substantially the same as those in the Bank Credit Facility and also includes a separate first lien leverage ratio covenant.

As of June 30, 2012, through the remaining term of the Bank Credit Facility, the level of the first lien leverage ratio covenant, or ratio of

total debt outstanding under the Bank Credit Facility and Term Loan Facility to annualized EBITDA, as such terms are defined under the Term Loan Facility, is 2.75 to 1.00.

As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the Term Loan Facility.

#### *Senior Secured Notes*

##### *2009 11 1/2% Second Lien Senior Secured Notes*

In October 2009, the Authority issued \$200.0 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11.50% *per annum* (the "2009 Second Lien Notes"). The 2009 Second Lien Notes were issued at a price of 96.234% of par, to yield an effective interest rate of 12.25% *per annum*. The 2009 Second Lien Notes mature on November 1, 2017. The first call date for the 2009 Second Lien Notes is November 1, 2013. Interest on the 2009 Second Lien Notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2009 Second Lien Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2009 Second Lien Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2009 Second Lien Notes tendered and exchanged was \$199.8 million. An aggregate principal amount of \$200,000 of 2009 Second Lien Notes remains outstanding as of June 30, 2012.

The 2009 Second Lien Notes are collateralized by a second priority lien on substantially all of the Grantors' and future guarantor subsidiaries' properties and assets, and are effectively subordinated to all of the Authority's and its existing and future guarantor subsidiaries' first priority lien secured indebtedness, including borrowings under the Bank Credit Facility and Term Loan Facility, to the extent of the value of the collateral securing such indebtedness. The 2009 Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2009 Second Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

##### *2012 11 1/2% Second Lien Senior Secured Notes*

On March 6, 2012, the Authority issued \$199.8 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11.50% *per annum* (the "2012 Second Lien Notes") in exchange for an equal amount of 2009 Second Lien Notes. The 2012 Second Lien Notes mature on November 1, 2017. The Authority may redeem the 2012 Second Lien Notes, in whole or in part, at any time prior to November 1, 2014, at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest. On or after November 1, 2014, the Authority may redeem the 2012 Second Lien Notes, in whole or in part, at a premium decreasing ratably to zero, plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Second Lien Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Second Lien Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Second Lien Notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, commencing November 1, 2012.

The 2012 Second Lien Notes and the related guarantees are secured by second lien security interests in substantially all

of the Grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing the Authority's Bank Credit Facility and Term Loan Facility (and permitted replacements thereof) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 Second Lien Notes constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Third Lien Notes, but excludes certain excluded assets as defined in the 2012 Second Lien Notes indenture. The 2012 Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2012 Second Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

##### *2012 10 1/2% Third Lien Senior Secured Notes*

On March 6, 2012, the Authority issued approximately \$417.7 million Third Lien Senior Secured Notes with fixed interest payable at a rate of 10.50% *per annum* (the "2012 Third Lien Notes") in exchange for \$234.2 million of 2005 Senior Unsecured Notes and \$183.5 million of 2002 Senior Subordinated Notes. The 2012 Third Lien Notes mature on December 15, 2016. The Authority may redeem the 2012 Third Lien Notes, in whole or in part, at any time at a price equal to 100% of the principal amount plus accrued interest. If a change of control of the Authority

occurs, the Authority must offer to repurchase the 2012 Third Lien Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Third Lien Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Third Lien Notes is payable semi-annually on June 15<sup>th</sup> and December 15<sup>th</sup>, commencing December 15, 2012.

The 2012 Third Lien Notes and the related guarantees are secured by third lien security interests in substantially all of the Grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing the Authority's Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Second Lien Notes (and permitted replacements of each of the foregoing) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 Third Lien Notes constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Second Lien Notes, but excludes certain excluded assets as defined in the 2012 Third Lien Notes indenture. The 2012 Third Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2012 Third Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

### ***Senior Unsecured Notes***

#### ***2005 6 1/8% Senior Unsecured Notes***

In February 2005, the Authority issued \$250.0 million Senior Unsecured Notes with fixed interest payable at a rate of 6.125% *per annum* (the "2005 Senior Unsecured Notes"). The 2005 Senior Unsecured Notes mature on February 15, 2013. The 2005 Senior Unsecured Notes are callable at the Authority's option at par. Interest on the 2005 Senior Unsecured Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2005 Senior Unsecured Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 Senior Unsecured Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2005 Senior Unsecured Notes tendered and exchanged was \$234.2 million. An aggregate principal amount of \$15.8 million of the 2005 Senior Unsecured Notes remains outstanding as of June 30, 2012.

The 2005 Senior Unsecured Notes are uncollateralized general obligations of the Authority, and are effectively subordinated to all of the Authority's and the Guarantors' and future guarantor subsidiaries' senior secured indebtedness, including the Bank Credit Facility, Term Loan Facility, 2009 Second Lien Notes, 2012 Second Lien Notes and 2012 Third Lien Notes, to the extent of the value of the collateral securing such indebtedness. The 2005 Senior Unsecured Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

### ***Senior Subordinated Notes***

#### ***2002 8% Senior Subordinated Notes***

In February 2002, the Authority issued \$250.0 million Senior Subordinated Notes with fixed interest payable at a rate of 8.000% *per annum* (the "2002 Senior Subordinated Notes"). The 2002 Senior Subordinated Notes matured on April 1, 2012. Subsequent to the March 6, 2012 private exchange offer, \$66.5 million 2002 Senior Subordinated Notes remained outstanding, which amount, including accrued interest, was repaid at maturity with cash on hand.

#### ***2004 7 1/8% Senior Subordinated Notes***

In August 2004, the Authority issued \$225.0 million Senior Subordinated Notes with fixed interest payable at a rate of 7.125% *per annum* (the "2004 Senior Subordinated Notes"). The 2004 Senior Subordinated Notes mature on August 15, 2014. The 2004 Senior Subordinated Notes are callable at the Authority's option at par. Interest on the 2004 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2004 Senior Subordinated Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2004 Senior Subordinated Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2004 Senior Subordinated Notes tendered and exchanged was \$203.8 million. An aggregate principal amount of \$21.2 million of the 2004 Senior Subordinated Notes remains outstanding as of June 30, 2012.

#### ***2005 6 7/8% Senior Subordinated Notes***

In February 2005, the Authority issued \$150.0 million Senior Subordinated Notes with fixed interest payable at a rate of 6.875% *per annum* (the "2005 Senior Subordinated Notes"). The 2005 Senior Subordinated Notes mature on February 15, 2015. The 2005 Senior Subordinated Notes are callable at the Authority's option at par. Interest on the 2005 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2005 Senior Subordinated Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 Senior Subordinated Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2005 Senior Subordinated Notes tendered and exchanged was \$140.3 million. An aggregate principal amount of \$9.7 million of the 2005 Senior Subordinated Notes remains outstanding as of June 30, 2012.

#### *2012 11% Senior Subordinated Notes*

On March 6, 2012, the Authority issued \$344.2 million Senior Subordinated Toggle Notes with fixed interest payable at a rate of 11% *per annum* (the "2012 Senior Subordinated Notes") in exchange for \$203.8 million of 2004 Senior Subordinated Notes and \$140.3 million of 2005 Senior Subordinated Notes. The 2012 Senior Subordinated Notes mature on September 15, 2018. The Authority may redeem the 2012 Senior Subordinated Notes, in whole or in part, at any time, at a price equal to 100% of the principal amount plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Senior Subordinated Notes is payable semi-annually on March 15<sup>th</sup> and September 15<sup>th</sup>, commencing September 15, 2012. The initial interest payment on the 2012 Senior Subordinated Notes is payable entirely in cash. For any subsequent interest payment period through March 15, 2018, the Authority may, at its option, elect to pay interest on the 2012 Senior Subordinated Notes either entirely in cash or by paying up to 2% in 2012 Senior Subordinated Notes ("PIK Interest"). If the Authority elects to pay PIK Interest, such election will increase the principal amount of the 2012 Senior Subordinated Notes in an amount equal to the amount of PIK Interest for the applicable interest payment period to holders of 2012 Senior Subordinated Notes on the relevant record date.

The 2012 Senior Subordinated Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

The Authority's senior subordinated notes are uncollateralized general obligations of the Authority, and are subordinated

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to borrowings under the Bank Credit Facility, Term Loan Facility, 2009 Second Lien Notes, 2012 Second Lien Notes, 2012 Third Lien Notes and 2005 Senior Unsecured Notes. The senior subordinated notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The senior and senior subordinated note indentures contain certain non-financial and financial covenant requirements with which the Authority and the Tribe must comply. The non-financial covenant requirements include, among other things, reporting obligations, compliance with laws and regulations, maintenance of licenses and insurances and continued existence of the Authority. The financial covenant requirements include, among other things, subject to certain exceptions, limitations on the Authority's and the Guarantors' ability to incur additional indebtedness, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company, transfer or sell assets or impair assets constituting collateral.

As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the senior and senior subordinated note indentures.

The Authority or its affiliates may, from time to time, seek to purchase or otherwise retire outstanding indebtedness for cash in open market purchases, privately negotiated transactions or otherwise. Any such transaction will depend on prevailing market conditions and the Authority's liquidity and covenant requirement restrictions, among other factors.

#### *Line of Credit*

As of June 30, 2012, the Authority had a \$16.5 million revolving credit facility with Bank of America, N.A. (the "Line of Credit"). The Line of Credit was amended in March 2012 to, among other things, extend the maturity date to March 31, 2015. Pursuant to the provisions of the Bank Credit Facility, the Line of Credit may be replaced by an Autoborrow Loan governed by the terms of an Autoborrow Agreement described in the Bank Credit Facility. Under the Line of Credit, as amended, each advance accrues interest on the basis of a one-month LIBOR Rate plus an applicable margin based on the Authority's total leverage ratio, as each term is defined under the Line of Credit. Borrowings under the Line of Credit are uncollateralized obligations. As of June 30, 2012, no amount was drawn on the Line of Credit. The Line of Credit contains negative covenants and financial maintenance covenants that are substantially the same as the corresponding covenants contained in the Bank Credit Facility. As of June 30, 2012, the Authority was in compliance with all covenant requirements under the Line of Credit and had \$16.5 million of borrowing

capacity thereunder.

#### *2009 Mohegan Tribe Promissory Note*

In September 2009, the Tribe made a \$10.0 million loan to Salishan-Mohegan (the "2009 Mohegan Tribe Promissory Note"). The 2009 Mohegan Tribe Promissory Note was amended in March 2012 to extend the maturity date to September 30, 2014. As amended, the 2009 Mohegan Tribe Promissory Note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly in the amount of \$1.2 million, commencing December 31, 2013 and continuing through June 30, 2014, with the balance of accrued and unpaid interest due at maturity. Principal outstanding under the 2009 Mohegan Tribe Promissory Note amortizes as follows: (i) \$1.625 million per quarter, commencing December 31, 2012 and continuing through September 30, 2013 and (ii) \$875,000 per quarter, commencing December 31, 2013.

#### *2012 Mohegan Tribe Minor's Trust Promissory Note*

In March 2012, Comerica Bank & Trust, N.A., Trustee for The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan (the "2012 Mohegan Tribe Minor's Trust Promissory Note"), the proceeds of which were used to repay, among other things, the Salishan-Mohegan Bank Credit Facility. The 2012 Mohegan Tribe Minor's Trust Promissory Note matures on March 31, 2016. The 2012 Mohegan Tribe Minor's Trust Promissory Note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly, commencing June 30, 2012. Principal outstanding under the 2012 Mohegan Tribe Minor's Trust Promissory Note amortizes as follows: (i) \$500,000 per quarter, commencing December 31, 2012 and continuing through September 30, 2014 and (ii) \$1.5 million per quarter, commencing December 31, 2014 and continuing to maturity.

#### *Mohegan Tribe Credit Facility*

In 2011, the Tribe provided Salishan-Mohegan with a \$1.75 million revolving credit facility (the "Mohegan Tribe Credit Facility"). The Mohegan Tribe Credit Facility was amended in March 2012 to extend the maturity date to September 30, 2013 and reduce the borrowing capacity to \$1.45 million. The Mohegan Tribe Credit Facility accrues interest at an annual rate of 15.0% payable at maturity. As amended, principal outstanding under the Mohegan Tribe Credit Facility amortizes at a rate of \$362,500

per quarter, commencing December 31, 2012. As of June 30, 2012, the Mohegan Tribe Credit Facility was fully drawn.

#### *Salishan-Mohegan Bank Credit Facility*

Salishan-Mohegan previously had a \$15.25 million revolving loan credit facility with Bank of America, N.A. (the "Salishan-Mohegan Bank Credit Facility"). The Salishan-Mohegan Bank Credit Facility, including accrued interest, matured in March 2012, at which time it was repaid with proceeds from the 2012 Mohegan Tribe Minor's Trust Promissory Note.

#### *Capital Expenditures*

The following table presents data related to capital expenditures (in millions):

	Capital Expenditures		
	Nine Months Ended June 30, 2012	Remaining Forecasted Fiscal Year 2012	Total Forecasted Fiscal Year 2012
Mohegan Sun:			
Maintenance	\$ 24.1	\$ 8.9	\$ 33.0
Development	5.6	4.4	10.0
Expansion - Project Horizon	0.3	—	0.3
Subtotal	30.0	13.3	43.3
Mohegan Sun at Pocono Downs:			
Maintenance	3.8	0.2	4.0
Expansion (1)	(0.3)	—	(0.3)
Subtotal	3.5	0.2	3.7
Corporate:			
Expansion - Project Sunlight	0.6	5.2	5.8
Subtotal	0.6	5.2	5.8
Total	\$ 34.1	\$ 18.7	\$ 52.8

(1) Represents adjustments to the cost for Project Sunrise and table game and poker operations expansions.

We primarily rely on cash flows provided by operating activities to fund maintenance capital expenditures at Mohegan Sun and Mohegan Sun at Pocono Downs. We plan to fund any development or expansion capital expenditures at Mohegan Sun and Mohegan Sun at Pocono Downs through a combination of existing cash, cash flows provided by operating activities and draws under our bank credit facility. Project Sunlight will be funded through a fully-funded \$45 million non-recourse term loan obtained by Downs Lodging, LLC, our wholly-owned unrestricted subsidiary, and a \$5 million equity contribution by us.

### Interest Expense

The following table presents our interest expense (in thousands):

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2012	2011	2012	2011
Bank credit facility	\$ 5,664	\$ 5,659	\$ 16,011	\$ 17,739
Term loan facility, including accretion of discount	5,340	—	6,874	—
2009 11 1/2% second lien senior secured notes, includes accretion of bond discount	6	5,917	10,221	17,736
2012 11 1/2% second lien senior secured notes, includes accretion of bond discount	5,927	—	7,572	—
2012 10 1/2% third lien senior secured notes	10,967	—	14,013	—
2005 6 1/8% senior unsecured notes	242	1,328	6,902	11,484
2001 8 3/8% senior subordinated notes	—	42	—	126
2002 8% senior subordinated notes	—	5,000	8,980	15,000
2004 7 1/8% senior subordinated notes	377	4,008	7,384	12,024
2005 6 7/8% senior subordinated notes	166	2,578	4,652	7,734

2012 11 % senior subordinated notes	9,465	—	12,094	—
Line of credit	—	68	95	211
WNBA promissory note	—	—	—	6
Salishan-Mohegan bank credit facility	—	164	250	453
2009 Mohegan Tribe promissory note (Salishan-Mohegan)	281	374	997	1,122
2012 Mohegan Tribe Minor's Trust promissory note (Salishan-Mohegan)	497	—	508	—
Mohegan Tribe credit facility (Salishan-Mohegan)	54	15	147	18
Capital leases	178	55	278	168
Amortization of net deferred gain on settlement of derivative instruments	(23)	(117)	(231)	(351)
Amortization of debt issuance costs	2,440	1,787	6,300	5,365
	—	—	—	—
Total interest expense	\$ 41,581	\$ 29,378	\$ 103,047	\$ 88,837

### Contractual Obligations

The following table presents estimated future payment obligations related to our debt and the timing of those payments as of June 30, 2012 (in thousands):

Contractual Obligations	Payments due by period				
	Total	Less than 1 year (1)	1-3 years	3-5 years	More than 5 years
Long-term debt	\$ 1,662,996	\$ 27,237	\$ 437,298	\$ 654,271	\$ 544,190
Capital leases	8,862	2,376	3,940	1,665	881
Interest payments on long-term debt and capital leases	743,327	169,909	301,251	203,857	68,310
Total	\$ 2,415,185	\$ 199,522	\$ 742,489	\$ 859,793	\$ 613,381

(1) Represents payment obligations from July 1, 2012 to June 30, 2013

### Sufficiency of Resources

We believe that existing cash balances, financing arrangements and operating cash flows will provide us with sufficient resources to meet our existing debt obligations, relinquishment payments, foreseeable capital expenditure requirements and distributions to the Tribe for at least the next twelve months; however, we can provide no assurance in this regard. Please refer to "Part I, Item 1A, Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 for further details regarding risks relating to our sufficiency of resources. Any future investments in Mohegan Sun and Mohegan Sun at Pocono Downs are anticipated to be funded through a combination of existing cash balances, future operating cash flows and draws under our Bank Credit Facility. Project Sunlight will be funded through a fully-funded \$45 million non-recourse term loan obtained by Downs Lodging, LLC and a \$5 million equity contribution by us. Inclusive of letters of credit, which reduce borrowing availability under the Bank Credit Facility, and after taking into account restrictive financial covenant requirements, we had approximately

\$72.7 million of borrowing capacity under the Bank Credit Facility and Line of Credit as of June 30, 2012. Distributions to the Tribe are anticipated to total approximately \$53.0 million for fiscal 2012.

### Critical Accounting Policies and Estimates

There has been no material change from the critical accounting policies and estimates previously disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

### Impact of Inflation

Absent changes in competitive and economic conditions or in specific prices affecting the hospitality and gaming industry, we do not expect that inflation will have a significant impact on our operations. Changes in specific prices, such as fuel and transportation prices, relative to the general rate of inflation may have a material adverse effect on the hospitality and gaming industry in general.

### New Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board, or the FASB, issued revised guidance pertaining to the accounting standard for indefinite-lived intangible assets. The revised guidance allows an entity the option to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired before performing the two-step indefinite-lived intangible asset impairment test. The revised guidance is effective for interim and annual periods beginning after September 15, 2012; however, early adoption is permitted. We do not expect its adoption to impact our financial position, results of operations or cash flows.

In September 2011, the FASB issued revised guidance pertaining to the accounting standard for goodwill impairment tests. The revised guidance allows an entity the option to assess qualitative factors to determine whether the fair value of a reporting unit is less than its carrying value before performing the two-step goodwill impairment test. The revised guidance is effective for interim and annual periods beginning after December 15, 2011. We adopted this guidance in our second quarter of fiscal 2012, and its adoption did not impact our financial position, results of operations or cash flows.

In May 2011, the FASB issued amended guidance seeking to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. generally accepted accounting principles, or GAAP, and International Financial Reporting Standards, or IFRS. While consistent with existing fair value measurement principles under GAAP, the amended guidance expands existing disclosure requirements for fair value measurements and eliminates unnecessary differences between GAAP and IFRS. The amended guidance is effective for interim and annual periods beginning after December 15, 2011. We adopted this guidance in our second quarter of fiscal 2012, and its adoption did not impact our financial position, results of operations or cash flows.

In April 2010, the FASB issued guidance pertaining to accruals for casino jackpot liabilities. The new guidance clarifies that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying such jackpot. The new guidance specifies that jackpots should be accrued and charged to revenue when the entity has the obligation to pay such jackpot and applies to both base and progressive jackpots and requires a cumulative-effect adjustment to opening retained earnings in the period of adoption. The new guidance was effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2010. We adopted this guidance in our first quarter of fiscal 2012, and as such, recorded a cumulative-effect adjustment, which decreased other current liabilities and increased retained earnings by \$2.0 million.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our bank credit facility and term loan facility, which both accrue interest on the basis of a base rate formula or a Eurodollar rate formula, plus applicable rates, as defined under the respective facility. As of June 30, 2012, \$398.0 million and \$225.0 million was outstanding under the bank credit facility and term loan facility, respectively.

We attempt to manage our interest rate risk through a controlled combination of long-term fixed rate borrowings and variable rate borrowings in accordance with established policies and procedures. We do not hold or issue financial instruments for speculative or trading purposes.

The following table presents information as of June 30, 2012 about our current financial instruments or debt obligations that are sensitive to changes in interest rates. The table presents principal payments and related weighted average interest rates by expected maturity dates. Weighted average variable rates are based on implied forward rates in respective yield curves, which should not be considered to be precise indicators of actual future interest rates. Fair values for our debt instruments are based on quoted market prices or prices of similar instruments as of June 30, 2012.

	Expected Maturity Date						Total	Fair Value
	2012	2013	2014	2015	2016	Thereafter		
<b>Liabilities (in thousands)</b>								
Long-term debt and capital lease obligations (including current portions)								
Fixed rate	\$ 874	\$ 27,749	\$ 28,845	\$ 17,085	\$ 10,824	\$ 963,481	\$ 1,048,858	\$ 876,089
Average interest rate	8.8%	7.9%	7.7%	8.0%	9.5%	10.9%	10.6%	
Variable rate	\$ 1,000	\$ 4,000	\$ 4,000	\$ 389,000	\$ 225,000	\$ —	\$ 623,000	\$ 601,673
Average interest rate (1)	5.5%	5.5%	5.5%	5.5%	9.0%	—	6.8%	

(1) A 100 basis point change in average interest rate would impact annual interest expense by approximately \$6.2 million

#### Item 4. Controls and Procedures

##### Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2012. The term "disclosure controls and procedures," as defined in Rules 13a-15(c) and 15d-15(c) under the Securities Exchange Act of 1934, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures. Management recognizes that controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on an evaluation of our disclosure controls and procedures as of June 30, 2012, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

##### Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended June 30, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

#### Item 1. Legal Proceedings

We are subject to various claims and legal actions resulting from our normal course of business. Some of these matters relate to personal injuries to patrons and damages to patrons' personal assets. We estimate guest claims expense and accrue for such liabilities based upon historical experience.

#### Item 1A. Risk Factors

There has been no material change from the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

#### Item 6. Exhibits

The exhibits to this Quarterly Report on Form 10-Q are listed on the Exhibit Index, which appears elsewhere herein and is incorporated herein by reference.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Mohegan Tribal Gaming Authority has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

MOHEGAN TRIBAL GAMING AUTHORITY

Date: August 13, 2012

By: /s/ BRUCE S. BOZSUM

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Bruce S. Bozsum  
Chairman and Member, Management Board

Date: August 13, 2012

By: /s/ MITCHELL GROSSINGER ETESS

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Mitchell Grossinger Etes  
Chief Executive Officer,  
Mohegan Tribal Gaming Authority  
(Principal Executive Officer)

Date: August 13, 2012

By: /s/ MARIO C. KONTOMERKOS

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Mario C. Kontomerkos  
Chief Financial Officer,  
Mohegan Tribal Gaming Authority  
(Principal Financial and Accounting Officer)

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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	Constitution of the Mohegan Tribe of Indians of Connecticut, as amended (filed as Exhibit 3.1 to the Authority's Registration Statement on Form S-4, filed with the SEC on November 1, 2004 and incorporated by reference herein).
3.2	Ordinance No. 95-2 of the Tribe for Gaming on Tribal Lands, enacted on July 15, 1995 (filed as Exhibit 3.2 to the Authority's Amendment No. 1 to its Registration Statement on Form S-1, filed with the SEC on February 29, 1996 (the 1996 Form S-1) and incorporated by reference herein).
3.3	Articles of Organization of Mohegan Basketball Club, LLC, dated as of January 27, 2003 (filed as Exhibit 3.3 to the Authority's Registration Statement on Form S-4, filed with the SEC on September 23, 2003 (the "2003 Form S-4") and incorporated by reference herein).
3.4	Operating Agreement of Mohegan Basketball Club, LLC, a Mohegan Tribe of Indians of Connecticut limited liability company, dated as of January 24, 2003 (filed as Exhibit 3.4 to the 2003 Form S-4 and incorporated by reference herein).
3.5	Certificate of Organization of Mohegan Commercial Ventures PA, LLC, dated as of January 6, 2005, as amended (filed as Exhibit 3.5 to the Authority's Registration Statement on Form S-4, filed with the SEC on June 7, 2005 (the "2005 Form S-4") and incorporated by reference herein).
3.6	Operating Agreement of Mohegan Commercial Ventures PA, LLC, a Commonwealth of Pennsylvania limited liability company, dated as of December 15, 2004 (filed as Exhibit 3.6 to the 2005 Form S-4 and incorporated by reference herein).
3.7	Certificate of Limited Partnership of Downs Racing, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.7 to the 2005 Form S-4 and incorporated by reference herein).
3.8	Amended and Restated Limited Partnership Agreement of Downs Racing, L.P., dated as of January 25, 2005 (filed as Exhibit 3.8 to the 2005 Form S-4 and incorporated by reference herein).
3.9	Certificate of Limited Partnership of Backside, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.9 to the 2005 Form S-4 and incorporated by reference herein).
3.10	Amended and Restated Limited Partnership Agreement of Backside, L.P., dated as of January 25, 2005 (filed as Exhibit 3.10 to the 2005 Form S-4 and incorporated by reference herein).
3.11	Certificate of Limited Partnership of Mill Creek Land, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.11 to the 2005 Form S-4 and incorporated by reference herein).
3.12	Amended and Restated Limited Partnership Agreement of Mill Creek Land, L.P., dated as of January 25, 2005 (filed as Exhibit 3.12 to the 2005 Form S-4 and incorporated by reference herein).

- 3.13 Certificate of Limited Partnership of Northeast Concessions, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.13 to the 2005 Form S-4 and incorporated by reference herein).
- 3.14 Amended and Restated Limited Partnership Agreement of Northeast Concessions, L.P., dated as of January 25, 2005 (filed as Exhibit 3.14 to the 2005 Form S-4 and incorporated by reference herein).
- 3.15 Articles of Organization of Mohegan Ventures -Northwest, LLC, dated as of July 23, 2004 (filed as Exhibit 3.15 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006, filed with the SEC on August 10, 2006 (the "June 2006 Form 10-Q") and incorporated by reference herein).
- 3.16 Operating Agreement of Mohegan Ventures-Northwest, LLC, a Mohegan Tribe of Indians of Connecticut limited liability company, dated as of July 23, 2004 (filed as Exhibit 3.16 to the June 2006 Form 10-Q and incorporated by reference herein).
- 3.17 Articles of Organization of Mohegan Golf, LLC, dated as of November 20, 2006 (filed as Exhibit 3.17 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2006, filed with the SEC on December 21, 2006 (the "2006 Form 10-K") and incorporated by reference herein).
- 3.18 Certificate of Formation of Wisconsin Tribal Gaming, LLC, dated as of February 27, 2007 (filed as Exhibit 3.18 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007, filed with the SEC on May 15, 2007 (the "March 2007 Form 10-Q") and incorporated by reference herein).

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- 3.19 Articles of Organization of Mohegan Ventures Wisconsin, LLC, dated as of March 1, 2007 (filed as Exhibit 3.19 to the March 2007 Form 10-Q and incorporated by reference herein).
  - 3.20 Certificate of Formation of MTGA Gaming, LLC, dated as of July 27, 2007 (filed as Exhibit 3.20 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (the "2007 Form 10-K"), filed with the SEC on December 21, 2007 and incorporated by reference herein).
  - 3.21 Articles of Amendment of Mohegan Golf, LLC, dated as of April 8, 2008 (filed as Exhibit 3.18 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008, filed with the SEC on May 15, 2008 and incorporated by reference herein).
  - 4.1 Relinquishment Agreement, dated as of February 7, 1998, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut and Trading Cove Associates (filed as Exhibit 10.14 to the Authority's Form 10-K405 for the fiscal year ended September 30, 1998, filed with the SEC on December 29, 1998 and incorporated by reference herein).

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- 4.2 Supplemental Indenture No. 8, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.11 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, filed with the SEC on May 14, 2012 (the "March 2012 Form 10-Q") and incorporated by reference herein.)
  - 4.3 Indenture, dated as of August 3, 2004, between the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, Mohegan Basketball Club, LLC and U.S. Bank National Association, as Trustee, relating to the 7<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.19 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 (the "June 2004 Form 10-Q"), filed with the SEC on August 16, 2004 and incorporated by reference herein).
  - 4.4 Supplemental Indenture No. 1, dated as of January 25, 2005, between the Mohegan Tribal Gaming Authority, the Subsidiary Guarantors (as defined under the Indenture), and U.S. Bank National Association, as Trustee, relating to the 7<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.25 to the Authority's Quarterly Report on Form 10-Q for the quarter ended December 31, 2004, filed with the SEC on February 14, 2005 (the "December

2004 Form 10-Q”) and incorporated by reference herein).

- 4.5 Supplemental Indenture No. 2, dated as of August 4, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.20 to the June 2006 Form 10-Q and incorporated by reference herein).
- 4.6 Supplemental Indenture No. 3, dated as of December 18, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.23 to the 2006 Form 10-K and incorporated by reference herein).
- 4.70 Supplemental Indenture No. 4, dated as of March 28, 2007, between the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.26 to the March 2007 Form 10-Q and incorporated by reference herein).
- 4.8 Supplemental Indenture No. 5, dated as of August 27, 2007, between the Mohegan Tribal Gaming Authority, MFGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.29 to the 2007 Form 10-K and incorporated by reference herein).
- 4.9 Supplemental Indenture No. 6, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.19 to the Authority’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, filed with the SEC on May 14, 2012 (the “March 2012 Form 10-Q”) and incorporated by reference herein).
- 4.10 Form of Global 7 1/8% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.20 to the June 2004 Form 10-Q and incorporated by reference herein).
- 4.11 Indenture, dated as of February 8, 2005, between the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 (filed as Exhibit 4.28 to the December 2004 Form 10-Q and incorporated by reference herein).
- 4.12 Supplemental Indenture No. 1, dated as of August 4, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.23 to the June 2006 Form 10-Q and incorporated by reference herein).
- 4.13 Supplemental Indenture No. 2, dated as of December 18, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.27 to the 2006 Form 10-K and incorporated by reference herein).

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- 4.14 Supplemental Indenture No. 3, dated as of March 28, 2007, between the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.31 to the March 2007 Form 10-Q and incorporated by reference herein).
- 4.15 Supplemental Indenture No. 4, dated as of August 27, 2007, between the Mohegan Tribal Gaming Authority, MFGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.35 to the Authority’s Annual Report on Form 10-K for the fiscal year ended September 30,

2007, filed with the SEC on December 21, 2007 and incorporated by reference herein).

- 4.16 Supplemental Indenture No. 5, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.26 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.17 Form of Global 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.29 to the December 2004 Form 10-Q and incorporated by reference herein).
- 4.18 Indenture, dated as of February 8, 2005, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and Wachovia Bank, National Association, as Trustee, relating to the 6 1/8% Senior Notes Due 2013 (filed as Exhibit 4.31 to the December 2004 Form 10-Q and incorporated by reference herein).
- 4.19 Supplemental Indenture No. 1, dated as of August 4, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association (as successor to Wachovia Bank, National Association), as Trustee, relating to the 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.26 to the June 2006 Form 10-Q and incorporated by reference herein).
- 4.20 Supplemental Indenture No. 2, dated as of December 18, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association (as successor to Wachovia Bank, National Association), as Trustee, relating to the 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.31 to the 2006 Form 10-K and incorporated by reference herein).
- 4.21 Supplemental Indenture No. 3, dated as of March 28, 2007, between the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association (as successor to Wachovia Bank, National Association), as Trustee, relating to the 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.36 to the March 2007 Form 10-Q and incorporated by reference herein).
- 4.22 Supplemental Indenture No. 4, dated as of August 27, 2007, between the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.41 to the 2007 Form 10-K and incorporated by reference herein).
- 4.23 Supplemental Indenture No. 5, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.33 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.24 Form of Global 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.32 to the December 2004 Form 10-Q and incorporated by reference herein).
- 4.25 Indenture, dated as of October 26, 2009, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 2009 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.43 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2009, filed with the SEC on December 28, 2009 (the "2009 Form 10-K") and incorporated by reference herein).

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- 4.26 Supplemental Indenture No.1, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 2009 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.36 to the March 2012 Form 10-Q and incorporated by reference herein).

- 4.27 Form of Global 2009 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.44 to the 2009 Form 10-K and incorporated by reference herein).
- 4.28 Indenture, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 2012 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.38 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.29 Form of Global 2012 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.39 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.30 Indenture, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 10 1/2% Third Lien Senior Secured Notes Due 2016 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.40 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.31 Form of Global 10 1/2% Third Lien Senior Secured Notes Due 2016 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.41 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.32 Indenture, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 11% Senior Subordinated Notes Due 2018 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.42 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.33 Form of Global 11% Senior Subordinated Notes Due 2018 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.43 to the March 2012 Form 10-Q and incorporated by reference herein).
- 31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith).
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer (filed herewith).
- 32.1 Section 1350 Certification of Chief Executive Officer (filed herewith).
- 32.2 Section 1350 Certification of Chief Financial Officer (filed herewith).
- 101.INS\* XBRL Instance Document (filed herewith).
- 101.SCH\* XBRL Taxonomy Extension Schema (filed herewith).
- XBRL Taxonomy Calculation Linkbase (filed herewith).
- 101.CAL\*
- 101.DEF\* XBRL Taxonomy Extension Definition Linkbase (filed herewith).
- 101.LAB\* XBRL Taxonomy Extension Label Linkbase (filed herewith).
- 101.PRI\* XBRL Taxonomy Extension Presentation Linkbase (filed herewith).

\* Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibits 101 to this Quarterly Report on Form 10-Q shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.



**APPENDIX 11B**

Does not apply.

**APPENDIX 12**

See attached, copy of most recent quarterly report to SEC on form 10-Q.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-Q**

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

For the quarterly period ended June 30, 2012

**OR**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 033-80655

**MOHEGAN TRIBAL GAMING AUTHORITY**

(Exact name of registrant as specified in its charter)

Not Applicable  
(State or other jurisdiction  
of incorporation or organization)

06-1436334  
(IRS Employer  
Identification No.)

One Mohegan Sun Boulevard, Uncasville, CT  
(Address of principal executive offices)

06382  
(Zip Code)

(860) 862-8000  
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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. (Check one):

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company

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

**MOHEGAN TRIBAL GAMING AUTHORITY  
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**PART I. FINANCIAL INFORMATION**
**Item 1. Financial Statements**

**MOHEGAN TRIBAL GAMING AUTHORITY  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)  
(unaudited)**

	<u>June 30, 2012</u>	<u>September 30, 2011</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 120,530	\$ 112,174
Restricted cash	2,665	2,002
Receivables, net	26,269	20,471
Inventories	15,052	14,028
Other current assets	27,103	27,227

Total current assets		191,619		175,902
<b>Non-current assets:</b>				
Property and equipment, net		1,501,616		1,529,595
Goodwill		39,459		39,459
Other intangible assets, net		406,030		406,338
Other assets, net		87,999		51,902
Total assets		<u>\$ 2,226,723</u>		<u>\$ 2,203,196</u>
<b>LIABILITIES AND CAPITAL</b>				
<b>Current liabilities:</b>				
Current portion of long-term debt	\$	19,795	\$	800,250
Current portion of relinquishment liability		74,083		67,911
Due to Mohegan Tribe		7,462		10,850
Current portion of capital leases		2,376		707
Trade payables		12,127		17,452
Construction payables		2,355		8,892
Accrued interest payable		46,614		28,580
Other current liabilities		143,046		132,949
Total current liabilities		<u>307,882</u>		<u>1,067,591</u>
<b>Non-current liabilities:</b>				
Long-term debt, net of current portion		1,602,161		819,316
Relinquishment liability, net of current portion		75,671		110,348
Due to Mohegan Tribe, net of current portion		23,983		—
Capital leases, net of current portion		6,486		4,635
Other long-term liabilities		2,704		2,582
Total liabilities		<u>2,018,892</u>		<u>2,004,472</u>
<b>Commitments and Contingencies</b>				
<b>Capital:</b>				
Retained earnings		206,376		196,403
Mohegan Tribal Gaming Authority capital		206,376		196,403
Non-controlling interests		1,455		2,321
Total capital		<u>207,831</u>		<u>198,724</u>
Total liabilities and capital		<u>\$ 2,226,723</u>		<u>\$ 2,203,196</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands)  
(unaudited)

	For the Three Months Ended June 30, 2012	For the Three Months Ended June 30, 2011	For the Nine Months Ended June 30, 2012	For the Nine Months Ended June 30, 2011
<b>Revenues:</b>				
Gaming	\$ 307,093	\$ 328,317	\$ 940,753	\$ 952,418
Food and beverage	22,700	22,446	68,627	65,669
Hotel	10,152	9,134	29,524	26,788

Retail, entertainment and other	29,946	29,123	82,458	77,947
Gross revenues	369,891	389,020	1,121,362	1,122,822
Less-Promotional allowances	(25,455)	(27,641)	(73,896)	(77,894)
Net revenues	344,436	361,379	1,047,466	1,044,928
<b>Operating costs and expenses:</b>				
Gaming	193,019	198,923	582,017	587,247
Food and beverage	11,240	10,421	73,355	30,861
Hotel	3,658	3,413	10,703	9,906
Retail, entertainment and other	10,578	9,081	29,819	23,247
Advertising, general and administrative	48,730	52,978	147,186	151,400
Corporate	4,651	3,856	12,653	12,163
Depreciation and amortization	21,693	22,621	64,077	68,451
Loss on disposition of assets	31	-	320	-
Severance	-	(11)	-	244
Total operating costs and expenses	293,600	301,282	880,130	883,519
Income from operations	\$2,836	60,097	167,336	161,409
<b>Other income (expense):</b>				
Accretion of discount to the relinquishment liability	(2,062)	(2,842)	(6,186)	(8,525)
Interest income	1,842	665	3,559	2,063
Interest expense	(41,581)	(29,378)	(103,047)	(88,837)
Loss on early exchange of debt	(17)	-	(14,321)	-
Other income (expense), net	7	118	(31)	(226)
Total other expense	(41,811)	(31,437)	(120,028)	(95,525)
Net income	9,025	28,660	47,308	65,884
Loss attributable to non-controlling interests	336	486	1,147	1,400
Net income attributable to Mohegan Tribal Gaming Authority	\$ 9,361	\$ 29,146	\$ 48,455	\$ 67,284

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL**  
(in thousands)  
(unaudited)

	Total	Mohegan Tribal Gaming Authority	Non-controlling Interests
Balance, March 31, 2012	\$ 211,306	\$ 209,515	\$ 1,791
Contributions from members	-	-	-
Net income (loss)	9,025	9,361	(336)
Distributions to Mohegan Tribe	(12,500)	(12,500)	-
Balance, June 30, 2012	\$ 207,831	\$ 206,376	\$ 1,455
Balance, September 30, 2011	\$ 198,724	\$ 196,403	\$ 2,321
Cumulative-effect of adoption of amendments to ASC 924 regarding jackpot liabilities	1,968	1,968	-
Contributions from members	281	-	281
Net income (loss)	47,308	48,455	(1,147)
Distributions to Mohegan Tribe			

	(40,450)		(40,450)		—
Balance, June 30, 2012	\$ 207,831	\$	206,376	\$	1,455
Balance, March 31, 2011	\$ 161,659	\$	158,526	\$	3,133
Contributions from members	306		—		306
Net income (loss)	28,660		29,146		(486)
Distributions to Mohegan Tribe	(14,581)		(14,581)		—
Balance, June 30, 2011	\$ 176,044	\$	173,091	\$	2,953
Balance, September 30, 2010	\$ 132,044	\$	129,476	\$	2,568
Contributions from members	1,785		—		1,785
Net income (loss)	65,884		67,284		(1,400)
Distributions to Mohegan Tribe	(23,669)		(23,669)		—
Balance, June 30, 2011	\$ 176,044	\$	173,091	\$	2,953

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	For the Nine Months Ended June 30, 2012	For the Nine Months Ended June 30, 2011
<b>Cash flows provided by (used in) operating activities:</b>		
Net income	\$ 47,308	\$ 65,834
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	64,077	68,451
Accretion of discount to the relinquishment liability	6,186	8,525
Cash paid for accretion of discount to the relinquishment liability	(5,935)	(8,119)
Loss on early exchange of debt	14,323	—
Amortization of debt issuance costs	6,300	5,365
Accretion of bond discount	825	488
Amortization of net deferred gain on settlement of derivative instruments	(231)	(351)
Provision for losses on receivables	1,835	2,602
Loss on disposition of assets	320	249
Changes in operating assets and liabilities:		
Increase in receivables	(6,500)	(1,578)
Increase in inventories	(1,024)	(445)
Increase in other assets	(3,214)	(5,759)
(Decrease) increase in trade payables	(5,325)	1,560
Increase in other liabilities	25,346	2,219
Net cash flows provided by operating activities	144,291	139,091
<b>Cash flows provided by (used in) investing activities:</b>		
Purchases of property and equipment, net of decrease in construction payables of \$6,507 and \$5,688, respectively	(40,638)	(39,701)
Proceeds from Commonwealth of Pennsylvania's facility improvement grant	2,000	—
Issuance of third-party loans and advances	(570)	(595)

Payments received on third-party loans	113	186
Decrease in restricted cash, net	261	163
Proceeds from asset sales	134	281
Net cash flows used in investing activities	(38,700)	(39,666)
Cash flows provided by (used in) financing activities:		
Bank Credit Facility borrowings - revolving loan	154,000	270,000
Bank Credit Facility repayments - revolving loan	(289,000)	(318,000)
Bank Credit Facility repayments - term loan	(2,000)	—
Term Loan Facility borrowings, net of discount	220,500	—
Salishan-Mohegan Bank Credit Facility borrowings - revolving loan	—	250
Salishan-Mohegan Bank Credit Facility repayments - revolving loan	(15,250)	—
Line of Credit borrowings	225,215	412,909
Line of Credit repayments	(225,215)	(411,442)
Borrowings from Mohegan Tribe	20,600	600
Payments on long-term debt	(66,454)	(1,000)
Principal portion of relinquishment liability payments	(28,756)	(26,354)
Distributions to Mohegan Tribe	(40,450)	(23,669)
Payments of financing fees	(50,178)	(2,161)
Payments on capital lease obligations	(528)	(515)
Non-controlling interest contributions	281	1,785
Net cash flows used in financing activities	(97,235)	(97,597)
Net increase in cash and cash equivalents	8,356	1,828
Cash and cash equivalents at beginning of period	112,174	63,897
Cash and cash equivalents at end of period	\$ 120,530	\$ 65,725
Supplemental disclosures:		
Cash paid during the period for interest	\$ 78,119	\$ 82,377
Capital lease	\$ 4,048	\$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

**NOTE 1—ORGANIZATION:**

The Mohegan Tribe of Indians of Connecticut (the "Mohegan Tribe" or the "Tribe") established the Mohegan Tribal Gaming Authority (the "Authority") in July 1995 with the exclusive authority to conduct and regulate gaming activities for the Tribe on Tribal lands and the non-exclusive authority to conduct such activities elsewhere. The Tribe is a federally-recognized Indian tribe with an approximately 544-acre reservation situated in Southeastern Connecticut, adjacent to Uncasville, Connecticut. Under the Indian Gaming Regulatory Act of 1988 ("IGRA"), federally-recognized Indian tribes are permitted to conduct full-scale casino gaming operations on tribal land, subject to, among other things, the negotiation of a compact with the affected state. The Tribe and the State of Connecticut entered into a compact (the "Mohegan Compact"), which was approved by the United States Secretary of the Interior. The Authority is primarily engaged in the ownership, operation and development of gaming facilities. In October 1996, the Authority opened Mohegan Sun, a gaming and entertainment complex situated on a 185-acre site on the Tribe's reservation. The Authority is governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Tribe. Any change in the composition of the Mohegan Tribal Council results in a corresponding change in the Authority's Management Board.

As of June 30, 2012, the following subsidiaries were wholly-owned by the Authority: Mohegan Basketball Club, LLC ("MBC"), Mohegan Golf, LLC ("Mohegan Golf"), Mohegan Commercial Ventures-PA, LLC ("MCV-PA"), Mohegan Ventures-Northwest, LLC ("Mohegan Ventures-NW"), Mohegan Ventures Wisconsin, LLC ("MVW"), MTGA Gaming, LLC ("MTGA Gaming") and Downs Lodging, LLC ("Downs Lodging"). MBC owns and operates the Connecticut Sun, a professional basketball team in the Women's National Basketball Association (the "WNBA"). MBC currently owns a 4.2% membership interest in WNBA, LLC. Mohegan Golf owns and operates the Mohegan Sun Country Club at Paulipaug golf course in Southeastern Connecticut ("Mohegan Sun Country Club"). Downs Lodging, an unrestricted subsidiary of the Authority,

was formed to develop, finance and build Project Sunlight, a hotel and convention center to be located at Mohegan Sun at Pocono Downs. Refer to Note 9 for more information on Downs Lodging and Project Sunlight.

MCV-PA holds a 0.01% general partnership interest in each of Downs Racing, L.P., Backside, L.P., Mill Creek Land, L.P. and Northeast Concessions, L.P., while the Authority holds the remaining 99.99% limited partnership interest in each entity. Downs Racing, L.P. ("Downs Racing") owns and operates Mohegan Sun at Pocono Downs, a gaming and entertainment facility situated on a 400-acre site in Plains Township, Pennsylvania, and several off-track wagering facilities located elsewhere in Pennsylvania (collectively, the "Pennsylvania Entities"). The Authority views Mohegan Sun and the Pennsylvania Entities as two separate operating segments.

Mohegan Ventures-NW and the Tribe hold 49.15% and 7.85% membership interests in Salishan-Mohegan, LLC ("Salishan-Mohegan"), respectively, which was formed with an unrelated third-party to participate in the development and management of a proposed casino to be owned by the federally-recognized Cowlitz Indian Tribe of Washington (the "Cowlitz Tribe") and to be located in Clark County, Washington (the "Cowlitz Project").

MVW holds a 100% membership interest in Wisconsin Tribal Gaming, LLC ("WTG"), which was formed to participate in the development of a proposed casino to be owned by the federally-recognized Menominee Indian Tribe of Wisconsin (the "Menominee Tribe") and to be located in Kenosha, Wisconsin (the "Menominee Project").

MTGA Gaming and the Tribe hold 49% and 51% membership interests in Mohegan Gaming & Hospitality, LLC ("MG&H"), respectively. MG&H holds a 100% membership interest in Mohegan Resorts, LLC ("Mohegan Resorts"). Mohegan Resorts holds a 100% membership interest in Mohegan Resorts Mass, LLC, which was formed to pursue potential gaming opportunities in the Commonwealth of Massachusetts. Mohegan Resorts also holds 100% membership interests in Mohegan Resorts New York, LLC and Mohegan Gaming New York, LLC (collectively, the "Mohegan New York Entities"). The Mohegan New York Entities were formed to pursue potential gaming opportunities in the state of New York.

#### NOTE 2—BASIS OF PRESENTATION:

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In accordance with Rule 10-01, the accompanying unaudited condensed consolidated financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete consolidated financial statements. The accompanying year-end condensed consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by accounting

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

principles generally accepted in the United States of America. In management's opinion, all adjustments, including normal recurring accruals and adjustments, necessary for a fair statement of the Authority's operating results for the interim period, have been included. The Authority's operating results for the three months and nine months ended June 30, 2012 are not necessarily indicative of results for the fiscal year ending September 30, 2012.

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

The Authority's operating results for the three months and nine months ended June 30, 2012 reflect adjustments to increase interest income by \$1.1 million and reserves for doubtful collection of long-term receivables by \$326,000 relating to unrecorded interest income and the related receivables and reserves in connection with reimbursable costs and expenses advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe for the Cowlitz Project that were not recorded during fiscal 2007, 2008, 2009, 2010, 2011 and 2012, and interim periods within those fiscal years. Because amounts involved were not material to the Authority's financial statements in any individual prior period, and the cumulative amount is not material to estimated operating results for the fiscal year ending September 30, 2012, the Authority recorded the cumulative effect of correcting these items during the three months ended June 30, 2012.

During the three months ended June 30, 2011, the Authority recorded an adjustment of \$3.7 million to reduce cash and cash equivalents and slot revenues that were incorrectly recorded during fiscal 2005, 2006 and 2007, and interim periods within those fiscal years. Because amounts involved were not material to the Authority's financial statements in any individual prior period, and the cumulative amount was not material to operating results for the fiscal year ending September 30, 2011, the Authority recorded the cumulative effect of correcting these items during the three months ended June 30, 2011.

#### *Principles of Consolidation*

The accompanying condensed consolidated financial statements include the accounts of the Authority and its majority and wholly-owned subsidiaries and entities. In accordance with authoritative guidance issued by the Financial Accounting Standards Board (the "FASB") pertaining to consolidation of variable interest entities, the accounts of Salishan-Mohegan are consolidated into the accounts of Mohegan Ventures-NW, and the accounts of MGI&H, Mohegan Resorts and its subsidiaries are consolidated into the accounts of MTGA Gaming, as Mohegan Ventures-NW and MTGA Gaming are deemed to be the primary beneficiaries. In consolidation, all intercompany balances and transactions were eliminated.

#### *Fair Value of Financial Instruments*

The fair value amounts presented below are reported to satisfy disclosure requirements pursuant to authoritative guidance issued by the FASB pertaining to disclosures about fair values of financial instruments and are not necessarily indicative of amounts that the Authority could realize in a current market transaction.

The Authority applies the following fair value hierarchy, which prioritizes the inputs utilized to measure fair value into three levels:

- Level 1-Quoted prices for identical assets or liabilities in active markets;
- Level 2-Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets or valuations based on models where the significant inputs are observable or can be corroborated by observable market data; and
- Level 3-Valuations based on models where the significant inputs are unobservable. The unobservable inputs reflect the Authority's estimates or assumptions that market participants would utilize in pricing such assets or liabilities.

The Authority's assessment of the significance of a particular input requires judgment and may affect the valuation of financial assets and liabilities and their placement within the fair value hierarchy.

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

The carrying amount of cash and cash equivalents, receivables, trade payables and promissory notes approximates fair value. The estimated fair value of the Authority's financing facilities and notes were as follows (in thousands):

	June 30, 2012	
	Carrying Value	Fair Value
Bank Credit Facility	\$ 398,000	\$ 376,110
Term Loan Facility	\$ 220,782	\$ 225,563
2009 11 1/2% Second Lien Senior Secured Notes	\$ 194	\$ 206
2012 11 1/2% Second Lien Senior Secured Notes	\$ 194,024	\$ 205,794
2012 10 1/2% Third Lien Senior Secured Notes	\$ 417,771	\$ 363,461
2005 6 1/8% Senior Unsecured Notes	\$ 15,775	\$ 14,750
2004 7 1/8% Senior Subordinated Notes	\$ 21,156	\$ 16,396
2005 6 7/8% Senior Subordinated Notes	\$ 9,654	\$ 7,144
2012 11% Senior Subordinated Notes	\$ 344,190	\$ 228,026

The estimated fair values of the Authority's financing facilities and notes were based on Level 2 inputs (quoted market prices or prices of similar instruments) on or about June 30, 2012.

### Long-Term Receivables

Long-term receivables consist primarily of receivables from affiliates and tenants. The following table presents a reconciliation of long-term receivables and the related reserves for doubtful collection of these long-term receivables (in thousands):

	Long-Term Receivables		
	Affiliates (1)	Tenants	Total
Balance, March 31, 2012	\$ 48,551	\$ 1,207	\$ 49,758
Additions:			
Issuance of affiliate advances and tenant loans (2)	2,132	-	2,132
Deductions:			
Payments received	—	(35)	(35)
Balance, June 30, 2012	<u>\$ 50,683</u>	<u>\$ 1,172</u>	<u>\$ 51,855</u>
Balance, September 30, 2011	\$ 46,561	\$ 1,285	\$ 47,846
Additions:			
Issuance of affiliate advances and tenant loans (2)	4,122	-	4,122
Deductions:			
Payments received	—	(113)	(113)
Balance, June 30, 2012	<u>\$ 50,683</u>	<u>\$ 1,172</u>	<u>\$ 51,855</u>

(1) Includes interest receivable of \$20.1 million, \$22.0 million and \$18.4 million as of March 31, 2012, June 30, 2012 and September 30, 2011, respectively. The WTG receivables no longer accrue interest pursuant to a release and reimbursement agreement entered into in September 2010.

(2) Includes adjustment to increase long-term receivables by \$1.1 million, which related to prior periods.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
(unaudited)

	Reserves for Doubtful Collection of Long-Term Receivables		
	Affiliates	Tenants	Total
Balance, March 31, 2012	\$ 20,714	\$ 73	\$ 20,787
Additions:			
Charges to bad debt expense (1)	627	—	627
Deductions:			
Adjustments	—	(2)	(2)
Balance, June 30, 2012	<u>\$ 21,341</u>	<u>\$ 71</u>	<u>\$ 21,412</u>
Balance, September 30, 2011	\$ 20,201	\$ 78	\$ 20,279
Additions:			
Charges to bad debt expense (1)	1,140	-	1,140
Deductions:			
Adjustments	—	(7)	(7)
Balance, June 30, 2012	<u>\$ 21,341</u>	<u>\$ 71</u>	<u>\$ 21,412</u>

(1) Includes adjustment to increase reserves for doubtful collection of long-term receivables by \$326,000, which related to prior periods.

*New Accounting Standards*

In July 2012, the FASB issued revised guidance pertaining to the accounting standard for indefinite-lived intangible assets. The revised guidance allows an entity the option to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired before performing the two-step indefinite-lived intangible asset impairment test. The revised guidance is effective for interim and annual periods beginning after September 15, 2012; however, early adoption is permitted. The Authority does not expect its adoption to impact its financial position, results of operations or cash flows.

In September 2011, the FASB issued revised guidance pertaining to the accounting standard for goodwill impairment tests. The revised guidance allows an entity the option to assess qualitative factors to determine whether the fair value of a reporting unit is less than its carrying value before performing the two-step goodwill impairment test. The revised guidance is effective for interim and annual periods beginning after December 15, 2011. The Authority adopted this guidance in its second quarter of fiscal 2012, and its adoption did not impact its financial position, results of operations or cash flows.

In May 2011, the FASB issued amended guidance seeking to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRS"). While consistent with existing fair value measurement principles under GAAP, the amended guidance expands existing disclosure requirements for fair value measurements and eliminates unnecessary differences between GAAP and IFRS. The amended guidance is effective for interim and annual periods beginning after December 15, 2011. The Authority adopted this guidance in its second quarter of fiscal 2012, and its adoption did not impact its financial position, results of operations or cash flows.

In April 2010, the FASB issued guidance pertaining to accruals for casino jackpot liabilities. The new guidance clarifies that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying such jackpot. The new guidance specifies that jackpots should be accrued and charged to revenue when the entity has the obligation to pay such jackpot and applies to both base and progressive jackpots and requires a cumulative-effect adjustment to opening retained earnings in the period of adoption. The new guidance was effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2010. The Authority adopted this guidance in its first quarter of fiscal 2012, and as such, recorded a cumulative-effect adjustment, which decreased other current liabilities and increased retained earnings by \$2.0 million.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
(unaudited)

**NOTE 3—LONG-TERM DEBT:**

Long-term debt consisted of the following (in thousands, including current maturities):

	June 30, 2012	September 30, 2011
Bank Credit Facility, due March 2015	\$ 398,000	\$ 535,000
Term Loan Facility, due March 2016, net of discount of \$4,218	220,782	-
2009 11 1/2% Second Lien Senior Secured Notes, due November 2017, net of discount of \$6 and \$6,325, respectively	194	193,675
2012 11 1/2% Second Lien Senior Secured Notes, due November 2017, net of discount of \$5,776	194,024	-
2012 10 1/2% Third Lien Senior Secured Notes, due December 2016	417,771	-
2005 6 1/8% Senior Unsecured Notes, due February 2013	15,775	250,000
2002 8% Senior Subordinated Notes, due April 2012	--	250,000
2004 7 1/8% Senior Subordinated Notes, due August 2014		

	21,156	225,000
2005 6 7/8% Senior Subordinated Notes, due February 2015	9,654	150,000
2012 11 % Senior Subordinated Notes, due September 2018	344,190	
2009 Mohegan Tribe Promissory Note, due September 2014	10,000	10,000
2012 Mohegan Tribe Minor's Trust Promissory Note, due March 2016	20,000	---
Mohegan Tribe Credit Facility, due September 2013	1,450	850
Salishan-Mohegan Bank Credit Facility, due March 2012		15,250
Subtotal	<u>1,652,996</u>	<u>1,629,775</u>
Plus net deferred gain on derivative instruments sold	410	641
Long-term debt, excluding capital leases	<u>1,653,406</u>	<u>1,630,416</u>
Less: current portion of long-term debt	<u>(27,257)</u>	<u>(811,100)</u>
Long-term debt, net of current portion	<u>\$ 1,626,149</u>	<u>\$ 819,316</u>

On March 6, 2012, the Authority completed a comprehensive refinancing of its outstanding indebtedness, including the consummation of private exchange offers and consent solicitations with respect to its outstanding notes, an amendment and restatement of its bank credit facility and the execution and funding of a term loan facility (all further discussed below). Consummation of the exchange offers resulted in the issuance of approximately \$961.8 million in aggregate principal amount of new notes in exchange for an equivalent principal amount of tendered and accepted old notes. The Authority incurred approximately \$58.3 million in costs in connection with these refinancing transactions, consisting primarily of consulting, legal and consent fees. In accordance with authoritative guidance issued by the FASB pertaining to debt refinancing, these refinancing transactions were each considered a debt modification and approximately \$14.3 million in transaction costs were written-off and recorded as a loss on early exchange of debt in the related accompanying condensed consolidated statements of income. The remaining \$44.0 million in transaction costs were capitalized and included in other assets, net, in the related accompanying condensed consolidated balance sheet and will be amortized over the terms of the related debt.

#### **Bank Credit Facilities**

##### ***First Lien, First Out Credit Facility***

On March 6, 2012, the Authority entered into a Fourth Amended and Restated Bank Credit Facility providing for a \$400.0 million term loan and a revolving loan with letter of credit and borrowing capacity of up to \$75.0 million from a syndicate of financial institutions and commercial banks, with Bank of America, N.A. serving as Administrative Agent (the "Bank Credit Facility"). Principal outstanding on the term loan under the Bank Credit Facility is to be repaid at a rate of \$1.0 million per quarter. The Bank Credit Facility matures on March 31, 2015, upon which date all outstanding balances are payable in full. As of June 30, 2012, there were \$398.0 million in term loans and no revolving loans outstanding under the Bank Credit Facility. As of June 30, 2012, letters of credit issued under the Bank Credit Facility totaled \$2.3 million, of which no amount was drawn. Inclusive of letters of credit, which reduce borrowing availability under the Bank Credit Facility, and after taking into account restrictive financial covenant requirements, the Authority had approximately \$72.7 million of borrowing capacity under the Bank Credit Facility as of June 30, 2012.

Borrowings under the Bank Credit Facility incur interest as follows: (i) for base rate revolving loans, base rate plus an applicable margin based on a leverage-based pricing grid between 2.25% and 3.25%; (ii) for Eurodollar rate revolving loans, the

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applicable LIBOR rate plus an applicable margin based on a leverage-based pricing grid between 3.50% and 4.50%; (iii) for base rate term loans, base rate plus an applicable margin equal to 3.25%; and (iv) for Eurodollar rate term loans, the applicable LIBOR rate plus 4.50%. For Eurodollar rate term loans, LIBOR is subject to a 1.0% floor. There also is a fee of between 0.25% and 0.50%, based on a leverage-based pricing grid, charged on unused revolving commitments. Interest on Eurodollar rate loans is payable at the end of each applicable interest period for periods of three months or less and for loans of more than three months, each March, June, September or December that occurs after the beginning of such interest period. Interest on base rate advances is payable quarterly in arrears. As of June 30, 2012, the \$398.0 million term loan outstanding was based on the Eurodollar rate floor of 1.0% plus an applicable margin of 4.50%. The applicable margin for commitment fees was 0.50% as of June 30, 2012. As of June 30, 2012 and September 30, 2011, accrued interest, including commitment fees, on the Bank Credit Facility was \$7.0 million and \$1.0 million, respectively.

The Authority's obligations under the Bank Credit Facility are fully and unconditionally guaranteed, jointly and severally, by the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTC and MTGA Gaming (the "Guarantors"). The Bank Credit Facility is collateralized by a first priority lien on substantially all of the Authority's property and assets and those of the Guarantors (other than MBC), including the assets that comprise Mohegan Sun at Pocono Downs and a leasehold mortgage on the land and improvements that comprise Mohegan Sun (the Authority and the Guarantors, other than MBC, are collectively referred to herein as the "Grantors"). The Grantors are also required to pledge additional assets as collateral for the Bank Credit Facility as they and future guarantor subsidiaries acquire them. The liens and security interests granted by the Grantors as security for the Authority's obligations under the Bank Credit Facility are senior in priority to the liens on the same collateral securing the Term Loan Facility (as defined below) and the 2009 Second Lien Notes, 2012 Second Lien Notes and 2012 Third Lien Notes (each as defined below and, collectively, the "Secured Notes"). The collateral securing the Bank Credit Facility constitutes substantially all of the Grantors' property and assets that secure the Term Loan Facility and the Secured Notes, but excludes certain excluded assets as defined in the Bank Credit Facility.

The Bank Credit Facility contains negative covenants applicable to the Authority and the Guarantors, including negative covenants governing incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions, mergers or consolidations and capital expenditures. Additionally, the Bank Credit Facility includes financial maintenance covenants pertaining to total leverage, senior leverage and minimum fixed charge coverage.

As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the Bank Credit Facility.

#### *First Lien, Second Out Term Loan Facility*

On March 6, 2012, the Authority entered into a loan agreement providing for a \$225.0 million first lien, second out term loan with Wells Fargo Gaming Capital, LLC serving as Administrative Agent (the "Term Loan Facility"). The Term Loan Facility was issued at a price of 98.0% of par, for an initial yield of approximately 9.6% per annum. The Term Loan Facility has no mandatory amortization and is payable in full on March 31, 2016. The net proceeds from the Term Loan Facility were used to refinance the Authority's existing indebtedness, permanently reduce commitments under the Bank Credit Facility and pay accrued interest, fees and expenses in connection with the Authority's refinancing transactions consummated on March 6, 2012.

Loans under the Term Loan Facility incur interest as follows: (i) for base rate loans, base rate plus 6.50% per annum and (ii) for Eurodollar rate loans, LIBOR plus 7.50% per annum. In all cases, LIBOR is subject to a 1.50% floor. Interest on Eurodollar rate loans is payable at the end of each applicable interest period or every quarter in arrears, if an interest period exceeds three months. Interest on base rate loans is payable quarterly in arrears. As of June 30, 2012, the Authority had a \$225.0 million Eurodollar rate loan outstanding, which was based on the Eurodollar rate floor of 1.50% plus an applicable margin of 7.50%. As of June 30, 2012, accrued interest on the Term Loan Facility was \$1.1 million.

The Term Loan Facility is fully and unconditionally guaranteed, jointly and severally, by each of the Guarantors. The liens and security interests granted by the Grantors as security for the Authority's obligations under the Term Loan Facility are senior in priority to the liens on the same collateral securing any of the Secured Notes. The collateral securing the Term Loan Facility constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and the Secured Notes, but excludes certain excluded assets as defined in the Term Loan Facility.

The Term Loan Facility contains negative covenants that are substantially the same as the negative covenants contained in the Bank Credit Facility. The Term Loan Facility also contains financial maintenance covenants that are substantially the same as those in the Bank Credit Facility and also includes a separate first lien leverage ratio covenant.

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As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the Term Loan Facility.

#### *Senior Secured Notes*

##### *2009 11 1/2% Second Lien Senior Secured Notes*

In October 2009, the Authority issued \$200.0 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11.50% per annum (the "2009 Second Lien Notes"). The 2009 Second Lien Notes were issued at a price of 96.234% of par, to yield an effective interest rate of 12.25% per annum. The 2009 Second Lien Notes mature on November 1, 2017. The first call date for the 2009 Second Lien Notes is November 1, 2013. Interest on the 2009 Second Lien Notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2009 Second Lien Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2009 Second Lien Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2009 Second Lien Notes tendered and exchanged was \$199.8 million. An aggregate principal amount of \$200,000 of 2009 Second Lien Notes remains outstanding as of June 30, 2012. As of June 30, 2012 and September 30, 2011, accrued interest on the 2009 Second Lien Notes was \$4,000 and \$9.6 million, respectively.

The 2009 Second Lien Notes are collateralized by a second priority lien on substantially all of the Grantors' and future guarantor subsidiaries' properties and assets, and are effectively subordinated to all of the Authority's and its existing and future guarantor subsidiaries' first priority lien secured indebtedness, including borrowings under the Bank Credit Facility and Term Loan Facility, to the extent of the value of the collateral securing such indebtedness. The 2009 Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2009 Second Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

#### *2012 11 ½% Second Lien Senior Secured Notes*

On March 6, 2012, the Authority issued \$199.8 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11.50% *per annum* (the "2012 Second Lien Notes") in exchange for an equal amount of 2009 Second Lien Notes. The 2012 Second Lien Notes mature on November 1, 2017. The Authority may redeem the 2012 Second Lien Notes, in whole or in part, at any time prior to November 1, 2014, at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest. On or after November 1, 2014, the Authority may redeem the 2012 Second Lien Notes, in whole or in part, at a premium decreasing ratably to zero, plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Second Lien Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Second Lien Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Second Lien Notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, commencing November 1, 2012. As of June 30, 2012, accrued interest on the 2012 Second Lien Notes was \$7.3 million.

The 2012 Second Lien Notes and the related guarantees are secured by second lien security interests in substantially all of the Grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing the Authority's Bank Credit Facility and Term Loan Facility (and permitted replacements thereof) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 Second Lien Notes constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Third Lien Notes, but excludes certain excluded assets as defined in the 2012 Second Lien Notes indenture. The 2012 Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2012 Second Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

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#### *2012 10 ½% Third Lien Senior Secured Notes*

On March 6, 2012, the Authority issued approximately \$417.7 million Third Lien Senior Secured Notes with fixed interest payable at a rate of 10.50% *per annum* (the "2012 Third Lien Notes") in exchange for \$234.2 million of 2005 Senior Unsecured Notes and \$183.5 million of 2002 Senior Subordinated Notes. The 2012 Third Lien Notes mature on December 15, 2016. The Authority may redeem the 2012 Third Lien Notes, in whole or in part, at any time at a price equal to 100% of the principal amount plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Third Lien Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Third Lien Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Third Lien Notes is payable semi-annually on June 15<sup>th</sup> and December 15<sup>th</sup>, commencing December 15, 2012. As of June 30, 2012, accrued interest on the 2012 Third Lien Notes was \$14.0 million.

The 2012 Third Lien Notes and the related guarantees are secured by third lien security interests in substantially all of the Grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing the Authority's Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Second Lien Notes (and permitted replacements of each of the foregoing) and to all other

permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 Third Lien Notes constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Second Lien Notes, but excludes certain excluded assets as defined in the 2012 Third Lien Notes indenture. The 2012 Third Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2012 Third Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

#### *Senior Unsecured Notes*

##### *2005 6 1/8% Senior Unsecured Notes*

In February 2005, the Authority issued \$250.0 million Senior Unsecured Notes with fixed interest payable at a rate of 6.125% *per annum* (the "2005 Senior Unsecured Notes"). The 2005 Senior Unsecured Notes mature on February 15, 2013. The 2005 Senior Unsecured Notes are callable at the Authority's option at par. Interest on the 2005 Senior Unsecured Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2005 Senior Unsecured Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 Senior Unsecured Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2005 Senior Unsecured Notes tendered and exchanged was \$234.2 million. An aggregate principal amount of \$15.8 million of the 2005 Senior Unsecured Notes remains outstanding as of June 30, 2012. As of June 30, 2012 and September 30, 2011, accrued interest on the 2005 Senior Unsecured Notes was \$322,000 and \$1.9 million, respectively.

The 2005 Senior Unsecured Notes are uncollateralized general obligations of the Authority, and are effectively subordinated to all of the Authority's and the Guarantors' and future guarantor subsidiaries' senior secured indebtedness, including the Bank Credit Facility, Term Loan Facility, 2009 Second Lien Notes, 2012 Second Lien Notes and 2012 Third Lien Notes, to the extent of the value of the collateral securing such indebtedness. The 2005 Senior Unsecured Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors. Refer to Note 8 for condensed consolidating financial information of the Authority and its Guarantor and non-guarantor entities.

#### *Senior Subordinated Notes*

##### *2002 8% Senior Subordinated Notes*

In February 2002, the Authority issued \$250.0 million Senior Subordinated Notes with fixed interest payable at a rate of 8.000% *per annum* (the "2002 Senior Subordinated Notes"). The 2002 Senior Subordinated Notes matured on April 1, 2012. Subsequent to the March 6, 2012 private exchange offer, \$66.5 million 2002 Senior Subordinated Notes remained outstanding, which amount, including accrued interest, was repaid at maturity with cash on hand. As of September 30, 2011, accrued interest on the 2002 Senior Subordinated Notes was \$10.0 million.

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##### *2004 7 1/8% Senior Subordinated Notes*

In August 2004, the Authority issued \$225.0 million Senior Subordinated Notes with fixed interest payable at a rate of 7.125% *per annum* (the "2004 Senior Subordinated Notes"). The 2004 Senior Subordinated Notes mature on August 15, 2014. The 2004 Senior Subordinated Notes are callable at the Authority's option at par. Interest on the 2004 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2004 Senior Subordinated Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2004 Senior Subordinated Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2004 Senior Subordinated Notes tendered and exchanged was \$203.8 million. An aggregate principal amount of \$21.2 million of the 2004 Senior Subordinated Notes remains outstanding as of June 30, 2012. As of June 30, 2012 and September 30, 2011, accrued interest on the 2004 Senior Subordinated Notes was \$525,000 and \$2.0 million, respectively.

##### *2005 6 7/8% Senior Subordinated Notes*

In February 2005, the Authority issued \$150.0 million Senior Subordinated Notes with fixed interest payable at a rate of 6.875% *per annum* (the "2005 Senior Subordinated Notes"). The 2005 Senior Subordinated Notes mature on February 15, 2015. The 2005 Senior Subordinated Notes are callable at the Authority's option at par. Interest on the 2005 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2005 Senior Subordinated Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 Senior Subordinated Notes, which eliminated certain covenants under the notes and related indenture. The aggregate principal amount of 2005 Senior Subordinated Notes tendered and exchanged was \$140.3 million. An aggregate principal amount of \$9.7 million of the 2005 Senior Subordinated Notes remains outstanding as of June 30, 2012. As of June 30, 2012 and September 30, 2011, accrued interest on the 2005 Senior Subordinated Notes was \$222,000 and \$1.3 million, respectively.

#### **2012 11% Senior Subordinated Notes**

On March 6, 2012, the Authority issued \$344.2 million Senior Subordinated Toggle Notes with fixed interest payable at a rate of 11% *per annum* (the "2012 Senior Subordinated Notes") in exchange for \$203.8 million of 2004 Senior Subordinated Notes and \$140.3 million of 2005 Senior Subordinated Notes. The 2012 Senior Subordinated Notes mature on September 15, 2018. The Authority may redeem the 2012 Senior Subordinated Notes, in whole or in part, at any time, at a price equal to 100% of the principal amount plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Senior Subordinated Notes is payable semi-annually on March 15<sup>th</sup> and September 15<sup>th</sup>, commencing September 15, 2012. The initial interest payment on the 2012 Senior Subordinated Notes is payable entirely in cash. For any subsequent interest payment period through March 15, 2018, the Authority may, at its option, elect to pay interest on the 2012 Senior Subordinated Notes either entirely in cash or by paying up to 2% in 2012 Senior Subordinated Notes ("PIK Interest"). If the Authority elects to pay PIK Interest, such election will increase the principal amount of the 2012 Senior Subordinated Notes in an amount equal to the amount of PIK Interest for the applicable interest payment period to holders of 2012 Senior Subordinated Notes on the relevant record date. As of June 30, 2012, accrued interest on the 2012 Senior Subordinated Notes was \$12.1 million.

The 2012 Senior Subordinated Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

The Authority's senior subordinated notes are uncollateralized general obligations of the Authority, and are subordinated to borrowings under the Bank Credit Facility, Term Loan Facility, 2009 Second Lien Notes, 2012 Second Lien Notes, 2012 Third Lien Notes and 2005 Senior Unsecured Notes. The senior subordinated notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors. Refer to Note 8 for condensed consolidating financial information of the Authority and its

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Guarantor and non-guarantor entities.

The senior and senior subordinated note indentures contain certain non-financial and financial covenant requirements with which the Authority and the Tribe must comply. The non-financial covenant requirements include, among other things, reporting obligations, compliance with laws and regulations, maintenance of licenses and insurances and continued existence of the Authority. The financial covenant requirements include, among other things, subject to certain exceptions, limitations on the Authority's and the Guarantors' ability to incur additional indebtedness, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company, transfer or sell assets or impair assets constituting collateral.

As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the senior and senior subordinated note indentures.

The Authority or its affiliates may, from time to time, seek to purchase or otherwise retire outstanding indebtedness for cash in open market purchases, privately negotiated transactions or otherwise. Any such transaction will depend on prevailing market conditions and the Authority's liquidity and covenant requirement restrictions, among other factors.

#### **Line of Credit**

As of June 30, 2012, the Authority had a \$16.5 million revolving credit facility with Bank of America, N.A. (the "Line of Credit"). The Line of Credit was amended in March 2012 to, among other things, extend the maturity date to March 31, 2015. Pursuant to the provisions of the Bank Credit Facility, the Line of Credit may be replaced by an Autoborrow Loan governed by the terms of an Autoborrow Agreement described in the Bank Credit Facility. Under the Line of Credit, as amended, each advance accrues interest on the basis of a one-month LIBOR Rate plus an applicable margin based on the Authority's total leverage ratio, as each term is defined under the Line of Credit. Borrowings under the Line of Credit are uncollateralized obligations. As of June 30, 2012, no amount was drawn on the Line of Credit. The Line of Credit contains negative covenants and financial maintenance covenants that are substantially the same as the corresponding covenants contained in the Bank Credit Facility.

As of June 30, 2012, the Authority was in compliance with all covenant requirements under the Line of Credit and had \$16.5 million of borrowing capacity thereunder. As of June 30, 2012, there was no accrued interest on the Line of Credit. As of September 30, 2011, accrued interest on the Line of Credit was \$7,000.

#### *2009 Mohegan Tribe Promissory Note*

In September 2009, the Tribe made a \$10.0 million loan to Salishan-Mohegan (the "2009 Mohegan Tribe Promissory Note"). The 2009 Mohegan Tribe Promissory Note was amended in March 2012 to extend the maturity date to September 30, 2014. As amended, the 2009 Mohegan Tribe Promissory Note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly in the amount of \$1.2 million, commencing December 31, 2013 and continuing through June 30, 2014, with the balance of accrued and unpaid interest due at maturity. Principal outstanding under the 2009 Mohegan Tribe Promissory Note amortizes as follows: (i) \$1.625 million per quarter, commencing December 31, 2012 and continuing through September 30, 2013 and (ii) \$875,000 per quarter, commencing December 31, 2013. As of June 30, 2012 and September 30, 2011, accrued interest on the Mohegan Tribe Promissory Note was \$3.7 million and \$2.7 million, respectively.

#### *2012 Mohegan Tribe Minor's Trust Promissory Note*

In March 2012, Comerica Bank & Trust, N.A., Trustee f/b/o The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan (the "2012 Mohegan Tribe Minor's Trust Promissory Note"), the proceeds of which were used to repay, among other things, the Salishan-Mohegan Bank Credit Facility. The 2012 Mohegan Tribe Minor's Trust Promissory Note matures on March 31, 2016. The 2012 Mohegan Tribe Minor's Trust Promissory Note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly, commencing June 30, 2012. Principal outstanding under the 2012 Mohegan Tribe Minor's Trust Promissory Note amortizes as follows: (i) \$500,000 per quarter, commencing December 31, 2012 and continuing through September 30, 2014 and (ii) \$1.5 million per quarter, commencing December 31, 2014 and continuing to maturity. As of June 30, 2012, accrued interest on the 2012 Mohegan Tribe Minor's Trust Promissory Note was \$11,000.

#### *Mohegan Tribe Credit Facility*

In 2011, the Tribe provided Salishan-Mohegan with a \$1.75 million revolving credit facility (the "Mohegan Tribe Credit Facility"). The Mohegan Tribe Credit Facility was amended in March 2012 to extend the maturity date to September 30, 2013

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and reduce the borrowing capacity to \$1.45 million. The Mohegan Tribe Credit Facility accrues interest at an annual rate of 15.0% payable at maturity. As amended, principal outstanding under the Mohegan Tribe Credit Facility amortizes at a rate of \$362,500 per quarter, commencing December 31, 2012. As of June 30, 2012, the Mohegan Tribe Credit Facility was fully drawn. As of June 30, 2012 and September 30, 2011, accrued interest on the Mohegan Tribe Credit Facility was \$194,000 and \$47,000, respectively.

#### *Salishan-Mohegan Bank Credit Facility*

Salishan-Mohegan previously had a \$15.25 million revolving credit facility with Bank of America, N.A. (the "Salishan-Mohegan Bank Credit Facility"). The Salishan-Mohegan Bank Credit Facility, including accrued interest, matured in March 2012, at which time it was repaid with proceeds from the 2012 Mohegan Tribe Minor's Trust Promissory Note. As of September 30, 2011, accrued interest on the Salishan-Mohegan Bank Credit Facility was \$19,000.

#### **NOTE 4—RELATED PARTY TRANSACTIONS:**

Distributions to the Tribe totaled \$12.5 million and \$14.6 million for the three months ended June 30, 2012 and 2011, respectively, and \$40.5 million and \$23.7 million for the nine months ended June 30, 2012 and 2011, respectively.

The Tribe provides certain governmental and administrative services in connection with the operation of Mohegan Sun. The Authority incurred expenses for such services totaling \$6.8 million and \$6.9 million for the three months ended June 30, 2012 and 2011, respectively, and \$20.3 million and \$20.6 million for the nine months ended June 30, 2012 and 2011, respectively.

The Authority purchases most of its utilities, including electricity, gas, water and waste water services, from an instrumentality of the Tribe, the Mohegan Tribal Utility Authority. The Authority incurred costs for such utilities totaling \$4.2 million and \$5.3 million for the three months ended June 30, 2012 and 2011, respectively, and \$14.2 million and \$16.3 million for the nine months ended June 30, 2012 and 2011, respectively.

The Authority incurred interest expense associated with the 2009 Mohegan Tribe Promissory Note totaling \$281,000 and \$374,000 for the three months ended June 30, 2012 and 2011, respectively, and \$997,000 and \$1.1 million for the nine months ended June 30, 2012 and 2011, respectively.

The Authority incurred interest expense associated with the 2012 Mohegan Tribe Minor's Trust Promissory Note totaling \$497,000 and

\$508,000 for the three months and nine months ended June 30, 2012, respectively.

The Authority incurred interest expense associated with the Mohegan Tribe Credit Facility totaling \$54,000 and \$15,000 for the three months ended June 30, 2012 and 2011, respectively, and \$147,000 and \$18,000 for the nine months ended June 30, 2012 and 2011, respectively.

**NOTE 5—COMMITMENTS AND CONTINGENCIES:**

*Slot Win and Free Promotional Slot Play Contributions*

In May 1994, the Tribe and the State of Connecticut entered into a Memorandum of Understanding ("MOU"), which sets forth certain matters regarding implementation of the Mohegan Compact. The MOU stipulates that a portion of revenues from slot machines must be paid to the State of Connecticut ("Slot Win Contribution"). Slot Win Contribution payments are not required if the State of Connecticut legalizes any other gaming operation with slot machines, video facsimiles of games of chance or other commercial casino games within the State of Connecticut, except those consented to by the Tribe and the Mashantucket Pequot Tribe (the "MPT"). For each 12-month period commencing July 1, 1995, Slot Win Contribution payments shall be the lesser of: (1) 30% of gross revenues from slot machines, or (2) the greater of (a) 25% of gross revenues from slot machines or (b) \$80.0 million.

In September 2009, the Authority entered into a settlement agreement with the State of Connecticut regarding contribution payments on the Authority's free promotional slot play program. Under the terms of the settlement agreement, effective July 1, 2009, the State of Connecticut agreed that no value shall be attributed to free promotional slot plays utilized by patrons at Mohegan Sun for purposes of calculating monthly contribution payments, provided that the aggregate amount of free promotional slot plays during any month does not exceed 5.5% of gross revenues from slot machines for such month. In the event free promotional slot plays granted by the Authority exceed 5.5% of monthly gross revenues from slot machines, contribution payments are required on such excess free amount of free promotional slot plays at the same rate as Slot Win Contribution payments, or 25%. Effective July 1, 2012, the threshold before contribution payments on free promotional slot plays are required was increased from 5.5% of gross revenues from slot machines to 11%.

The Authority reflected expenses associated with the combined Slot Win Contribution and free promotional slot play contribution totaling \$43.6 million and \$46.8 million for the three months ended June 30, 2012 and 2011, respectively, and \$130.4

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million and \$135.4 million for the nine months ended June 30, 2012 and 2011, respectively. As of June 30, 2012 and September 30, 2011, the combined outstanding Slot Win Contribution and free promotional slot play contribution totaled \$14.6 million and \$15.3 million, respectively.

*Pennsylvania Slot Machine Tax*

Downs Racing holds a Category One slot machine license issued by the Pennsylvania Gaming Control Board (the "PGCB") for the operation of slot machines at Mohegan Sun at Pocono Downs. This license permits Downs Racing to install and operate up to 3,000 slot machines at Mohegan Sun at Pocono Downs, expandable to up to a total of 5,000 slot machines upon request and approval of the PGCB.

The Pennsylvania Race Horse Development and Gaming Act stipulates that holders of Category One slot machine licenses must pay a portion of revenues from slot machines to the PGCB on a daily basis ("Pennsylvania Slot Machine Tax"), which includes local share assessments to be paid to the cities and municipalities hosting Mohegan Sun at Pocono Downs and amounts to be paid to the Pennsylvania Harness Horsemen's Association, Inc. (the "PHHA"). The Pennsylvania Slot Machine Tax is currently 55% of gross revenues from slot machines, 2% of which is subject to a \$10.0 million minimum annual threshold to ensure that the host cities and municipalities receive an annual minimum of \$10.0 million in local share assessments. Downs Racing maintains a \$1.5 million escrow deposit in the name of the Commonwealth of Pennsylvania for Pennsylvania Slot Machine Tax payments, which was included in other assets, net, in the accompanying condensed consolidated balance sheets.

The Authority reflected expenses associated with the Pennsylvania Slot Machine Tax totaling \$33.5 million and \$32.4 million for the three months ended June 30, 2012 and 2011, respectively, and \$100.8 million and \$95.5 million for the nine months ended June 30, 2012 and 2011, respectively. As of June 30, 2012 and September 30, 2011, outstanding Pennsylvania Slot Machine Tax payments totaled \$3.9 million and \$4.8 million, respectively.

*Pennsylvania Table Game Tax*

In January 2010, the Commonwealth of Pennsylvania amended the Pennsylvania Race Horse Development and Gaming Act to allow slot machine operators in the Commonwealth of Pennsylvania to obtain a table game operation certificate and operate certain table games, including poker. On July 13, 2010, Downs Racing opened its table game and poker operations at Mohegan Sun at Pocono Downs. Under the amended law, holders of table game operation certificates must pay a portion of revenues from table games to the PGCB on a weekly basis ("Pennsylvania Table Game Tax"). During the initial two years of operation, the Pennsylvania Table Game Tax is 14%, plus 2% in local share assessments. Following the initial two years of operation, the Pennsylvania Table Game Tax will be reduced to 12%, plus the 2% local share assessments. Downs Racing

concluded its initial two years of table game and poker operations on July 13, 2012.

The Authority reflected expenses associated with the Pennsylvania Table Game Tax totaling \$1.6 million and \$1.7 million for the three months ended June 30, 2012 and 2011, respectively, and \$5.2 million and \$4.9 million for the nine months ended June 30, 2012 and 2011, respectively. As of June 30, 2012 and September 30, 2011, outstanding Pennsylvania Table Game Tax payments totaled \$117,000 and \$87,000, respectively.

#### *Pennsylvania Regulatory Fee*

Slot machine licensees in the Commonwealth of Pennsylvania are required to reimburse state gaming regulatory agencies for various administrative and operating expenses ("Pennsylvania Regulatory Fee") at a rate of 1.5% of gross revenues from slot machines and table games.

The Authority reflected expenses associated with the Pennsylvania Regulatory Fee totaling \$1.2 million and \$1.3 million for the three months ended June 30, 2012 and 2011, respectively, and \$3.8 million and \$3.7 million for the nine months ended June 30, 2012 and 2011, respectively. As of June 30, 2012 and September 30, 2011, outstanding Pennsylvania Regulatory Fee payments to the PGCB totaled \$125,000 and \$106,000, respectively.

#### *Pennsylvania Gaming Control Board Loans*

The PGCB was initially granted \$36.1 million in loans to fund start-up costs for gaming in the Commonwealth of Pennsylvania, which are to be repaid by slot machine licensees (the "Initial Loans"). The PGCB was subsequently granted an additional \$63.8 million in loans to fund ongoing gaming oversight costs, which also are to be repaid by slot machine licensees (the "Subsequent Loans"). Repayment of the Initial Loans will commence when all 14 authorized gaming facilities are opened in

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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the Commonwealth of Pennsylvania. Currently, 11 of the 14 authorized gaming facilities have commenced operations. As of June 30, 2012, the Authority has concluded that a repayment contingency for the Initial Loans is probable but not reasonably estimable since the PGCB has not yet established a method of assessment of repayment for the Initial Loans and, as such, the Authority has not recorded a related accrual for such repayment. In June 2011, the PGCB adopted a method of assessment of repayment for the Subsequent Loans pursuant to which repayment commenced on January 1, 2012 and will continue over a 10-year period in accordance with a formula based on a combination of a single fiscal year and cumulative gross revenues from slot machines for each operating slot machine licensee.

The Authority reflected expenses associated with this repayment schedule totaling \$166,000 and \$676,000 for the three months ended June 30, 2012 and 2011, respectively, and \$504,000 and \$676,000 for the nine months ended June 30, 2012 and 2011, respectively.

#### *Horsemen's Agreement*

Downs Racing and the PHHA are parties to an agreement that governs all live harness racing and simulcasting and account wagering at the Pennsylvania Entities through December 31, 2014. As of June 30, 2012 and September 30, 2011, outstanding payments to the PHHA for purses earned by horsemen, but not yet paid, and other fees totaled \$9.5 million and \$9.2 million, respectively.

#### *Priority Distribution Agreement*

In August 2001, the Authority and the Tribe entered into an agreement (the "Priority Distribution Agreement"), which stipulates that the Authority must make monthly payments to the Tribe to the extent of the Authority's Net Cash Flow, as defined under the Priority Distribution Agreement. The Priority Distribution Agreement, which has a perpetual term, limits the maximum aggregate priority distribution payments in each calendar year to \$14.0 million, as adjusted annually in accordance with a formula specified in the Priority Distribution Agreement to reflect the effects of inflation. Payments under the Priority Distribution Agreement: (1) do not reduce the Authority's obligations to reimburse the Tribe for governmental and administrative services provided by the Tribe or to make payments under any other agreements with the Tribe; (2) are limited obligations of the Authority and are payable only to the extent of the Authority's Net Cash Flow, as defined under the Priority Distribution Agreement; and (3) are not secured by a lien or encumbrance on any of the Authority's assets or properties.

The Authority reflected payments associated with the Priority Distribution Agreement totaling \$4.7 million and \$4.6 million for the three months ended June 30, 2012 and 2011, respectively, and \$14.0 million and \$13.7 million for the nine months ended June 30, 2012 and 2011, respectively.

#### *Litigation*

The Authority is a defendant in various litigation matters resulting from its normal course of business. In management's opinion, the aggregate liability, if any, arising from such litigations will not have a material impact on the Authority's financial position, results of operations or

cash flows.

**NOTE 6—RELINQUISHMENT AGREEMENT:**

In February 1998, the Authority and Trading Cove Associates ("TCA") entered into a relinquishment agreement (the "Relinquishment Agreement"). Effective January 1, 2000 (the "Relinquishment Date"), the Relinquishment Agreement superseded a then-existing management agreement with TCA. The Relinquishment Agreement provides, among other things, that the Authority make certain payments to TCA out of, and determined as a percentage of, Revenues, as defined under the Relinquishment Agreement, generated by Mohegan Sun over a 15-year period commencing on the Relinquishment Date. The payments ("Senior Relinquishment Payments" and "Junior Relinquishment Payments") have separate schedules and priorities. Senior Relinquishment Payments commenced on April 25, 2000, 25 days following the end of the first three-month period after the Relinquishment Date, and continue at the end of each three-month period thereafter until January 25, 2015. Junior Relinquishment Payments commenced on July 25, 2000, 25 days following the end of the first six-month period after the Relinquishment Date, and continue at the end of each six-month period thereafter until January 25, 2015. Each Senior and Junior Relinquishment Payment is 2.5% of Revenues generated by Mohegan Sun over the immediate preceding three-month or six-month payment period, as the case may be. Revenues are defined under the Relinquishment Agreement as gross gaming revenues, other than Class II Gaming revenues, and all other revenues, as defined, including, without limitation, hotel revenues, room service revenues, food and beverage revenues, ticket revenues, fees or receipts from the convention/events center and all rental revenues or other receipts from lessees and concessionaires, but not the gross receipts of such lessees, licenses and concessionaires, derived directly or indirectly from the facilities, as defined. Revenues under the Relinquishment Agreement exclude revenues generated from certain expansion areas

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
 (unaudited)

of Mohegan Sun, such as Casino of the Wind, as such areas do not constitute facilities as defined under the Relinquishment Agreement.

In the event of any bankruptcy, liquidation, reorganization or similar proceeding relating to the Authority, the Relinquishment Agreement provides that Senior and Junior Relinquishment Payments then due and owing are subordinated in right of payment to the Authority's senior secured indebtedness and capital lease obligations, and that Junior Relinquishment Payments then due and owing are further subordinated in right of payment to all of the Authority's other senior indebtedness. The Relinquishment Agreement also provides that all relinquishment payments are subordinated in right of payment to minimum priority distribution payments, which are required monthly payments made by the Authority to the Tribe under the Priority Distribution Agreement, to the extent then due. The Authority, in accordance with authoritative guidance issued by the FASB pertaining to the accounting for contingencies, recorded a \$549.1 million relinquishment liability at September 30, 1998 based on the estimated present value of its obligations under the Relinquishment Agreement.

As of June 30, 2012 and September 30, 2011, the carrying amount of the relinquishment liability was \$149.8 million and \$178.3 million, respectively. The decrease in the relinquishment liability during the nine months ended June 30, 2012 was due to \$34.7 million in relinquishment payments. This reduction in the liability was offset by \$6.2 million representing the accretion of discount to the relinquishment liability.

Relinquishment payments consisted of the following (in millions):

	For the Nine Months Ended	
	June 30, 2012	June 30, 2011
Principal	\$ 28.8	\$ 26.3
Accretion of discount	5.9	8.1
Total	<u>\$ 34.7</u>	<u>\$ 34.4</u>

The accretion of discount to the relinquishment liability reflects the accretion of the discount to the present value of the relinquishment liability for the impact of the time value of money. As of June 30, 2012 and September 30, 2011, relinquishment payments earned but unpaid were \$19.6 million and \$14.7 million, respectively.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
(unaudited)

**NOTE 7—SEGMENT REPORTING:**

As of June 30, 2012, the Authority owns and operates, either directly or through wholly-owned subsidiaries, Mohegan Sun, the Connecticut Sun WNBA franchise, and the Mohegan Sun Country Club (collectively, the "Connecticut Entities"), and the Pennsylvania Entities. All of the Authority's revenues are derived from these operations. The Connecticut Sun WNBA franchise and the Mohegan Sun Country Club are aggregated with the Mohegan Sun operating segment because these operations all share similar economic characteristics, which is to generate gaming and entertainment revenues by attracting patrons to Mohegan Sun. The Authority's executive officers review and assess the performance and operating results and determine the proper allocation of resources to the Connecticut Entities and the Pennsylvania Entities on a separate basis. The Authority, therefore, believes that it has two separate reportable segments: (1) Mohegan Sun, which includes the operations of the Connecticut Entities, and (2) Mohegan Sun at Pocono Downs, which includes the operations of the Pennsylvania Entities. The following tables provide financial information related to each segment (in thousands):

	For the Three Months Ended		For the Nine Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Net revenues:				
Mohegan Sun	\$ 264,876	\$ 284,289	\$ 811,838	\$ 822,284
Mohegan Sun at Pocono Downs	79,560	77,090	235,628	222,644
Total	344,436	361,379	1,047,466	1,044,928
Income (loss) from operations:				
Mohegan Sun	44,801	56,316	148,424	152,107
Mohegan Sun at Pocono Downs	10,716	7,677	31,660	21,590
Corporate	(4,681)	(3,896)	(12,748)	(12,288)
Total	50,836	60,097	167,336	161,409
Accretion of discount to the relinquishment liability	(2,062)	(2,812)	(6,186)	(8,525)
Interest income	1,842	665	3,559	2,063
Interest expense	(41,581)	(29,378)	(103,047)	(88,837)
Loss on early exchange of debt	(17)	—	(14,323)	—
Other income (expense), net	7	118	(31)	(226)
Net income	9,025	28,660	47,308	65,884
Loss attributable to non-controlling interests	336	486	1,147	1,400
Net income attributable to Mohegan Tribal Gaming Authority	\$ 9,361	\$ 29,146	\$ 48,455	\$ 67,284

For the Nine Months Ended

	June 30, 2012	June 30, 2011
Capital expenditures incurred		
Mohegan Sun	\$ 29,967	\$ 29,889
Mohegan Sun at Pocono Downs	3,558	4,124
Corporate	606	--
<b>Total</b>	<b>\$ 34,131</b>	<b>\$ 34,013</b>
	June 30, 2012	September 30, 2011
Total assets:		
Mohegan Sun	\$ 1,504,708	\$ 1,505,210
Mohegan Sun at Pocono Downs	576,612	584,267
Corporate	145,403	113,719
<b>Total</b>	<b>\$ 2,226,723</b>	<b>\$ 2,203,196</b>

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
(unaudited)

**NOTE 8—SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL STATEMENT INFORMATION:**

As of June 30, 2012, substantially all of the Authority's outstanding debt is fully and unconditionally guaranteed, on a joint and several basis, by the following 100% owned subsidiaries of the Authority: the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming. The Authority's 2001 8<sup>3</sup>/<sub>8</sub>% Senior Subordinated Notes, which were repaid at maturity on July 1, 2011, were fully and unconditionally guaranteed by MBC. Separate financial statements and other disclosures concerning the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming are not presented below because the Authority believes that the summarized financial information provided below and in Note 7 are adequate for investor analysis of these subsidiaries. Condensed consolidating financial statement information for the Authority, its 100% owned guarantor subsidiaries and its non-guarantor entities as of June 30, 2012 and September 30, 2011 and for the three months and nine months ended June 30, 2012 and 2011 is as follows (in thousands):

**CONDENSED CONSOLIDATING BALANCE SHEETS**

	June 30, 2012				
	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
<b>ASSETS</b>					
Property and equipment, net	\$ 1,244,915	\$ 236,750	\$ 19,951	\$ —	\$ 1,501,616
Intercompany receivables	518,639	10,541	—	(529,180)	—
Investment in subsidiaries	56,512	1,400	—	(57,912)	—
Other intangible assets, net	120,650	285,380	—	—	406,030
Other assets, net	215,053	74,869	29,155	—	319,077
<b>Total assets</b>	<b>\$ 2,155,769</b>	<b>\$ 608,940</b>	<b>\$ 49,106</b>	<b>\$ (587,092)</b>	<b>\$ 2,226,723</b>
<b>LIABILITIES AND CAPITAL</b>					
Current liabilities	\$ 262,055	\$ 34,103	\$ 4,262	\$ —	\$ 300,420

Due to Mohegan Tribe	---		31,450	--	31,450
Long-term debt and capital leases, net of current portions	1,608,647	—	—	—	1,608,647
Relinquishment liability, net of current portion	75,671	—	—	—	75,671
Intercompany payables	—	518,639	10,541	(529,180)	—
Other long-term liabilities	2,704	—	—	—	2,704
<b>Total liabilities</b>	<b>1,949,077</b>	<b>552,742</b>	<b>46,253</b>	<b>(529,180)</b>	<b>2,018,892</b>
Mohegan Tribal Gaming Authority capital	206,692	56,198	2,853	(59,367)	206,376
Non-controlling interests	—	—	—	1,455	1,455
<b>Total liabilities and capital</b>	<b>\$ 2,155,769</b>	<b>\$ 608,940</b>	<b>\$ 49,106</b>	<b>\$ (587,092)</b>	<b>\$ 2,226,723</b>

(1) Includes the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming

(2) Includes Salishan-Mohegan, MG&amp;H and Mohegan Resorts and subsidiaries

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
(unaudited)

September 30, 2011

	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
<b>ASSETS</b>					
Property and equipment, net	\$ 1,263,876	\$ 245,768	\$ 19,951	\$ —	\$ 1,529,595
Intercompany receivables	509,799	12,909	—	(522,708)	—
Investment in subsidiaries	77,028	2,233	—	(79,361)	—
Other intangible assets, net	120,737	285,601	—	—	406,338
Other assets, net	168,178	71,951	27,134	—	267,263
<b>Total assets</b>	<b>\$ 2,139,618</b>	<b>\$ 618,462</b>	<b>\$ 47,085</b>	<b>\$ (601,969)</b>	<b>\$ 2,203,196</b>
<b>LIABILITIES AND CAPITAL</b>					
Current liabilities	\$ 1,086,018	\$ 31,950	\$ 18,773	\$ —	\$ 1,056,741
Due to Mohegan Tribe	—	—	10,850	—	10,850
Long-term debt and capital leases, net of current portions	823,951	—	—	—	823,951
Relinquishment liability, net of current portion	110,348	—	—	—	110,348
Intercompany payables	—	509,799	12,909	(522,708)	—
Other long-term liabilities	2,582	—	—	—	2,582
<b>Total liabilities</b>	<b>1,942,899</b>	<b>541,749</b>	<b>42,532</b>	<b>(522,708)</b>	<b>2,004,472</b>
Mohegan Tribal Gaming Authority capital	196,719	76,713	4,553	(81,582)	196,403
Non-controlling interests	—	—	—	2,321	2,321
<b>Total liabilities and capital</b>	<b>\$ 2,139,618</b>	<b>\$ 618,462</b>	<b>\$ 47,085</b>	<b>\$ (601,969)</b>	<b>\$ 2,203,196</b>

(1) Includes the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming

(2) Includes Salishan-Mohegan, MG&amp;H and Mohegan Resorts and subsidiaries.

**CONDENSED CONSOLIDATING STATEMENTS OF INCOME**

For the Three Months Ended June 30, 2012

	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues	\$ 263,090	\$ 82,271	\$ —	\$ (925)	\$ 344,436
Operating costs and expenses					

Gaming and other operations	160,866	58,554	—	(925)	218,495
Advertising, general and administrative	43,189	8,823	1,369	—	53,381
Depreciation and amortization	17,384	4,309	—	—	21,693
Loss on disposition of assets	18	13	—	—	31
<b>Total operating costs and expenses</b>	<b>221,457</b>	<b>71,699</b>	<b>1,369</b>	<b>(925)</b>	<b>293,600</b>
Income (loss) from operations	41,633	10,572	(1,369)	—	50,836
Accretion of discount to the relinquishment liability	(2,062)	—	—	—	(2,062)
Interest expense	(20,775)	(19,974)	(977)	145	(41,581)
Loss on early exchange of debt	(17)	—	—	—	(17)
Loss on interests in subsidiaries	(9,451)	(226)	—	9,677	—
Other income, net	33	177	1,781	(145)	1,849
Net income (loss)	9,361	(9,451)	(562)	9,677	9,025
Loss attributable to non-controlling interests	—	—	—	336	336
Net income (loss) attributable to Mohegan Tribal Gaming Authority	<b>\$ 9,361</b>	<b>\$ (9,451)</b>	<b>\$ (562)</b>	<b>\$ 10,013</b>	<b>\$ 9,361</b>

(1) Includes the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
(unaudited)

For the Three Months Ended June 30, 2011

	Authority	MBC 100% Owned Guarantor Subsidiary	Other 100% Owned Guarantor Subsidiaries (1)	Total Guarantor Subsidiaries	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues:	\$ 283,576	\$ 1,263	\$ 77,090	\$ 78,353	\$ —	\$ (550)	\$ 361,379
Operating costs and expenses:							
Gaming and other operations	164,553	895	56,940	57,835	—	(550)	221,838
Advertising, general and administrative	47,996	552	7,444	7,996	842	—	56,834
Depreciation and amortization	17,264	47	5,310	5,357	—	—	22,621
Severance	(11)	—	—	—	—	—	(11)
<b>Total operating costs and expenses</b>	<b>229,802</b>	<b>1,494</b>	<b>69,694</b>	<b>71,188</b>	<b>842</b>	<b>(550)</b>	<b>301,282</b>
Income (loss) from operations	53,774	(231)	7,396	7,165	(842)	—	60,097
Accretion of discount to the relinquishment liability	(2,842)	—	—	—	—	—	(2,842)
Interest expense	(15,017)	—	(13,805)	(13,805)	(722)	165	(29,378)
Loss on interests in subsidiaries	(6,896)	—	(462)	(462)	—	7,358	—
Other income, net	127	—	206	206	616	(166)	783
Net income (loss)	29,146	(231)	(6,665)	(6,896)	(948)	7,358	28,660
Loss attributable to non-controlling interests	—	—	—	—	—	486	486
Net income (loss) attributable to Mohegan Tribal Gaming Authority	<b>\$ 29,146</b>	<b>\$ (231)</b>	<b>\$ (6,665)</b>	<b>\$ (6,896)</b>	<b>\$ (948)</b>	<b>\$ 7,844</b>	<b>\$ 29,146</b>

(1) Includes the Pennsylvania Entities, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries

## For the Nine Months Ended June 30, 2012

	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues	\$ 809,936	\$ 238,457	\$ —	\$ (927)	\$ 1,047,466
Operating costs and expenses:					
Gaming and other operations	485,354	171,467	—	(927)	655,894
Advertising, general and administrative	132,123	24,761	2,955	—	159,839
Depreciation and amortization	51,335	12,742	—	—	64,077
Loss on disposition of assets	36	284	—	—	320
Total operating costs and expenses	668,848	209,254	2,955	(927)	880,130
Income (loss) from operations	141,088	29,203	(2,955)	—	167,336
Accretion of discount to the relinquishment liability	(6,186)	—	—	—	(6,186)
Interest expense	(51,767)	(49,379)	(2,480)	579	(103,047)
Loss on early exchange of debt	(14,323)	—	—	—	(14,323)
Loss on interests in subsidiaries	(20,640)	(1,103)	—	21,743	—
Other income, net	283	639	3,185	(579)	3,528
Net income (loss)	48,455	(20,640)	(2,250)	21,743	47,308
Loss attributable to non-controlling interests	—	—	—	1,147	1,147
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 48,455	\$ (20,640)	\$ (2,250)	\$ 22,890	\$ 48,455

(1) Includes the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MIGA Gaming.

(2) Includes Salashan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
(unaudited)

## For the Nine Months Ended June 30, 2011

	Authority	MBC 100% Owned Guarantor Subsidiary	Other 100% Owned Guarantor Subsidiaries(1)	Total Guarantor Subsidiaries	Total Non Guarantor Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues	\$ 821,562	\$ 1,275	\$ 222,644	\$ 223,919	\$ —	\$ (553)	\$ 1,044,928
Operating costs and expenses:							
Gaming and other operations	487,172	1,616	163,026	164,642	—	(553)	651,261
Advertising, general and administrative	137,387	950	22,639	23,589	2,587	—	163,563
Depreciation and amortization	52,243	142	16,066	16,208	—	—	68,451
Severance	244	—	—	—	—	—	244
Total operating costs and expenses	677,046	2,708	201,731	204,439	2,587	(553)	883,519
Income (loss) from operations	144,516	(1,433)	20,913	19,480	(2,587)	—	161,409
Accretion of discount to the relinquishment liability	(8,525)	—	—	—	—	—	(8,525)
Interest expense	(46,196)	(6)	(41,030)	(41,036)	(2,096)	491	(88,837)
Loss on interests in subsidiaries	(22,358)	—	(1,348)	(1,348)	—	23,706	—
Other income (expense), net	(153)	—	546	546	1,935	(491)	1,837
Net income (loss)	67,284	(1,439)	(20,919)	(22,358)	(2,748)	23,706	65,884
Loss attributable to non-controlling							

interests						1,400	1,400
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 67,284	\$ (1,439)	\$ (20,919)	\$ (22,358)	\$ (2,748)	\$ 25,106	\$ 67,284

(1) Includes the Pennsylvania Entities, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MEGA Gaming

(2) Includes Salishan-Mohegan, MK&H and Mohegan Resorts and subsidiaries

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

**CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS**

For the Nine Months Ended June 30, 2012

	Authority	Total Guarantor Subsidiaries (1)	Total Non Guarantor Entities (2)	Consolidating/ Elimination Adjustments	Consolidated
Net cash flows provided by (used in) operating activities	\$ 103,561	\$ 43,100	\$ (2,370)	\$ —	\$ 144,291
Cash flows provided by (used in) investing activities:					
Purchases of property and equipment	(34,536)	(6,102)	—	—	(40,638)
Other cash flows provided by (used in) investing activities	34,702	5,182	(562)	(37,384)	1,938
Net cash flows provided by (used in) investing activities	166	(920)	(562)	(37,384)	(38,700)
Cash flows provided by (used in) financing activities:					
Bank Credit Facility borrowings—revolving loan	154,000	—	—	—	154,000
Bank Credit Facility repayments—revolving loan	(289,000)	—	—	—	(289,000)
Bank Credit Facility repayments—term loan	(2,000)	—	—	—	(2,000)
Term Loan Facility borrowings, net of discount	220,500	—	—	—	220,500

Salishan-Mohegan Bank Credit Facility repayments— revolving loan	—	—	(15,250)	—	(15,250)
Line of Credit borrowings	225,215	—	—	—	225,215
Line of Credit repayments	(225,215)	—	—	—	(225,215)
Borrowings from Mohegan Tribe	—	—	20,600	—	20,600
Payments on long-term debt	(66,454)	—	—	—	(66,454)
Principal portion of relinquishment liability payments	(28,756)	—	—	—	(28,756)
Distributions to Mohegan Tribe	(40,450)	—	—	—	(40,450)
Payments of financing fees	(50,178)	—	—	—	(50,178)
Other cash flows provided by (used in) financing activities	5,495	(40,754)	(2,372)	37,384	(247)
Net cash flows provided by (used in) financing activities	(96,843)	(40,754)	2,978	37,384	(97,235)
Net increase in cash and cash equivalents	6,884	1,426	46	—	8,356
Cash and cash equivalents at beginning of period	89,018	22,931	225	—	112,174
Cash and cash equivalents at end of period	\$ 95,902	\$ 24,357	\$ 271	\$ —	\$ 120,530

(1) Includes the Pennsylvania Entities, MFC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTC and MTGA Gaming

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

For the Nine Months Ended June 30, 2011

	Authority	MFC 100% Owned Guarantor Subsidiary	Other 100% Owned Guarantor Subsidiaries (1)	Total Guarantor Subsidiaries	Total Non Guarantor Entities (2)	Consolidating/Eliminating Adjustments	Consolidated
Net cash flows provided by (used in) operating activities	\$ 106,396	\$ (15)	\$ 36,562	\$ 36,547	\$ (3,852)	\$ —	\$ 139,091
Cash flows provided by (used in) investing activities:							
Purchases of property and equipment	(27,586)	(19)	(12,096)	(12,115)	—	—	(39,701)
Other cash flows provided by (used in) investing activities	22,306	—	70	70	(519)	(21,822)	55
Net cash flows used in investing activities	(5,280)	(19)	(12,026)	(12,015)	(519)	(21,822)	(39,666)
Cash flows provided by (used in) financing activities:							
Bank Credit Facility borrowings - revolving loan	270,000	—	—	—	—	—	270,000
Bank Credit Facility repayments - revolving loan	(318,000)	—	—	—	—	—	(318,000)
Line of Credit borrowings	412,909	—	—	—	—	—	412,909
Line of Credit repayments	(411,442)	—	—	—	—	—	(411,442)
Principal portion of relinquishment liability payments	(26,354)	—	—	—	—	—	(26,354)
Distributions to Mohegan Tribe	(23,669)	—	—	—	—	—	(23,669)
Other cash flows provided by (used in) financing activities	(4,419)	41	(22,845)	(22,804)	4,360	21,822	(1,041)
Net cash flows provided by (used in) financing activities	(100,975)	41	(22,845)	(22,804)	4,360	21,822	(97,597)
Net increase (decrease) in cash and cash equivalents	141	7	1,691	1,698	(11)	—	1,828

Cash and cash equivalents at beginning of period	39,146	(49)	21,366	24,317	434	--	63,897
Cash and cash equivalents at end of period	\$ 39,287	\$ (42)	\$ 26,057	\$ 26,015	\$ 423	\$ —	\$ 65,725

(1) Includes the Pennsylvania Entities, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MITGA Gaming

(2) Includes Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
(unaudited)

**NOTE 9—SUBSEQUENT EVENTS:**

Project Sunlight, an estimated \$50 million hotel expansion project at Mohegan Sun at Pocono Downs, is planned for development and construction on land adjacent to the existing casino facility. When completed, Project Sunlight is anticipated to include a 238-room hotel with a fitness center, an indoor pool, a bistro and a 20,000-square-foot convention center. Project Sunlight is being developed and built by Downs Lodging, a wholly-owned unrestricted subsidiary of the Authority, on land leased from Downs Racing. The anticipated costs for Project Sunlight will be funded through a combination of non-recourse third-party financing obtained by Downs Lodging of approximately \$45 million and a \$5 million investment by the Authority. Construction of Project Sunlight commenced in July 2012 and is expected to be completed by the end of 2013. Once completed, the hotel and convention center will be operated by Downs Racing under a triple net lease from Downs Lodging.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Some information included in this Quarterly Report on Form 10-Q and other materials filed by us with the Securities and Exchange Commission, or the SEC, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. Such statements include information relating to business development activities, as well as capital spending, financing sources and the effects of regulation, including gaming and tax regulation, and increased competition. These statements can sometimes be identified by our use of forward-looking words such as "may," "will," "anticipate," "estimate," "expect" or "intend" and similar expressions. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated future results, and accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on our behalf. These risks and uncertainties include, but are not limited to, those relating to the following:

- the financial performance of Mohegan Sun and Mohegan Sun at Pocono Downs and the Pennsylvania off-track wagering facilities;
- our leverage and ability to meet our debt obligations and maintain compliance with financial covenant requirements;
- the availability of financing;
- the local, regional, national or global economic climate, including the lingering effects of the economic recession;
- increased competition, including the expansion of gaming in New England, New York, New Jersey or Pennsylvania;
- our dependence on existing management;
- our ability to integrate new amenities from expansions to our facilities into our current operations and manage the expanded facilities;
- changes in federal or state tax laws or the administration of such laws;
- changes in gaming laws or regulations, including the limitation, denial or suspension of licenses required under gaming laws and regulations;
- changes in applicable laws pertaining to the service of alcohol, smoking or other amenities offered at Mohegan Sun and Mohegan Sun at Pocono Downs;
- our ability to successfully implement our diversification strategy;
- an act of terrorism on the United States;
- our customers' access to inexpensive transportation to our facilities and increases in oil, fuel or other transportation-related expenses; and
- unfavorable weather conditions.

Additional information concerning potential factors that could affect our financial results is included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011, as well as our other reports and filings with the SEC. The forward-looking statements included in

this Quarterly Report on Form 10-Q are made only as of the date of this report. We do not undertake any obligation to update or supplement any forward-looking statements to reflect subsequent events or circumstances, except as required by law. We cannot assure you that projected results or events will be achieved or will occur.

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and the related notes beginning on page 3 of this Quarterly Report on Form 10-Q.

## Overview

### *The Tribe and the Authority*

The Mohegan Tribe of Indians of Connecticut, or the Mohegan Tribe or the Tribe, is a federally-recognized Indian tribe with an approximately 544-acre reservation situated in Southeastern Connecticut, adjacent to Uncasville, Connecticut. Under the Indian Gaming Regulatory Act of 1988, or IGRA, federally-recognized Indian tribes are permitted to conduct full-scale casino gaming operations on tribal land, subject to, among other things, the negotiation of a compact with the affected state. The Tribe and the State of Connecticut entered into a compact, the Mohegan Compact, which was approved by the United States Secretary of the Interior. We were established as an instrumentality of the Tribe, with the exclusive authority to conduct and regulate gaming activities for the Tribe on Tribal lands and the non-exclusive authority to conduct such activities elsewhere. Our gaming operation at Mohegan Sun is one of only two legally authorized gaming operations in New England offering traditional slot machines and table games. Through our subsidiary, Downs Racing, L.P., or Downs Racing, we also own and operate Mohegan Sun at Pocono Downs, a gaming and entertainment facility located in Plains Township, Pennsylvania, and several off-track wagering facilities, or OTW facilities, located elsewhere in Pennsylvania, collectively the Pennsylvania entities. We are governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Tribe. Any change in the composition of the Mohegan Tribal Council results in a corresponding change in our Management Board.

### *Mohegan Sun*

In October 1996, we opened a gaming and entertainment complex known as Mohegan Sun. Mohegan Sun is located on a 185-acre site on the Tribe's reservation overlooking the Thames River with direct access from Interstate 395 and Connecticut Route 2A. Mohegan Sun is approximately 125 miles from New York City, New York, and approximately 100 miles from Boston, Massachusetts. In 2002, we completed a major expansion of Mohegan Sun known as Project Sunburst, which included increased gaming, restaurant and retail space, an entertainment arena, an approximately 1,200-room luxury Sky Hotel Tower and approximately 100,000 square feet of convention space. In 2007, we opened Sunrise Square, and, in 2008, we opened Casino of the Wind.

Mohegan Sun currently operates in an approximately 3.1 million square-foot facility, which includes the following:

#### *Casino of the Earth*

As of June 30, 2012, Casino of the Earth offered:

- approximately 188,000 square feet of gaming space;
- approximately 3,070 slot machines and 180 table games, including blackjack, roulette and craps;
- Sunrise Square, a 9,800-square-foot Asian-themed gaming area;
- an approximately 9,000-square-foot simulcasting Racebook facility;
- food and beverage amenities, including: Seasons Buffet, a 784-seat multi-station buffet with live cooking stations, Birches Bar & Grill, a Hong Kong-style food outlet offering authentic Southeast Asian cuisine, Bobby Flay's Bobby's Burger Palace and multiple service bars, all operated by us, as well as Ballo Italian Restaurant & Social Club, Frank Pepe Pizzeria Napoletana and Fidelia's Market, an approximately 290-seat multi-station food court, operated by third-parties, for a total seating of approximately 1,700;
- four Mohegan Sun-owned retail shops, offering products ranging from Mohegan Sun logo souvenirs to cigars; and
- the Wolf Den, an approximately 10,000-square-foot, 400-seat lounge featuring live entertainment seven days a week.

#### *Casino of the Sky*

As of June 30, 2012, Casino of the Sky offered:

- approximately 119,000 square feet of gaming space;
- approximately 2,120 slot machines and 105 table games, including blackjack, roulette and craps;
- food and beverage amenities, including: Todd English's Tuscany, Bobby Flay's Bar Americain, a 24-hour coffee shop and three lounges and bars, all operated by us, as well as five full-service restaurants, three quick-service restaurants and a multi-station food court operated by third-parties, for a total seating of approximately 2,350;

- The Shops at Mohegan Sun containing 31 retail shops, seven of which we own;
- the Mohegan Sun Arena with seating for up to 10,000;
- an approximately 1,200-room luxury Sky Hotel Tower, including a private high-limit table games suite;
- Mohegan After Dark, consisting of Ultra 88, a nightclub, Lucky's Lounge and Dubliner, an Irish pub, all operated by a third-party;
- an approximately 20,000-square-foot spa operated by a third-party;
- approximately 100,000 square feet of convention space; and
- a child care facility and an arcade-style entertainment area operated by a third-party.

#### ***Casino of the Wind***

As of June 30, 2012, Casino of the Wind offered:

- approximately 45,000 square feet of gaming space;
- approximately 725 slot machines, 30 table games, including blackjack, roulette and craps, and a 42-table themed poker room;
- food and beverage amenities, including: a two-level, 16,000-square-foot Jimmy Buffett's Margaritaville Restaurant and a casual dining restaurant operated by third-parties, and a bar operated by us, for a total seating of approximately 475; and

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- a retail shop operated by a third-party.

Mohegan Sun offers parking for approximately 13,000 patrons and 3,900 employees. In addition, we operate a gasoline and convenience center, an approximately 3,600-square-foot, 20-pump facility located adjacent to Mohegan Sun.

#### ***Mohegan Basketball Club***

We formed Mohegan Basketball Club, LLC, or MBC, to own and operate a professional basketball team in the Women's National Basketball Association, or the WNBA. In January 2003, MBC entered into a membership agreement with the WNBA permitting it to operate the Connecticut Sun basketball team. The team plays its home games in the Mohegan Sun Arena.

#### ***Mohegan Golf***

We formed Mohegan Golf, LLC, or Mohegan Golf, to purchase and operate a golf course in Southeastern Connecticut. In May 2007, Mohegan Golf acquired substantially all of the assets of Pautipaug Country Club, Inc., which included a golf course in Sprague and Franklin, Connecticut. The golf course was renamed Mohegan Sun Country Club at Pautipaug and reopened under the ownership of Mohegan Golf in June 2007.

#### ***Mohegan Sun at Pocono Downs***

Through Downs Racing, we own and operate a gaming and entertainment facility known as Mohegan Sun at Pocono Downs located on a 400-acre site in Plains Township, Pennsylvania, and OTW facilities located in Carbondale, East Stroudsburg and Lehigh Valley, Pennsylvania. In November 2006, Mohegan Sun at Pocono Downs became the first location to offer slot machine gaming in the Commonwealth of Pennsylvania when Phase I of its gaming and entertainment facility opened. In July 2008, we completed a major expansion of Mohegan Sun at Pocono Downs known as Project Sunrise, which included increased gaming, restaurant and retail space. In July 2010, Mohegan Sun at Pocono Downs opened its table game and poker operations, including additional non-smoking sections and a high-limit gaming area.

Mohegan Sun at Pocono Downs currently operates in an approximately 400,000-square-foot facility, which includes the following as of June 30, 2012:

- approximately 82,000 square feet of gaming space;
- approximately 2,330 slot machines, 66 table games, including blackjack, roulette and craps, and an 18-table poker room;
- live harness racing and simulcast and off-track wagering;
- food and beverage amenities, including: Ruth's Chris Steakhouse, Rustic Kitchen Bistro and Bar, which features dining and a live cooking show, Bar Louie, a casual bar and restaurant, Timbers Buffet, a 300-seat Mohegan Indian cultural heritage themed multi-station buffet, and a food court, including: Johnny Rockets, Hot Dog Hall of Fame, Puck Express by Wolfgang Puck and Ben & Jerry's Ice Cream, for a total seating of approximately 1,800;
- five retail shops, one of which we own, offering products ranging from Mohegan Sun at Pocono Downs logo souvenirs to fine apparel; and
- three bars/lounges: Sunburst Bar, featured in the center of the gaming floor, Breakers Night Club and Pearl Sushi Bar.

#### **Market and Competition from Other Gaming Operations**

Our gaming operation at Mohegan Sun is one of only two current gaming operations in New England offering traditional slot machines and table games, with the other operation being our sole gaming competitor in Connecticut, Foxwoods Resort Casino, or Foxwoods, owned by the Mashantucket Pequot Tribe and located approximately 10 miles from Mohegan Sun. We also face competition from racino and video lottery terminal facilities in the states of Rhode Island and New York and gaming facilities in the states of New York and New Jersey. In addition, we face competition in and from the Northeastern Pennsylvania gaming market, both in the immediate market for Mohegan Sun at Pocono Downs, and for Mohegan Sun, in marketing and attracting patrons from the New York City metropolitan region. Please refer to "Part I, Item 1, Business-Market and Competition from Other Gaming Operations" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 and our other reports and filings with the SEC for further details regarding current and potential competition from other gaming operations.

#### Explanation of Key Financial Statement Captions

There has been no material change from the explanation of key financial statement captions previously disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

### Results of Operations

#### Summary Operating Results

As of June 30, 2012, we own and operate, either directly or through wholly-owned subsidiaries, Mohegan Sun, the Connecticut Sun WNBA franchise, and the Mohegan Sun Country Club, or collectively, the Connecticut entities, and the Pennsylvania entities. All of our revenues are derived from these operations. The Connecticut Sun WNBA franchise and the Mohegan Sun Country Club are aggregated with the Mohegan Sun operating segment because these operations all share similar economic characteristics, which is to generate gaming and entertainment revenues by attracting patrons to Mohegan Sun. Our executive officers review and assess the performance and operating results and determine the proper allocation of resources to the Connecticut entities and the Pennsylvania entities on a separate basis. We, therefore, believe that we have two separate reportable segments: (1) Mohegan Sun, which includes the operations of the Connecticut entities, and (2) Mohegan Sun at Pocono Downs, which includes the operations of the Pennsylvania entities.

The following table summarizes our results on a property basis (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011 (1)	Variance	Percentage Variance	2012	2011 (1)	Variance	Percentage Variance
<b>Net revenues:</b>								
Mohegan Sun	\$ 264,876	\$ 284,289	\$ (19,413)	(6.8)%	\$ 811,838	\$ 822,284	\$ (10,446)	(1.3)%
Mohegan Sun at Pocono Downs	79,560	77,090	2,470	3.2%	235,628	222,644	12,984	5.8%
<b>Total</b>	<b>\$ 344,436</b>	<b>\$ 361,379</b>	<b>\$ (16,943)</b>	<b>(4.7)%</b>	<b>\$ 1,047,466</b>	<b>\$ 1,044,928</b>	<b>\$ 2,538</b>	<b>0.2%</b>
<b>Income (loss) from operations:</b>								
Mohegan Sun	\$ 44,801	\$ 56,316	\$ (11,515)	(20.4)%	\$ 148,424	\$ 152,107	\$ (3,683)	(2.4)%
Mohegan Sun at Pocono Downs	10,716	7,677	3,039	39.6%	31,660	21,590	10,070	46.6%
Corporate	(4,681)	(3,896)	(785)	20.1%	(12,748)	(12,288)	(460)	3.7%
<b>Total</b>	<b>\$ 50,836</b>	<b>\$ 60,097</b>	<b>\$ (9,261)</b>	<b>(15.4)%</b>	<b>\$ 167,336</b>	<b>\$ 161,409</b>	<b>\$ 5,927</b>	<b>3.7%</b>
<b>Net income attributable to Mohegan Tribal Gaming Authority</b>								
	\$ 9,361	\$ 29,146	\$ (19,785)	(67.9)%	\$ 48,455	\$ 67,281	\$ (18,829)	(28.0)%
<b>Operating margin:</b>								
Mohegan Sun	16.9%	19.3%	(2.9)%	(14.6)%	18.3%	18.5%	(0.2)%	(1.1)%
Mohegan Sun at Pocono Downs	13.5%	10.0%	3.5%	35.0%	13.4%	9.7%	3.7%	38.1%
<b>Total</b>	<b>14.8%</b>	<b>16.6%</b>	<b>(1.8)%</b>	<b>(10.8)%</b>	<b>16.0%</b>	<b>15.4%</b>	<b>0.6%</b>	<b>3.9%</b>

(1) Includes adjustment to reduce Mohegan Sun's slot revenues by \$3.7 million, which related to prior periods.

The most significant factors and trends that we believe impacted our financial performance were as follows:

- lower table games hold percentage at Mohegan Sun;
- additional gaming capacity in the Northeast gaming market and aggressive promotional programs from competitors;
- changes in operations designed to improve profitability;
- persisting economic concerns;
- strong patron response to promotional offers at Mohegan Sun at Pocono Downs;
- improved non-gaming results;
- continued focus on managing expenses and enhancing operating efficiencies; and
- a \$14.3 million non-operating loss on early exchange of debt in connection with our refinancing transactions.

Net revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year reflect lower gaming revenues at Mohegan Sun. These results were partially offset by higher gaming and non-gaming revenues at Mohegan Sun at Pocono Downs.

Income from operations for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year reflects the reductions in gaming revenues at Mohegan Sun, partially offset by the growth in gaming and non-gaming revenues at Mohegan Sun at Pocono Downs. Income from operations for the three months and nine months ended June 30, 2012 also reflects changes in our operations designed to improve profitability and our continued focus on managing expenses, as well as lower depreciation expense.

Net income attributable to the Authority for the three months ended June 30, 2012 compared to the same period in the

prior year declined primarily as a result of higher interest expense, combined with the reduction in income from operations. Net income attributable to the Authority for the nine months ended June 30, 2012 compared to the same period in the prior year declined primarily due to the loss on early exchange of debt and higher interest expense, combined with the reduction in income from operations.

### Mohegan Sun

#### Gross Revenues

Gross revenues consisted of the following (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011 (1)	Variance	Percentage Variance	2012	2011 (1)	Variance	Percentage Variance
Gaming	\$ 232,346	\$ 255,916	\$ (23,570)	(9.2)%	\$ 718,109	\$ 742,082	\$ (23,973)	(3.2)%
Food and beverage	16,161	15,897	266	1.7%	49,827	47,790	2,037	4.3%
Hotel	10,152	9,134	1,018	11.1%	29,524	26,788	2,736	10.2%
Retail, entertainment and other	27,620	26,914	706	2.6%	76,265	72,518	3,747	5.2%
Total	\$ 286,281	\$ 307,861	\$ (21,580)	(7.0)%	\$ 873,725	\$ 889,178	\$ (15,453)	(1.7)%

(1) Includes adjustment to reduce slot revenues by \$3.7 million, which related to prior periods.

The following table summarizes the percentage of gross revenues from each of the four revenue sources:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2012	2011 (1)	2012	2011 (1)
Gaming	81.2%	83.1%	82.2%	83.5%
Food and beverage	5.6%	5.2%	5.7%	5.4%
Hotel	3.5%	3.0%	3.4%	3.0%
Retail, entertainment and other	9.7%	8.7%	8.7%	8.1%
Total	100.0%	100.0%	100.0%	100.0%

(1) Includes adjustment to reduce slot revenues by \$3.7 million, which related to prior periods.

The following table presents data related to gaming operations (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011 (1)	Variance	Percentage Variance	2012	2011 (1)	Variance	Percentage Variance
<b>Slots:</b>								
Handle	\$ 2,010,037	\$ 2,226,569	\$ (216,532)	(9.7)%	\$ 6,086,090	\$ 6,529,577	\$ (443,487)	(6.8)%
Gross revenues	\$ 165,224	\$ 179,576	\$ (14,352)	(8.0)%	\$ 504,095	\$ 524,242	\$ (20,147)	(3.8)%
Net revenues	\$ 158,761	\$ 172,743	\$ (13,982)	(8.1)%	\$ 484,002	\$ 504,266	\$ (20,264)	(4.0)%
Free promotional slot plays (2)	\$ 18,236	\$ 17,412	\$ 824	4.7%	\$ 46,476	\$ 46,084	\$ 392	0.9%
Weighted average number of machines (in units)	5,553	6,358	(405)	(6.4)%	6,085	6,377	(292)	(4.6)%
Hold percentage (gross)	8.2%	8.1%	0.1%	1.2%	8.3%	8.0%	0.3%	3.8%
Win per unit per day (gross) (in dollars)	\$ 305	\$ 310	\$ (5)	(1.6)%	\$ 302	\$ 301	\$ 1	0.3%
<b>Table games:</b>								
Drop	\$ 469,276	\$ 491,104	\$ (21,828)	(4.4)%	\$ 1,448,202	\$ 1,481,917	\$ (33,715)	(2.4)%
Revenues	\$ 69,150	\$ 81,749	\$ (12,599)	(15.4)%	\$ 220,047	\$ 226,567	\$ (6,520)	(2.9)%
Weighted average number of games (in units)	314	324	(10)	(3.1)%	314	329	(15)	(4.6)%
Hold percentage (3)	14.7%	16.7%	(2.0)%	(12.0)%	15.2%	15.3%	(0.1)%	(0.7)%
Win per unit per day (in dollars)	\$ 2,421	\$ 2,775	\$ (354)	(12.8)%	\$ 2,560	\$ 2,525	\$ 35	1.4%
<b>Poker:</b>								
Revenues	\$ 2,627	\$ 2,891	\$ (264)	(9.1)%	\$ 8,705	\$ 8,732	\$ (27)	(0.3)%
Weighted average number of tables (in units)	42	42	—	—	42	42	—	—
Revenue per unit per day (in dollars)	\$ 687	\$ 756	\$ (69)	(9.1)%	\$ 756	\$ 762	\$ (6)	(0.8)%

(1) Includes adjustment to reduce slot revenues by \$3.7 million, which related to prior periods.

(2) Free promotional slot plays are included in slot handle, but not reflected in slot revenues.

(3) Table game hold percentage is relatively predictable over longer periods of time, but can significantly fluctuate over shorter periods.

Gaming revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year declined primarily as a result of lower slot and table game revenues. The reductions in slot revenues and handle reflect additional gaming capacity in the Northeast gaming market and aggressive promotional programs from competitors, changes in our operations designed to improve profitability, including changes in the slot mix on our gaming floor, and a shift in hotel occupancy from casino patrons to transient guests. The declines in table game revenues primarily resulted from lower table game hold percentage, combined with the impact of additional gaming capacity in the Northeast gaming market. Gaming revenues for the three months and nine months ended June 30, 2012 also were negatively impacted by the sluggish overall economic environment.

The following table presents data related to food and beverage operations (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Meals served	804	802	2	0.2%	2,408	2,433	(25)	(1.0)%
Average price per meal served (in dollars)	\$ 16.17	\$ 15.71	\$ 0.46	2.9%	\$ 16.40	\$ 15.50	\$ 0.90	5.8%

Food and beverage revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased due to the increases in the average price per meal served resulting, in part, from the July 2011 re-opening of the renovated Season's Buffet featuring expanded offerings.

The following table presents data related to hotel operations (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Rooms occupied	103	105	(2)	(1.9)%	308	310	(2)	(0.6)%
Occupancy rate	96.3%	97.5%	(1.2)%	(1.2)%	95.8%	96.5%	(0.7)%	(0.7)%
Average daily room rate (in dollars)	\$ 93	\$ 84	\$ 9	10.7%	\$ 91	\$ 83	\$ 8	9.6%
Revenue per available room (in dollars)	\$ 89	\$ 82	\$ 7	8.5%	\$ 87	\$ 80	\$ 7	8.8%

Hotel revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased as a result of the increases in average daily room rate, reflecting a shift in hotel occupancy to higher paying transient guests.

The following table presents data related to entertainment operations (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Arena events (in events)	38	30	8	26.7%	91	79	12	15.2%
Arena tickets	229	182	47	25.8%	529	449	80	17.8%
Average price per Arena ticket (in dollars)	\$ 42.23	\$ 57.18	\$ (14.95)	(26.1)%	\$ 45.12	\$ 54.04	\$ (8.92)	(16.5)%

Retail, entertainment and other revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of additional gasoline revenues from the September 2011 opening of our employee gas station. The declines in average price per Arena ticket were attributable to reductions in the number of headliner shows held at the Mohegan Sun Arena.

### Promotional Allowances

The retail value of providing promotional allowances was included in revenues as follows (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Food and beverage	\$ 6,498	\$ 6,956	\$ (458)	(6.6)%	\$ 19,988	\$ 20,974	\$ (986)	(4.7)%
Hotel	3,411	3,491	(80)	(2.3)%	10,434	10,804	(370)	(3.4)%
Retail, entertainment and other	11,496	13,125	(1,629)	(12.4)%	31,465	35,116	(3,651)	(10.4)%
Total	\$ 21,405	\$ 23,572	\$ (2,167)	(9.2)%	\$ 61,887	\$ 66,894	\$ (5,007)	(7.5)%

The estimated cost of providing promotional allowances was included in gaming costs and expenses as follows (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Food and beverage	\$ 6,350	\$ 6,995	\$ (645)	(9.2)%	\$ 19,679	\$ 21,351	\$ (1,672)	(7.8)%
Hotel	1,811	2,027	(216)	(10.7)%	5,716	6,471	(755)	(11.7)%
Retail, entertainment and other	10,267	11,146	(879)	(7.9)%	28,844	29,544	(700)	(2.4)%
Total	\$ 18,428	\$ 20,168	\$ (1,740)	(8.6)%	\$ 54,239	\$ 57,366	\$ (3,127)	(5.5)%

Promotional allowances for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year declined primarily due to changes in our operations designed to improve profitability, combined with lower redemptions under the Player's Club program.

**Operating Costs and Expenses**

Operating costs and expenses consisted of the following (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Gaming	\$ 138,387	\$ 144,520	\$ (6,133)	(4.2)%	\$ 419,690	\$ 431,254	\$ (11,564)	(2.7)%
Food and beverage	8,970	8,219	751	9.1%	27,139	24,768	2,371	9.6%
Hotel	3,658	3,413	245	7.2%	10,703	9,906	797	8.0%
Retail, entertainment and other	10,291	8,749	1,542	17.6%	28,957	22,334	6,623	29.7%
Advertising, general and administrative	41,045	45,706	(4,661)	(10.2)%	124,623	129,104	(4,481)	(3.5)%
Depreciation and amortization	17,706	17,377	329	1.9%	52,266	52,559	(303)	(0.6)%
Loss on disposition of assets	18	--	18	100.0%	36	--	36	100.0%
Severance	--	(11)	11	(100.0)%	--	242	(242)	(100.0)%
<b>Total</b>	<b>\$ 220,075</b>	<b>\$ 227,973</b>	<b>\$ (7,898)</b>	<b>(3.5)%</b>	<b>\$ 663,414</b>	<b>\$ 670,177</b>	<b>\$ (6,763)</b>	<b>(1.0)%</b>

Gaming costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year decreased primarily as a result of changes in our operations designed to improve profitability, including lower costs related to Player's Club point redemptions at third-party outlets and Mohegan Sun-owned facilities. The reductions in gaming costs and expenses also reflect lower Slot Win Contribution expenses commensurate with the declines in slot revenues and reduced labor costs. These results were partially offset by higher casino marketing and promotional expenses in response to the competitive promotional environment. Expenses associated with the combined Slot Win Contribution and free promotional slot play contribution totaled \$43.6 million and \$130.4 million for the three months and nine months ended June 30, 2012, respectively, and \$46.8 million and \$135.4 million for the three months and nine months ended June 30, 2011, respectively. Gaming costs and expenses as a percentage of gaming revenues were 59.6% and 58.4% for the three months and nine months ended June 30, 2012, respectively, compared to 56.5% and 58.1% for the three months and nine months ended June 30, 2011, respectively.

Food and beverage costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily due to reduced use of food and beverage complimentarys, resulting in lower amounts of food and beverage costs being allocated to gaming costs and expenses. The increases in food and beverage costs and expenses also reflect higher cost of food and beverage sold commensurate with the growth in food and beverage revenues.

Hotel costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of reduced use of hotel complimentarys, resulting in lower amounts of hotel costs

being allocated to gaming costs and expenses.

Retail, entertainment and other costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of the higher cost of gasoline sold commensurate with the growth in gasoline revenues and reduced use of retail, entertainment and other complimentarys, resulting in lower amounts of retail, entertainment and other costs and expenses being allocated to gaming costs and expenses.

Advertising, general and administrative costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year declined primarily as a result of reductions in insurance and utility costs, as well as expenses associated with services provided by the State of Connecticut. Advertising, general and administrative costs and expenses for the three months ended June 30, 2012 also reflect lower advertising expenditures.

**Mohegan Sun at Pocono Downs****Gross Revenues**

Gross revenues consisted of the following (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Gaming	\$ 74,747	\$ 72,401	\$ 2,346	3.2%	\$ 222,644	\$ 210,336	\$ 12,308	5.9%
Food and beverage	6,537	6,549	(12)	(0.2)%	18,800	17,879	921	5.2%

Retail, entertainment and other	2,326	2,209	117	5.3 %	6,193	5,429	764	14.1%
Total	\$ 83,610	\$ 81,159	\$ 2,451	3.0 %	\$ 247,637	\$ 233,614	\$ 13,993	6.0%

The following table summarizes the percentage of gross revenues from each of the three revenue sources:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2012	2011	2012	2011
Gaming	89.4%	89.2%	89.9%	90.0%
Food and beverage	7.8%	8.1%	7.6%	7.7%
Retail, entertainment and other	2.8%	2.7%	2.5%	2.3%
Total	100.0%	100.0%	100.0%	100.0%

The following table presents data related to gaming operations (in thousands, except where noted):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Slots:								
Handle	\$ 743,645	\$ 753,434	\$ (9,789)	(1.3)%	\$ 2,235,962	\$ 2,143,426	\$ 92,536	4.3 %
Gross revenues	\$ 59,696	\$ 57,047	\$ 2,649	4.6 %	\$ 178,653	\$ 167,232	\$ 11,421	6.8 %
Net revenues	\$ 59,667	\$ 57,034	\$ 2,633	4.6 %	\$ 178,618	\$ 167,178	\$ 11,440	6.8 %
Free promotional slot plays (1)	\$ 15,324	\$ 18,386	\$ (3,062)	(16.7)%	\$ 46,508	\$ 48,226	\$ (1,718)	(3.6)%
Weighted average number of machines (in units)	2,332	2,332	—	—	2,332	2,409	(77)	(3.2)%
Hold percentage (gross)	8.0%	7.6%	0.4%	5.3 %	8.0%	7.8%	0.2 %	2.6 %
Win per unit per day (gross) (in dollars)	\$ 281	\$ 269	\$ 12	4.5 %	\$ 280	\$ 254	\$ 26	10.2 %
Table games:								
Drop	\$ 50,927	\$ 53,534	\$ (2,597)	(4.9)%	\$ 161,480	\$ 149,525	\$ 11,955	8.0 %
Revenues	\$ 9,246	\$ 9,171	\$ 75	0.8 %	\$ 29,216	\$ 27,144	\$ 2,072	7.6 %
Weighted average number of games (in units)	66	66	—	—	66	66	—	—
Hold percentage (2)	18.2%	17.1%	1.1%	6.4 %	18.1%	18.2%	(0.1)%	(0.5)%
Win per unit per day (in dollars)	\$ 1,540	\$ 1,527	\$ 13	0.9 %	\$ 1,615	\$ 1,506	\$ 109	7.2 %
Poker:								
Revenues	\$ 871	\$ 1,074	\$ (203)	(18.9)%	\$ 2,891	\$ 3,222	\$ (331)	(10.3)%
Weighted average number of tables (in units)	18	18	—	—	18	18	—	—
Revenue per unit per day (in dollars)	\$ 531	\$ 656	\$ (125)	(19.1)%	\$ 586	\$ 656	\$ (70)	(10.7)%

(1) Free promotional slot plays are included in slot handle, but not reflected in slot revenues.

(2) Table games hold percentage is relatively predictable over longer periods of time, but can significantly fluctuate over shorter periods.

Gaming revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of higher slot revenues. The growth in slot revenues reflects strong patron response to our promotional offers and changes in our operations designed to improve profitability.

The following table presents data related to food and beverage operations (in thousands, except where noted):

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
		Percentage		Percentage

	2012	2011	Variance	Variance	2012	2011	Variance	Variance
Meals served	186	219	(33)	(15.1)%	546	578	(32)	(5.5)%
Average price per meal served (in dollars)	\$ 15.98	\$ 15.16	\$ 0.82	5.4%	\$ 15.67	\$ 15.00	\$ 0.67	4.5%

Food and beverage revenues for the three months ended June 30, 2012 compared to the same period in the prior year were flat. Food and beverage revenues for the nine months ended June 30, 2012 compared to the same period in the prior year increased due to changes in promotional beverage offers. The reductions in meals served, as well as the growth in average price per meal served primarily resulted from changes in our operations designed to improve profitability.

Retail, entertainment and other revenues for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of higher ATM commissions and changes in promotional tobacco offers.

#### Promotional Allowances

The retail value of providing promotional allowances was included in revenues as follows (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Food and beverage	\$ 3,608	\$ 3,640	\$ (32)	(0.9)%	\$ 10,729	\$ 9,942	\$ 787	7.9%
Retail and entertainment	442	429	13	3.0%	1,280	1,058	222	21.0%
Total	\$ 4,050	\$ 4,069	\$ (19)	(0.5)%	\$ 12,009	\$ 11,000	\$ 1,009	9.2%

The estimated cost of providing promotional allowances was included in gaming costs and expenses as follows (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Food and beverage	\$ 2,786	\$ 2,861	\$ (75)	(2.6)%	\$ 8,165	\$ 7,896	\$ 269	3.4%
Retail and entertainment	533	523	10	1.9%	1,492	1,338	154	11.5%
Total	\$ 3,319	\$ 3,384	\$ (65)	(1.9)%	\$ 9,657	\$ 9,234	\$ 423	4.6%

Promotional allowances for the three months ended June 30, 2012 compared to the same period in the prior year were flat. Promotional allowances for the nine months ended June 30, 2012 compared to the same period in the prior year increased due to higher redemptions under the Player's Club program and changes in certain promotional offers.

#### Operating Costs and Expenses

Operating costs and expenses consisted of the following (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Gaming	\$ 54,632	\$ 54,403	\$ 229	0.4%	\$ 162,327	\$ 155,993	\$ 6,334	4.1%
Food and beverage	2,270	2,202	68	3.1%	6,216	6,093	123	2.0%
Retail, entertainment and other	287	332	(45)	(13.6)%	862	913	(51)	(5.6)%

Advertising, general and administrative	7,685	7,272	413	5.7%	22,563	22,296	267	1.2%
Depreciation and amortization	3,957	5,204	(1,247)	(24.0)%	11,716	15,759	(4,043)	(25.7)%
(Gain) loss on disposition of assets	15	--	15	(100.0)%	284	284	0	100.0%
<b>Total</b>	<b>\$ 68,844</b>	<b>\$ 69,413</b>	<b>\$ (569)</b>	<b>(0.8)%</b>	<b>\$ 203,968</b>	<b>\$ 201,054</b>	<b>\$ 2,914</b>	<b>1.4%</b>

Gaming costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of higher Pennsylvania Slot Machine Tax commensurate with the growth in slot revenues. Gaming costs and expenses for the nine months ended June 30, 2012 also reflect higher payroll costs and advertising and promotional expenditures. These results were partially offset by a \$676,000 charge associated with scheduled repayments to be made by Mohegan Sun at Pocono Downs (along with other slot machine licensees in the Commonwealth of Pennsylvania) for its proportional share of gaming oversight costs previously incurred by the Pennsylvania Gaming Control Board, or the PGCB, pursuant to a repayment schedule adopted by the PGCB in June 2011. Expenses associated with the Pennsylvania Slot Machine Tax totaled \$33.5 million and \$100.8 million for the three months and nine months ended June 30, 2012, respectively, and \$32.4 million and \$95.5 million for the three months and nine months ended June 30, 2011, respectively. Expenses associated with the Pennsylvania Table Game Tax totaled \$1.6 million and \$5.2 million for the three months and nine months ended June 30, 2012, respectively, and \$1.7 million and \$4.9 million for the three months and nine months ended June 30, 2011, respectively. Gaming costs and expenses as a percentage of gaming revenues were 73.1% and 72.9% for the three months and nine months ended June 30, 2012, respectively, compared to 75.1% and 74.2% for the three months and nine months ended June 30, 2011, respectively.

Food and beverage costs and expenses for the three months ended June 30, 2012 compared to the same period in the prior year increased primarily due to reduced use of food and beverage complimentarys, resulting in lower amounts of food and beverage costs being allocated to gaming costs and expenses. Food and beverage costs and expenses for the nine months ended June 30, 2012 compared to the same period in the prior year increased primarily as a result of higher cost of goods sold commensurate with the growth in food and beverage revenues, partially offset by increased use of food and beverage complimentarys, resulting in higher amounts of food and beverage costs being allocated to gaming costs and expenses.

Retail, entertainment and other costs and expenses for the three months ended June 30, 2012 compared to the same period in the prior year declined primarily due to non-recurring entertainment costs resulting from the discontinuation of concerts on the infield of the harness racing track. Retail, entertainment and other costs and expenses for the nine months ended June 30, 2012 compared to the same period in the prior year decreased primarily as a result of increased use of retail, entertainment and other complimentarys, resulting in higher amounts of retail, entertainment and other costs and expenses being allocated to gaming costs and expenses.

Advertising, general and administrative costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of higher insurance and payroll costs and regulatory expenses.

Depreciation and amortization expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year decreased primarily as a result of fully depreciated assets related to the Phase II facility.

#### *Corporate Expenses and Other Income (Expense)*

Corporate expenses and other income (expense) consisted of the following (in thousands):

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance	2012	2011	Variance	Percentage Variance
Corporate expenses:								
Corporate	\$ 4,651	\$ 3,656	\$ 795	20.6%	\$ 12,653	\$ 12,163	\$ 490	4.0%
Depreciation and amortization	30	40	(10)	(25.0)%	95	123	(28)	(22.8)%

Severance (1)	—	—	—	—	—	2	(2)	(100.0)%
Total Corporate expenses	\$ 4,681	\$ 3,896	\$ 785	20.1 %	\$ 12,748	\$ 12,288	\$ 460	3.7 %
Other income (expense):								
Accretion of discount to the relinquishment liability (2)	\$ (2,062)	\$ (2,842)	\$ 780	(27.4)%	\$ (6,186)	\$ (8,525)	\$ 2,339	(27.4)%
Interest income (3)	1,842	665	1,177	177.0 %	3,559	2,063	1,496	72.5 %
Interest expense	(41,581)	(29,378)	(12,203)	41.5 %	(103,047)	(88,837)	(14,210)	16.0 %
Loss on early exchange of debt	(17)	---	(17)	100.0 %	(14,323)	---	(14,321)	100.0 %
Other income (expense), net	7	118	(111)	(94.1)%	(31)	(226)	195	(86.3)%
Total other expense	\$ (41,811)	\$ (31,437)	\$ (10,374)	33.0 %	\$ (120,028)	\$ (95,525)	\$ (24,503)	25.7 %

(1) Non-recurring workforce reduction related.

(2) Reflects accretion of the discount to the present value of the relinquishment liability for the impact of the time value of money.

(3) Primarily represents interest earned on long-term receivables. Interest income for the three months and nine months ended June 30, 2012, includes adjustment of \$1.1 million, which related to prior periods.

Total Corporate costs and expenses for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased primarily as a result of higher development related expenditures and severance costs.

Interest expense for the three months and nine months ended June 30, 2012 compared to the same periods in the prior year increased as a result of higher weighted average interest rate. Weighted average interest rate was 9.9% and 8.4% for the three months and nine months ended June 30, 2012, respectively, compared to 7.2% and 7.1% for the three months and nine months ended June 30, 2011, respectively. The increases in weighted average interest rate were driven by our March 6, 2012 refinancing transactions. Weighted average outstanding debt was \$1.67 billion and \$1.65 billion for the three months and nine months ended June 30, 2012, respectively, compared to \$1.63 billion and \$1.66 billion for the three months and nine months ended June 30, 2011, respectively.

Loss on early exchange of debt for the three months and nine months ended June 30, 2012 represents financing fees written-off in connection with our March 6, 2012 refinancing transactions. We incurred approximately \$58.3 million in transaction costs in connection with our refinancing, of which \$14.3 million was written-off and \$44.0 million was capitalized and will be amortized over the terms of the related debt.

#### Seasonality

The gaming market in the Northeastern United States is seasonal in nature, with peak gaming activities often occurring at Mohegan Sun and Mohegan Sun at Pocono Downs during the months of May through August. Accordingly, our results of operations for the three months and nine months ended June 30, 2012 are not necessarily indicative of operating results for other interim periods or an entire fiscal year.

#### Liquidity and Capital Resources

Our cash flows consisted of the following (in thousands):

	For the Nine Months Ended June 30,			
	2012	2011	Variance	Percentage Variance
Net cash provided by operating activities	\$ 144,291	\$ 139,091	\$ 5,200	3.7 %
Net cash used in investing activities	(38,700)	(39,666)	966	(2.4)%
Net cash used in financing activities	(97,235)	(97,597)	362	(0.4)%
Net increase in cash and cash equivalents	\$ 8,356	\$ 1,828	\$ 6,528	357.1 %

As of June 30, 2012 and September 30, 2011, we held cash and cash equivalents of \$120.5 million and \$112.2 million, respectively. As a result of the cash-based nature of our business, operating cash flow levels tend to follow trends in our operating income, excluding the effects of non-cash charges, such as depreciation and amortization, accretion of discounts, relinquishment liability reassessments and loss on early exchange of debt. The increase in cash provided by operating activities for the nine months ended June 30, 2012 compared to the same period in the prior year was attributable to lower working capital requirements, partially offset by reduced operating income after adjustments for non-cash items.

Operating activities are a significant source of our cash flows. We utilize cash flows from operations for scheduled interest payments, relinquishment payments, planned capital expenditures, distributions to the Tribe, projected working capital needs and debt reduction, as well as

make investments, from time to time. There are numerous potential factors which may cause a substantial reduction in the amount of such cash flows, including, but not limited to, the following:

- reduced discretionary spending on activities such as gaming, leisure and hospitality;
- increased competition, including the legalization or expansion of gaming in New England, New York, New Jersey, Pennsylvania or other states in the mid-Atlantic region, or the expansion of on-line gaming in the United States;
- unfavorable weather conditions;
- changes in applicable laws or policies regarding smoking or alcohol service at Mohegan Sun and Mohegan Sun at Pocono Downs;
- an infrastructure or transportation disruption, such as the closure of a major highway near Mohegan Sun or Mohegan Sun at Pocono Downs, for an extended period of time; and
- an act of terrorism on the United States.

The decrease in cash used in investing activities for the nine months ended June 30, 2012 compared to the same period in the prior year primarily reflects proceeds from the Commonwealth of Pennsylvania's facility improvement grant, partially offset by higher capital expenditures. The slight decrease in cash used in financing activities for the nine months ended June 30, 2012 compared to the same period in the prior year primarily reflects increased borrowings, partially offset by higher payments of financing fees and distributions to the Tribe.

#### *External Sources of Liquidity*

On March 6, 2012, the Authority completed a comprehensive refinancing of its outstanding indebtedness, including the consummation of private exchange offers and consent solicitations with respect to its outstanding notes, an amendment and restatement of its bank credit facility and the execution and funding of a term loan facility (all further discussed below).

#### *Bank Credit Facilities*

##### *First Lien, First Out Credit Facility*

On March 6, 2012, the Authority entered into a Fourth Amended and Restated Bank Credit Facility providing for a \$400.0 million term loan and a revolving loan with letter of credit and borrowing capacity of up to \$75.0 million from a syndicate of financial institutions and commercial banks, with Bank of America, N.A. serving as Administrative Agent (the "Bank Credit Facility"). Principal outstanding on the term loan under the Bank Credit Facility is to be repaid at a rate of \$1.0 million per quarter. The Bank Credit Facility matures on March 31, 2015, upon which date all outstanding balances are payable in full. As of June 30, 2012, there were \$398.0 million in term loans and no revolving loans outstanding under the Bank Credit Facility. As of June 30, 2012, letters of credit issued under the Bank Credit Facility totaled \$2.3 million, of which no amount was drawn. Inclusive of letters of credit, which reduce borrowing availability under the Bank Credit Facility, and after taking into account restrictive financial covenant requirements, the Authority had approximately \$72.7 million of borrowing capacity under the Bank Credit Facility as of June 30, 2012.

Borrowings under the Bank Credit Facility incur interest as follows: (i) for base rate revolving loans, base rate plus an applicable margin based on a leverage-based pricing grid between 2.25% and 3.25%; (ii) for Eurodollar rate revolving loans, the applicable LIBOR rate plus an applicable margin based on a leverage-based pricing grid between 3.50% and 4.50%; (iii) for base rate term loans, base rate plus an applicable margin equal to 3.25%; and (iv) for Eurodollar rate term loans, the applicable LIBOR rate plus 4.50%. For Eurodollar rate term loans, LIBOR is subject to a 1.0% floor. There also is a fee of between 0.25% and 0.50%, based on a leverage-based pricing grid, charged on unused revolving commitments. Interest on Eurodollar rate loans is payable at the end of each applicable interest period for periods of three months or less and for loans of more than three months, each March, June, September or December that occurs after the beginning of such interest period. Interest on base rate advances is

payable quarterly in arrears. As of June 30, 2012, the \$398.0 million term loan outstanding was based on the Eurodollar rate floor of 1.0% plus an applicable margin of 4.50%. The applicable margin for commitment fees was 0.50% as of June 30, 2012.

The Authority's obligations under the Bank Credit Facility are fully and unconditionally guaranteed, jointly and severally, by the Pennsylvania Entities, MBC, Mohegan Golf, MCV-PA, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming (the "Guarantors"). The Bank Credit Facility is collateralized by a first priority lien on substantially all of the Authority's property and assets and those of the Guarantors (other than MBC), including the assets that comprise Mohegan Sun at Pocono Downs and a leasehold mortgage on the land and improvements that comprise Mohegan Sun (the Authority and the Guarantors, other than MBC, are collectively referred to herein as the "Grantors"). The Grantors are also required to pledge additional assets as collateral for the Bank Credit Facility as they and future guarantor subsidiaries acquire them. The liens and security interests granted by the Grantors as security for the Authority's obligations under the Bank Credit Facility are senior in priority to the liens on the same collateral securing the Term Loan Facility (as defined below) and the 2009 Second Lien Notes, 2012 Second Lien Notes and 2012 Third Lien Notes (each as defined below and, collectively, the "Secured Notes"). The collateral securing the Bank Credit Facility constitutes substantially all of the Grantors' property and assets that secure the Term Loan Facility and the Secured Notes, but excludes certain excluded assets

as defined in the Bank Credit Facility.

The Bank Credit Facility contains negative covenants applicable to the Authority and the Guarantors, including negative covenants governing incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions, mergers or consolidations and capital expenditures. Additionally, the Bank Credit Facility includes financial maintenance covenants pertaining to total leverage, senior leverage and minimum fixed charge coverage. The levels of these covenants as of June 30, 2012 through the remaining term of the Bank Credit Facility are as follows:

Minimum fixed charge coverage ratio covenant, as defined under the Bank Credit Facility:

Fiscal Quarters Ending:	
June 30, 2012 and thereafter	1.05:1.00

Maximum total leverage ratio covenant, or ratio of total debt to annualized EBITDA, as such terms are defined under the Bank Credit Facility:

Fiscal Quarters Ending:	
June 30, 2012 through September 30, 2012	7.25:1.00
December 31, 2012 through March 31, 2013	7.00:1.00
June 30, 2013 through December 31, 2013	6.75:1.00
March 31, 2014 through June 30, 2014	6.50:1.00
September 30, 2014 and thereafter	6.25:1.00

Maximum senior leverage ratio covenant, or ratio of total debt outstanding under the Bank Credit Facility to annualized EBITDA, as such terms are defined under the Bank Credit Facility:

Fiscal Quarters Ending:	
June 30, 2012 and thereafter	1.75:1.00

As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the Bank Credit Facility.

#### *First Lien, Second Out Term Loan Facility*

On March 6, 2012, the Authority entered into a loan agreement providing for a \$225.0 million first lien, second out term loan with Wells Fargo Gaming Capital, LLC serving as Administrative Agent (the "Term Loan Facility"). The Term Loan Facility was issued at a price of 98.0% of par, for an initial yield of approximately 9.6% *per annum*. The Term Loan Facility has no mandatory amortization and is payable in full on March 31, 2016. The net proceeds from the Term Loan Facility were used to refinance the Authority's existing indebtedness, permanently reduce commitments under the Bank Credit Facility and pay accrued interest, fees and expenses in connection with the Authority's refinancing transactions consummated on March 6, 2012.

Loans under the Term Loan Facility incur interest as follows: (i) for base rate loans, base rate plus 6.50% *per annum* and (ii) for Eurodollar rate loans, LIBOR plus 7.50% *per annum*. In all cases, LIBOR is subject to a 1.50% floor. Interest on Eurodollar rate loans is payable at the end of each applicable interest period or every quarter in arrears, if an interest period exceeds three months. Interest on base rate loans is payable quarterly in arrears. As of June 30, 2012, the Authority had a \$225.0 million Eurodollar

rate loan outstanding, which was based on the Eurodollar rate floor of 1.50% plus an applicable margin of 7.50%.

The Term Loan Facility is fully and unconditionally guaranteed, jointly and severally, by each of the Guarantors. The liens and security interests granted by the Grantors as security for the Authority's obligations under the Term Loan Facility are senior in priority to the liens on the same collateral securing any of the Secured Notes. The collateral securing the Term Loan Facility constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and the Secured Notes, but excludes certain excluded assets as defined in the Term Loan Facility.

The Term Loan Facility contains negative covenants that are substantially the same as the negative covenants contained in the Bank Credit Facility. The Term Loan Facility also contains financial maintenance covenants that are substantially the same as those in the Bank Credit Facility and also includes a separate first lien leverage ratio covenant.

As of June 30, 2012, through the remaining term of the Bank Credit Facility, the level of the first lien leverage ratio covenant, or ratio of

total debt outstanding under the Bank Credit Facility and Term Loan Facility to annualized EBITDA, as such terms are defined under the Term Loan Facility, is 2.75 to 1.00.

As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the Term Loan Facility.

#### *Senior Secured Notes*

##### *2009 11 1/2% Second Lien Senior Secured Notes*

In October 2009, the Authority issued \$200.0 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11.50% *per annum* (the "2009 Second Lien Notes"). The 2009 Second Lien Notes were issued at a price of 96.234% of par, to yield an effective interest rate of 12.25% *per annum*. The 2009 Second Lien Notes mature on November 1, 2017. The first call date for the 2009 Second Lien Notes is November 1, 2013. Interest on the 2009 Second Lien Notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2009 Second Lien Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2009 Second Lien Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2009 Second Lien Notes tendered and exchanged was \$199.8 million. An aggregate principal amount of \$200,000 of 2009 Second Lien Notes remains outstanding as of June 30, 2012.

The 2009 Second Lien Notes are collateralized by a second priority lien on substantially all of the Grantors' and future guarantor subsidiaries' properties and assets, and are effectively subordinated to all of the Authority's and its existing and future guarantor subsidiaries' first priority lien secured indebtedness, including borrowings under the Bank Credit Facility and Term Loan Facility, to the extent of the value of the collateral securing such indebtedness. The 2009 Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Grantors.

The 2009 Second Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

##### *2012 11 1/2% Second Lien Senior Secured Notes*

On March 6, 2012, the Authority issued \$199.8 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11.50% *per annum* (the "2012 Second Lien Notes") in exchange for an equal amount of 2009 Second Lien Notes. The 2012 Second Lien Notes mature on November 1, 2017. The Authority may redeem the 2012 Second Lien Notes, in whole or in part, at any time prior to November 1, 2014, at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest. On or after November 1, 2014, the Authority may redeem the 2012 Second Lien Notes, in whole or in part, at a premium decreasing ratably to zero, plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Second Lien Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Second Lien Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Second Lien Notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, commencing November 1, 2012.

The 2012 Second Lien Notes and the related guarantees are secured by second lien security interests in substantially all

of the Grantors property and assets. These liens are junior in priority to the liens on the same collateral securing the Authority's Bank Credit Facility and Term Loan Facility (and permitted replacements thereof) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 Second Lien Notes constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Third Lien Notes, but excludes certain excluded assets as defined in the 2012 Second Lien Notes indenture. The 2012 Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Grantors.

The 2012 Second Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

##### *2012 10 1/4% Third Lien Senior Secured Notes*

On March 6, 2012, the Authority issued approximately \$417.7 million Third Lien Senior Secured Notes with fixed interest payable at a rate of 10.50% *per annum* (the "2012 Third Lien Notes") in exchange for \$234.2 million of 2005 Senior Unsecured Notes and \$183.5 million of 2002 Senior Subordinated Notes. The 2012 Third Lien Notes mature on December 15, 2016. The Authority may redeem the 2012 Third Lien Notes, in whole or in part, at any time at a price equal to 100% of the principal amount plus accrued interest. If a change of control of the Authority

occurs, the Authority must offer to repurchase the 2012 Third Lien Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Third Lien Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Third Lien Notes is payable semi-annually on June 15<sup>th</sup> and December 15<sup>th</sup>, commencing December 15, 2012.

The 2012 Third Lien Notes and the related guarantees are secured by third lien security interests in substantially all of the Grantors' property and assets. These liens are junior in priority to the liens on the same collateral securing the Authority's Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Second Lien Notes (and permitted replacements of each of the foregoing) and to all other permitted prior liens, including liens securing certain hedging obligations. The collateral securing the 2012 Third Lien Notes constitutes substantially all of the Grantors' property and assets that secure the Bank Credit Facility and Term Loan Facility, the 2009 Second Lien Notes and 2012 Second Lien Notes, but excludes certain excluded assets as defined in the 2012 Third Lien Notes indenture. The 2012 Third Lien Notes are fully and unconditionally guaranteed, jointly and severally, by the Grantors.

The 2012 Third Lien Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

### *Senior Unsecured Notes*

#### *2005 6<sup>7</sup>/<sub>8</sub>% Senior Unsecured Notes*

In February 2005, the Authority issued \$250.0 million Senior Unsecured Notes with fixed interest payable at a rate of 6.125% *per annum* (the "2005 Senior Unsecured Notes"). The 2005 Senior Unsecured Notes mature on February 15, 2013. The 2005 Senior Unsecured Notes are callable at the Authority's option at par. Interest on the 2005 Senior Unsecured Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2005 Senior Unsecured Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 Senior Unsecured Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2005 Senior Unsecured Notes tendered and exchanged was \$234.2 million. An aggregate principal amount of \$15.8 million of the 2005 Senior Unsecured Notes remains outstanding as of June 30, 2012.

The 2005 Senior Unsecured Notes are uncollateralized general obligations of the Authority, and are effectively subordinated to all of the Authority's and the Grantors' and future guarantor subsidiaries' senior secured indebtedness, including the Bank Credit Facility, Term Loan Facility, 2009 Second Lien Notes, 2012 Second Lien Notes and 2012 Third Lien Notes, to the extent of the value of the collateral securing such indebtedness. The 2005 Senior Unsecured Notes are fully and unconditionally guaranteed, jointly and severally, by the Grantors.

### *Senior Subordinated Notes*

#### *2002 8% Senior Subordinated Notes*

In February 2002, the Authority issued \$250.0 million Senior Subordinated Notes with fixed interest payable at a rate of 8.000% *per annum* (the "2002 Senior Subordinated Notes"). The 2002 Senior Subordinated Notes matured on April 1, 2012. Subsequent to the March 6, 2012 private exchange offer, \$66.5 million 2002 Senior Subordinated Notes remained outstanding, which amount, including accrued interest, was repaid at maturity with cash on hand.

#### *2004 7<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes*

In August 2004, the Authority issued \$225.0 million Senior Subordinated Notes with fixed interest payable at a rate of 7.125% *per annum* (the "2004 Senior Subordinated Notes"). The 2004 Senior Subordinated Notes mature on August 15, 2014. The 2004 Senior Subordinated Notes are callable at the Authority's option at par. Interest on the 2004 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2004 Senior Subordinated Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2004 Senior Subordinated Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2004 Senior Subordinated Notes tendered and exchanged was \$203.8 million. An aggregate principal amount of \$21.2 million of the 2004 Senior Subordinated Notes remains outstanding as of June 30, 2012.

#### *2005 6<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes*

In February 2005, the Authority issued \$150.0 million Senior Subordinated Notes with fixed interest payable at a rate of 6.875% *per annum* (the "2005 Senior Subordinated Notes"). The 2005 Senior Subordinated Notes mature on February 15, 2015. The 2005 Senior Subordinated Notes are callable at the Authority's option at par. Interest on the 2005 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>.

On March 6, 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2005 Senior Subordinated Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 Senior Subordinated Notes, which eliminated certain restrictive covenants under the notes and related indenture. The aggregate principal amount of 2005 Senior Subordinated Notes tendered and exchanged was \$140.3 million. An aggregate principal amount of \$9.7 million of the 2005 Senior Subordinated Notes remains outstanding as of June 30, 2012.

#### *2012 11% Senior Subordinated Notes*

On March 6, 2012, the Authority issued \$344.2 million Senior Subordinated Toggle Notes with fixed interest payable at a rate of 11% *per annum* (the "2012 Senior Subordinated Notes") in exchange for \$203.8 million of 2004 Senior Subordinated Notes and \$140.3 million of 2005 Senior Subordinated Notes. The 2012 Senior Subordinated Notes mature on September 15, 2018. The Authority may redeem the 2012 Senior Subordinated Notes, in whole or in part, at any time, at a price equal to 100% of the principal amount plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Senior Subordinated Notes is payable semi-annually on March 15<sup>th</sup> and September 15<sup>th</sup>, commencing September 15, 2012. The initial interest payment on the 2012 Senior Subordinated Notes is payable entirely in cash. For any subsequent interest payment period through March 15, 2018, the Authority may, at its option, elect to pay interest on the 2012 Senior Subordinated Notes either entirely in cash or by paying up to 2% in 2012 Senior Subordinated Notes ("PIK Interest"). If the Authority elects to pay PIK Interest, such election will increase the principal amount of the 2012 Senior Subordinated Notes in an amount equal to the amount of PIK Interest for the applicable interest payment period to holders of 2012 Senior Subordinated Notes on the relevant record date.

The 2012 Senior Subordinated Notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

The Authority's senior subordinated notes are uncollateralized general obligations of the Authority, and are subordinated

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to borrowings under the Bank Credit Facility, Term Loan Facility, 2009 Second Lien Notes, 2012 Second Lien Notes, 2012 Third Lien Notes and 2005 Senior Unsecured Notes. The senior subordinated notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The senior and senior subordinated note indentures contain certain non-financial and financial covenant requirements with which the Authority and the Tribe must comply. The non-financial covenant requirements include, among other things, reporting obligations, compliance with laws and regulations, maintenance of licenses and insurances and continued existence of the Authority. The financial covenant requirements include, among other things, subject to certain exceptions, limitations on the Authority's and the Guarantors' ability to incur additional indebtedness, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company, transfer or sell assets or impair assets constituting collateral.

As of June 30, 2012, the Authority and the Tribe were in compliance with all respective covenant requirements under the senior and senior subordinated note indentures.

The Authority or its affiliates may, from time to time, seek to purchase or otherwise retire outstanding indebtedness for cash in open market purchases, privately negotiated transactions or otherwise. Any such transaction will depend on prevailing market conditions and the Authority's liquidity and covenant requirement restrictions, among other factors.

#### *Line of Credit*

As of June 30, 2012, the Authority had a \$16.5 million revolving credit facility with Bank of America, N.A. (the "Line of Credit"). The Line of Credit was amended in March 2012 to, among other things, extend the maturity date to March 31, 2015. Pursuant to the provisions of the Bank Credit Facility, the Line of Credit may be replaced by an Autoborrow Loan governed by the terms of an Autoborrow Agreement described in the Bank Credit Facility. Under the Line of Credit, as amended, each advance accrues interest on the basis of a one-month LIBOR Rate plus an applicable margin based on the Authority's total leverage ratio, as each term is defined under the Line of Credit. Borrowings under the Line of Credit are uncollateralized obligations. As of June 30, 2012, no amount was drawn on the Line of Credit. The Line of Credit contains negative covenants and financial maintenance covenants that are substantially the same as the corresponding covenants contained in the Bank Credit Facility. As of June 30, 2012, the Authority was in compliance with all covenant requirements under the Line of Credit and had \$16.5 million of borrowing

capacity thereunder.

#### *2009 Mohegan Tribe Promissory Note*

In September 2009, the Tribe made a \$10.0 million loan to Salishan-Mohegan (the "2009 Mohegan Tribe Promissory Note"). The 2009 Mohegan Tribe Promissory Note was amended in March 2012 to extend the maturity date to September 30, 2014. As amended, the 2009 Mohegan Tribe Promissory Note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly in the amount of \$1.2 million, commencing December 31, 2013 and continuing through June 30, 2014, with the balance of accrued and unpaid interest due at maturity. Principal outstanding under the 2009 Mohegan Tribe Promissory Note amortizes as follows: (i) \$1.625 million per quarter, commencing December 31, 2012 and continuing through September 30, 2013 and (ii) \$875,000 per quarter, commencing December 31, 2013.

#### *2012 Mohegan Tribe Minor's Trust Promissory Note*

In March 2012, Comerica Bank & Trust, N.A., Trustee f/b/o The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan (the "2012 Mohegan Tribe Minor's Trust Promissory Note"), the proceeds of which were used to repay, among other things, the Salishan-Mohegan Bank Credit Facility. The 2012 Mohegan Tribe Minor's Trust Promissory Note matures on March 31, 2016. The 2012 Mohegan Tribe Minor's Trust Promissory Note accrues interest at an annual rate of 10.0%. Accrued interest is payable quarterly, commencing June 30, 2012. Principal outstanding under the 2012 Mohegan Tribe Minor's Trust Promissory Note amortizes as follows: (i) \$500,000 per quarter, commencing December 31, 2012 and continuing through September 30, 2014 and (ii) \$1.5 million per quarter, commencing December 31, 2014 and continuing to maturity.

#### *Mohegan Tribe Credit Facility*

In 2011, the Tribe provided Salishan-Mohegan with a \$1.75 million revolving credit facility (the "Mohegan Tribe Credit Facility"). The Mohegan Tribe Credit Facility was amended in March 2012 to extend the maturity date to September 30, 2013 and reduce the borrowing capacity to \$1.45 million. The Mohegan Tribe Credit Facility accrues interest at an annual rate of 15.0% payable at maturity. As amended, principal outstanding under the Mohegan Tribe Credit Facility amortizes at a rate of \$362,500

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per quarter, commencing December 31, 2012. As of June 30, 2012, the Mohegan Tribe Credit Facility was fully drawn.

#### *Salishan-Mohegan Bank Credit Facility*

Salishan-Mohegan previously had a \$15.25 million revolving loan credit facility with Bank of America, N.A. (the "Salishan-Mohegan Bank Credit Facility"). The Salishan-Mohegan Bank Credit Facility, including accrued interest, matured in March 2012, at which time it was repaid with proceeds from the 2012 Mohegan Tribe Minor's Trust Promissory Note.

#### *Capital Expenditures*

The following table presents data related to capital expenditures (in millions):

	Capital Expenditures		
	Nine Months Ended June 30, 2012	Remaining Forecasted Fiscal Year 2012	Total Forecasted Fiscal Year 2012
<b>Mohegan Sun:</b>			
Maintenance	\$ 24.1	\$ 8.9	\$ 33.0
Development	5.6	4.4	10.0
Expansion - Project Horizon	0.3	—	0.3
Subtotal	30.0	13.3	43.3
<b>Mohegan Sun at Pocono Downs:</b>			
Maintenance	3.8	0.2	4.0
Expansion (1)	(0.3)	—	(0.3)
Subtotal	3.5	0.2	3.7
<b>Corporate:</b>			
Expansion - Project Sunlight	0.6	5.2	5.8
Subtotal	0.6	5.2	5.8
<b>Total</b>	<b>\$ 34.1</b>	<b>\$ 18.7</b>	<b>\$ 52.8</b>

(1) Represents adjustments to the cost for Project Sunrise and table game and poker operations expansions.

We primarily rely on cash flows provided by operating activities to fund maintenance capital expenditures at Mohegan Sun and Mohegan Sun at Pocono Downs. We plan to fund any development or expansion capital expenditures at Mohegan Sun and Mohegan Sun at Pocono Downs through a combination of existing cash, cash flows provided by operating activities and draws under our bank credit facility. Project Sunlight will be funded through a fully-funded \$45 million non-recourse term loan obtained by Downs Lodging, L.L.C., our wholly-owned unrestricted subsidiary, and a \$5 million equity contribution by us.

### Interest Expense

The following table presents our interest expense (in thousands):

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2012	2011	2012	2011
Bank credit facility	\$ 5,664	\$ 5,659	\$ 16,011	\$ 17,739
Term loan facility, including accretion of discount	5,340	—	6,574	—
2009 11 <sup>1</sup> / <sub>2</sub> % second lien senior secured notes, includes accretion of bond discount	6	5,917	10,221	17,738
2012 11 <sup>1</sup> / <sub>2</sub> % second lien senior secured notes, includes accretion of bond discount	5,927	—	7,572	—
2012 10 <sup>1</sup> / <sub>2</sub> % third lien senior secured notes	10,967	—	14,013	—
2005 6 <sup>1</sup> / <sub>8</sub> % senior unsecured notes	242	3,828	6,902	11,484
2001 8 <sup>3</sup> / <sub>8</sub> % senior subordinated notes	—	62	—	126
2002 8% senior subordinated notes	—	5,005	5,980	15,000
2004 7 <sup>1</sup> / <sub>8</sub> % senior subordinated notes	377	4,008	7,384	12,024
2005 6 <sup>7</sup> / <sub>8</sub> % senior subordinated notes	166	2,578	4,652	7,734

2012 11% senior subordinated notes	9,465	—	12,094	—
Line of credit	—	68	95	211
WNBA promissory note	—	—	—	6
Salishan-Mohegan bank credit facility	—	164	250	453
2009 Mohegan Tribe promissory note (Salishan-Mohegan)	281	374	997	1,122
2012 Mohegan Tribe Minor's Trust promissory note (Salishan-Mohegan)	497	—	598	—
Mohegan Tribe credit facility (Salishan-Mohegan)	54	15	147	18
Capital leases	178	55	278	168
Amortization of net deferred gain on settlement of derivative instruments	(23)	(117)	(231)	(351)
Amortization of debt issuance costs	2,440	1,787	6,300	5,365
	—	—	—	—
Total interest expense	<u>\$ 41,581</u>	<u>\$ 29,378</u>	<u>\$ 103,047</u>	<u>\$ 88,837</u>

### Contractual Obligations

The following table presents estimated future payment obligations related to our debt and the timing of those payments as of June 30, 2012 (in thousands):

Contractual Obligations	Total	Payments due by period			
		Less than 1 year (1)	1-3 years	3-5 years	More than 5 years
Long-term debt	\$ 1,662,996	\$ 27,237	\$ 437,298	\$ 654,271	\$ 544,190
Capital leases	8,862	2,176	3,940	1,665	881
Interest payments on long-term debt and capital leases	743,327	169,909	301,251	263,857	68,310
Total	<u>\$ 2,415,185</u>	<u>\$ 199,522</u>	<u>\$ 742,489</u>	<u>\$ 859,793</u>	<u>\$ 613,381</u>

(1) Represents payment obligations from July 1, 2012 to June 30, 2013.

### Sufficiency of Resources

We believe that existing cash balances, financing arrangements and operating cash flows will provide us with sufficient resources to meet our existing debt obligations, relinquishment payments, foreseeable capital expenditure requirements and distributions to the Tribe for at least the next twelve months; however, we can provide no assurance in this regard. Please refer to "Part I, Item 1A Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 for further details regarding risks relating to our sufficiency of resources. Any future investments in Mohegan Sun and Mohegan Sun at Pocono Downs are anticipated to be funded through a combination of existing cash balances, future operating cash flows and draws under our Bank Credit Facility. Project Sunlight will be funded through a fully-funded \$45 million non-recourse term loan obtained by Downs Lodging, LLC and a \$5 million equity contribution by us, inclusive of letters of credit, which reduce borrowing availability under the Bank Credit Facility, and after taking into account restrictive financial covenant requirements, we had approximately

\$72.7 million of borrowing capacity under the Bank Credit Facility and Line of Credit as of June 30, 2012. Distributions to the Tribe are anticipated to total approximately \$53.0 million for fiscal 2012.

### Critical Accounting Policies and Estimates

There has been no material change from the critical accounting policies and estimates previously disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

### Impact of Inflation

Absent changes in competitive and economic conditions or in specific prices affecting the hospitality and gaming industry, we do not expect that inflation will have a significant impact on our operations. Changes in specific prices, such as fuel and transportation prices, relative to the general rate of inflation may have a material adverse effect on the hospitality and gaming industry in general.

### New Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board, or the FASB, issued revised guidance pertaining to the accounting standard for indefinite-lived intangible assets. The revised guidance allows an entity the option to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired before performing the two-step indefinite-lived intangible asset impairment test. The revised guidance is effective for interim and annual periods beginning after September 15, 2012; however, early adoption is permitted. We do not expect its adoption to impact our financial position, results of operations or cash flows.

In September 2011, the FASB issued revised guidance pertaining to the accounting standard for goodwill impairment tests. The revised guidance allows an entity the option to assess qualitative factors to determine whether the fair value of a reporting unit is less than its carrying value before performing the two-step goodwill impairment test. The revised guidance is effective for interim and annual periods beginning after December 15, 2011. We adopted this guidance in our second quarter of fiscal 2012, and its adoption did not impact our financial position, results of operations or cash flows.

In May 2011, the FASB issued amended guidance seeking to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. generally accepted accounting principles, or GAAP, and International Financial Reporting Standards, or IFRS. While consistent with existing fair value measurement principles under GAAP, the amended guidance expands existing disclosure requirements for fair value measurements and eliminates unnecessary differences between GAAP and IFRS. The amended guidance is effective for interim and annual periods beginning after December 15, 2011. We adopted this guidance in our second quarter of fiscal 2012, and its adoption did not impact our financial position, results of operations or cash flows.

In April 2010, the FASB issued guidance pertaining to accruals for casino jackpot liabilities. The new guidance clarifies that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying such jackpot. The new guidance specifies that jackpots should be accrued and charged to revenue when the entity has the obligation to pay such jackpot and applies to both base and progressive jackpots and requires a cumulative-effect adjustment to opening retained earnings in the period of adoption. The new guidance was effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2010. We adopted this guidance in our first quarter of fiscal 2012, and as such, recorded a cumulative-effect adjustment, which decreased other current liabilities and increased retained earnings by \$2.0 million.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our bank credit facility and term loan facility, which both accrue interest on the basis of a base rate formula or a Eurodollar rate formula, plus applicable rates, as defined under the respective facility. As of June 30, 2012, \$398.0 million and \$225.0 million was outstanding under the bank credit facility and term loan facility, respectively.

We attempt to manage our interest rate risk through a controlled combination of long-term fixed rate borrowings and variable rate borrowings in accordance with established policies and procedures. We do not hold or issue financial instruments for speculative or trading purposes.

The following table presents information as of June 30, 2012 about our current financial instruments or debt obligations that are sensitive to changes in interest rates. The table presents principal payments and related weighted average interest rates by expected maturity dates. Weighted average variable rates are based on implied forward rates in respective yield curves, which should not be considered to be precise indicators of actual future interest rates. Fair values for our debt instruments are based on quoted market prices or prices of similar instruments as of June 30, 2012.

	Expected Maturity Date						Total	Fair Value
	2012	2013	2014	2015	2016	Thereafter		
Liabilities (in thousands)								
Long-term debt and capital lease obligations (including current portions)								
Fixed rate	\$ 874	\$ 27,749	\$ 28,845	\$ 17,085	\$ 10,824	\$ 963,481	\$ 1,048,858	\$ 876,089
Average interest rate	8.8%	7.9%	7.7%	8.0%	9.5%	10.9%	10.6%	
Variable rate	\$ 1,000	\$ 4,000	\$ 4,000	\$ 389,000	\$ 225,000	\$ —	\$ 623,000	\$ 601,673
Average interest rate (1)	5.5%	5.5%	5.5%	5.5%	9.0%	—	6.8%	

- (1) A 100 basis point change in average interest rate would impact annual interest expense by approximately \$6.2 million.

#### Item 4. Controls and Procedures

##### Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2012. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures. Management recognizes that controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on an evaluation of our disclosure controls and procedures as of June 30, 2012, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

##### Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(l) and 15d-15(f) under the Exchange Act) that occurred during the three months ended June 30, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

#### Item 1. Legal Proceedings

We are subject to various claims and legal actions resulting from our normal course of business. Some of these matters relate to personal injuries to patrons and damages to patrons' personal assets. We estimate guest claims expense and accrue for such liabilities based upon historical experience.

#### Item 1A. Risk Factors

There has been no material change from the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

#### Item 6. Exhibits

The exhibits to this Quarterly Report on Form 10-Q are listed on the Exhibit Index, which appears elsewhere herein and is incorporated herein by reference.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Mohegan Tribal Gaming Authority has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

MOHEGAN TRIBAL GAMING AUTHORITY

Date: August 13, 2012

By: /s/ BRUCE S. BOZSUM

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Bruce S. Bozsum  
Chairman and Member, Management Board

Date: August 13, 2012

By: /s/ MITCHELL GROSSINGER ETESS

Mitchell Grossinger Etess  
Chief Executive Officer,  
Mohegan Tribal Gaming Authority  
(Principal Executive Officer)

Date: August 13, 2012

By: /s/ MARIO C. KONTOMERKOS

Mario C. Kontomerkos  
Chief Financial Officer,  
Mohegan Tribal Gaming Authority  
(Principal Financial and Accounting Officer)

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**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
3.1	Constitution of the Mohegan Tribe of Indians of Connecticut, as amended (filed as Exhibit 3.1 to the Authority's Registration Statement on Form S-4, filed with the SEC on November 1, 2004 and incorporated by reference herein).
3.2	Ordinance No. 95-2 of the Tribe for Gaming on Tribal Lands, enacted on July 15, 1995 (filed as Exhibit 3.2 to the Authority's Amendment No. 1 to its Registration Statement on Form S-1, filed with the SEC on February 29, 1996 (the 1996 Form S-1) and incorporated by reference herein).
3.3	Articles of Organization of Mohegan Basketball Club, LLC, dated as of January 27, 2003 (filed as Exhibit 3.3 to the Authority's Registration Statement on Form S-4, filed with the SEC on September 23, 2003 (the "2003 Form S-4") and incorporated by reference herein).
3.4	Operating Agreement of Mohegan Basketball Club, LLC, a Mohegan Tribe of Indians of Connecticut limited liability company, dated as of January 24, 2003 (filed as Exhibit 3.4 to the 2003 Form S-4 and incorporated by reference herein).
3.5	Certificate of Organization of Mohegan Commercial Ventures PA, LLC, dated as of January 6, 2005, as amended (filed as Exhibit 3.5 to the Authority's Registration Statement on Form S-4, filed with the SEC on June 7, 2005 (the "2005 Form S-4") and incorporated by reference herein).
3.6	Operating Agreement of Mohegan Commercial Ventures PA, LLC, a Commonwealth of Pennsylvania limited liability company, dated as of December 15, 2004 (filed as Exhibit 3.6 to the 2005 Form S-4 and incorporated by reference herein).
3.7	Certificate of Limited Partnership of Downs Racing, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.7 to the 2005 Form S-4 and incorporated by reference herein).
3.8	Amended and Restated Limited Partnership Agreement of Downs Racing, L.P., dated as of January 25, 2005 (filed as Exhibit 3.8 to the 2005 Form S-4 and incorporated by reference herein).
3.9	Certificate of Limited Partnership of Backside, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.9 to the 2005 Form S-4 and incorporated by reference herein).
3.10	Amended and Restated Limited Partnership Agreement of Backside, L.P., dated as of January 25, 2005 (filed as Exhibit 3.10 to the 2005 Form S-4 and incorporated by reference herein).
3.11	Certificate of Limited Partnership of Mill Creek Land, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.11 to the 2005 Form S-4 and incorporated by reference herein).
3.12	Amended and Restated Limited Partnership Agreement of Mill Creek Land, L.P., dated as of January 25, 2005 (filed as Exhibit 3.12 to the 2005 Form S-4 and incorporated by reference herein).

- 3.13 Certificate of Limited Partnership of Northeast Concessions, L.P., dated as of January 7, 2005, as amended (filed as Exhibit 3.13 to the 2005 Form S-4 and incorporated by reference herein).
- 3.14 Amended and Restated Limited Partnership Agreement of Northeast Concessions, L.P., dated as of January 25, 2005 (filed as Exhibit 3.14 to the 2005 Form S-4 and incorporated by reference herein).
- 3.15 Articles of Organization of Mohegan Ventures-Northwest, LLC, dated as of July 23, 2004 (filed as Exhibit 3.15 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006, filed with the SEC on August 10, 2006 (the "June 2006 Form 10-Q") and incorporated by reference herein).
- 3.16 Operating Agreement of Mohegan Ventures-Northwest, LLC, a Mohegan Tribe of Indians of Connecticut limited liability company, dated as of July 23, 2004 (filed as Exhibit 3.16 to the June 2006 Form 10-Q and incorporated by reference herein).
- 3.17 Articles of Organization of Mohegan Golf, LLC, dated as of November 20, 2006 (filed as Exhibit 3.17 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2006, filed with the SEC on December 21, 2006 (the "2006 Form 10-K") and incorporated by reference herein).
- 3.18 Certificate of Formation of Wisconsin Tribal Gaming, LLC, dated as of February 27, 2007 (filed as Exhibit 3.18 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007, filed with the SEC on May 15, 2007 (the "March 2007 Form 10-Q") and incorporated by reference herein).

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- 3.19 Articles of Organization of Mohegan Ventures Wisconsin, LLC, dated as of March 1, 2007 (filed as Exhibit 3.19 to the March 2007 Form 10-Q and incorporated by reference herein).
  - 3.20 Certificate of Formation of MTGA Gaming, LLC, dated as of July 27, 2007 (filed as Exhibit 3.20 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (the "2007 Form 10-K"), filed with the SEC on December 21, 2007 and incorporated by reference herein).
  - 3.21 Articles of Amendment of Mohegan Golf, LLC, dated as of April 8, 2008 (filed as Exhibit 3.18 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008, filed with the SEC on May 15, 2008 and incorporated by reference herein).
  - 4.1 Relinquishment Agreement, dated as of February 7, 1998, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut and Trading Cove Associates (filed as Exhibit 10.14 to the Authority's Form 10-K405 for the fiscal year ended September 30, 1998, filed with the SEC on December 29, 1998 and incorporated by reference herein).

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- 4.2 Supplemental Indenture No. 8, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.11 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, filed with the SEC on May 14, 2012 (the "March 2012 Form 10-Q") and incorporated by reference herein.)
  - 4.3 Indenture, dated as of August 3, 2004, between the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, Mohegan Basketball Club, LLC and U.S. Bank National Association, as Trustee, relating to the 7<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.19 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 (the "June 2004 Form 10-Q"), filed with the SEC on August 16, 2004 and incorporated by reference herein).
  - 4.4 Supplemental Indenture No. 1, dated as of January 25, 2005, between the Mohegan Tribal Gaming Authority, the Subsidiary Guarantors (as defined under the Indenture), and U.S. Bank National Association, as Trustee, relating to the 7<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.25 to the Authority's Quarterly Report on Form 10-Q for the quarter ended December 31, 2004, filed with the SEC on February 14, 2005 (the "December

2004 Form 10-Q") and incorporated by reference herein).

- 4.5 Supplemental Indenture No. 2, dated as of August 4, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.20 to the June 2006 Form 10-Q and incorporated by reference herein).
- 4.6 Supplemental Indenture No. 3, dated as of December 18, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.23 to the 2006 Form 10-K and incorporated by reference herein).
- 4.70 Supplemental Indenture No. 4, dated as of March 28, 2007, between the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.26 to the March 2007 Form 10-Q and incorporated by reference herein).
- 4.8 Supplemental Indenture No. 5, dated as of August 27, 2007, between the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.29 to the 2007 Form 10-K and incorporated by reference herein).
- 4.9 Supplemental Indenture No. 6, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 7<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.19 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, filed with the SEC on May 14, 2012 (the "March 2012 Form 10-Q") and incorporated by reference herein).
- 4.10 Form of Global 7<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2014 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.20 to the June 2004 Form 10-Q and incorporated by reference herein).
- 4.11 Indenture, dated as of February 8, 2005, between the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2015 (filed as Exhibit 4.28 to the December 2004 Form 10-Q and incorporated by reference herein).
- 4.12 Supplemental Indenture No. 1, dated as of August 4, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.23 to the June 2006 Form 10-Q and incorporated by reference herein).
- 4.13 Supplemental Indenture No. 2, dated as of December 18, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.27 to the 2006 Form 10-K and incorporated by reference herein).

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- 4.14 Supplemental Indenture No. 3, dated as of March 28, 2007, between the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.31 to the March 2007 Form 10-Q and incorporated by reference herein).
  - 4.15 Supplemental Indenture No. 4, dated as of August 27, 2007, between the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.35 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30,

2007, filed with the SEC on December 21, 2007 and incorporated by reference herein).

- 4.16 Supplemental Indenture No. 5, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.26 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.17 Form of Global 6 3/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.29 to the December 2004 Form 10-Q and incorporated by reference herein).
- 4.18 Indenture, dated as of February 8, 2005, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and Wachovia Bank, National Association, as Trustee, relating to the 6 1/8% Senior Notes Due 2013 (filed as Exhibit 4.31 to the December 2004 Form 10-Q and incorporated by reference herein).
- 4.19 Supplemental Indenture No. 1, dated as of August 4, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association (as successor to Wachovia Bank, National Association), as Trustee, relating to the 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.26 to the June 2006 Form 10-Q and incorporated by reference herein).
- 4.20 Supplemental Indenture No. 2, dated as of December 18, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association (as successor to Wachovia Bank, National Association), as Trustee, relating to the 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.31 to the 2006 Form 10-K and incorporated by reference herein).
- 4.21 Supplemental Indenture No. 3, dated as of March 28, 2007, between the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association (as successor to Wachovia Bank, National Association), as Trustee, relating to the 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.36 to the March 2007 Form 10-Q and incorporated by reference herein).
- 4.22 Supplemental Indenture No. 4, dated as of August 27, 2007, between the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.41 to the 2007 Form 10-K and incorporated by reference herein).
- 4.23 Supplemental Indenture No. 5, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.33 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.24 Form of Global 6 1/8% Senior Notes Due 2013 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.32 to the December 2004 Form 10-Q and incorporated by reference herein).
- 4.25 Indenture, dated as of October 26, 2009, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 2009 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.43 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2009, filed with the SEC on December 28, 2009 (the "2009 Form 10-K") and incorporated by reference herein).

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- 4.26 Supplemental Indenture No.1, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 2009 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.36 to the March 2012 Form 10-Q and incorporated by reference herein).

- 4.27 Form of Global 2009 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.44 to the 2009 Form 10-K and incorporated by reference herein).
- 4.28 Indenture, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 2012 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.38 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.29 Form of Global 2012 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.39 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.30 Indenture, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 10 1/2% Third Lien Senior Secured Notes Due 2016 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.40 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.31 Form of Global 10 1/2% Third Lien Senior Secured Notes Due 2016 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.41 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.32 Indenture, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 11% Senior Subordinated Notes Due 2018 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.42 to the March 2012 Form 10-Q and incorporated by reference herein).
- 4.33 Form of Global 11% Senior Subordinated Notes Due 2018 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.43 to the March 2012 Form 10-Q and incorporated by reference herein).
- 31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith).
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer (filed herewith).
- 32.1 Section 1350 Certification of Chief Executive Officer (filed herewith).
- 32.2 Section 1350 Certification of Chief Financial Officer (filed herewith).
- 101.INS\* XBRL Instance Document (filed herewith).
- 101.SCH\* XBRL Taxonomy Extension Schema (filed herewith).
- 101.CAL\* XBRL Taxonomy Calculation Linkbase (filed herewith).
- 101.DEF\* XBRL Taxonomy Extension Definition Linkbase (filed herewith).
- 101.LAB\* XBRL Taxonomy Extension Label Linkbase (filed herewith).
- 101.PRE\* XBRL Taxonomy Extension Presentation Linkbase (filed herewith).

\* Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibits 101 to this Quarterly Report on Form 10-Q shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.



**APPENDIX 13-15**

Do not apply.

**APPENDIX 17**  
**Copies of Formation Documents**

See Attached.

PART II - MOHEGAN TRIBE OF INDIANS CODE  
Chapter 2 - GAMING  
ARTICLE II. - GAMING AUTHORITY

**ARTICLE II. - GAMING AUTHORITY**

Sec. 2-21. - Establishment.  
Sec. 2-22. - Name, Location and Place of Business.  
Sec. 2-23. - Definitions.  
Sec. 2-24. - Purposes.  
Sec. 2-25. - Management Board; Establishment; Duties and Powers.  
Sec. 2-26. - Business Board Representatives; Functions; Duties.  
Sec. 2-27. - Indemnification of Officers, Employees and Members of the Authority.  
Sec. 2-28. - Membership of Management Board; Qualification; Term of Office.  
Sec. 2-29. - Meeting of Management Board.  
Sec. 2-30. - Executive Committee.  
Sec. 2-31. - Principal Officers.  
Sec. 2-32. - Powers and Duties.  
Sec. 2-33. - Decisions Appealable to Gaming Disputes Court.  
Sec. 2-34. - Removal.  
Sec. 2-35. - Resignations; Vacancies.  
Sec. 2-36. - Accounting; Fiscal Year.  
Sec. 2-37. - Records; Inspection; Audits.  
Sec. 2-38. - Insurance.  
Secs. 2-39—2-60. - Reserved.

**Sec. 2-21. - Establishment.**

The Mohegan Tribal Gaming Authority ("Authority") is hereby established by The Mohegan Tribal Council on May 15, 1995, pursuant to and consistent with Article XIII of The Mohegan Constitution, and authorized to exercise all governmental and proprietary powers of The Mohegan Tribe over development, construction, operation, promotion, financing, regulation and licensing of gaming, and any associated hotel, associated resort or associated entertainment facilities, on Tribal lands. The authority hereby assumes all obligations, responsibilities and duties of The Mohegan Tribe under Gaming Law existing at the date of enactment of this Article.

(Ord. No. 95-2, § 1, 7-15-1995)

**Sec. 2-22. - Name, Location and Place of Business.**

- (a) The official name of the Authority is the "Mohegan Tribal Gaming Authority."
- (b) The principal place of business and the office of the Authority shall be in Montville, Connecticut.
- (c) The Authority may also have offices at such other place or places as the Management Board may from time to time direct, or as the operation of the Authority may require.

(Ord. No. 95-2, § 2, 7-15-1995)

**Sec. 2-23. - Definitions.**

For the purpose of this Article, the following words and terms shall have the meanings respectively

PART II - MOHEGAN TRIBE OF INDIANS CODE  
Chapter 2 - GAMING  
ARTICLE II. - GAMING AUTHORITY

scribed:

*Associated Development* means any and all development associated with or relating to the Enterprise in furtherance of the purposes and policies enunciated in The Mohegan Constitution Article XIII, The Tribal Gaming Ordinance, Ordinance No. 94-1, and Tribal Resolution No. 94-7/282.

*Collateral Documents* means the documents defined as Collateral Documents In the Financing Agreements.

*Enterprise* means the *Enterprise* as defined in the Management Agreement, and any and all other gaming-related development operated pursuant to the Indian Gaming Regulatory Act, 25 USC 2701 et seq. (Pub. L. No. 100-497), including but not limited to related retail sales, associated hotel, resort or entertainment facilities.

*Financing Agreements* shall mean the Financing Agreements as defined in the Management Agreement.

*Gaming* means *gaming* as that term is defined in Article XIII, Section 1 of the Constitution of The Mohegan Tribe of Indians of Connecticut.

*Gaming Disputes Court* means the Gaming Disputes Court created pursuant to Article XIII of The Mohegan Constitution.

*Management Agreements* is the Gaming Facility Management Agreement between The Tribe and Trading Cove Associates, as executed on July 28, 1994, and as amended July 15, 1995, and as may be amended and restated from time to time, or the Hotel/Resort Management Agreement between The Tribe and Trading Cove Associates as executed on February 28, 1994, and as may be amended and restated from time to time.

*Management Company* shall be that company selected pursuant to the Management Agreement between The Tribe and Trading Cove Associates.

*Manager* shall be the Manager as defined in the Management Agreement.

*Regulatory Staff of the Director of Regulation* is the group of persons selected by the Director of Regulation to conduct background investigations of applicants for Gaming Licenses, issue or revoke Gaming Licenses, and enforce such regulations as the Director of Regulation may from time to time promulgate.

(Ord. No. 95-2, § 3, 7-15-1995)

**Sec. 2-24. - Purposes.**

(a) *General.* The purposes for which The Mohegan Tribal Gaming Authority is organized are as follows:

- (1) To develop, operate, maintain, promote, construct, and regulate the Enterprise and associated development on The Mohegan Reservation, and to have custody of, inventory, and to hold all assets of that Enterprise and associated development on behalf of The Mohegan Tribe; provided, however, that the Authority shall have no power to retain distributed net revenues; and provided further, that the Authority may receive and expend any funds appropriated to it by The Tribal Council. All net revenues shall be distributed as provided by the Financing Agreements, the

PART II - MOHEGAN TRIBE OF INDIANS CODE  
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**Collateral Documents and the Management Agreements.**

(2) To carry out the purposes and intent of the Indian Gaming Regulatory Act, 25 USC 2701 et seq. (Pub. L. No. 100-497) and of The Mohegan Tribal Gaming Ordinance, No. 94-1, adopted pursuant to that Act, as either that Act or that ordinance may be amended from time to time.

(3) To negotiate with state and local governments and private entities, and to enter into and implement contracts in furtherance of the development, operation, maintenance, promotion, construction, and regulation of the Enterprise and associated development.

(4) To provide a fair return to The Tribe on its investment consistent with the development and operation of a legal and profitable Gaming Enterprise, the terms of any applicable management or financing agreements and, where practical, with the employment of members of The Mohegan Tribe in the operation of the Enterprise.

(5) To raise the financing for the activities and purposes of the Authority set forth in this Article.

(b) *Ancillary.* To do everything necessary, proper, advisable, or convenient for the accomplishment of the purposes for which the Authority is established pursuant to Article XIII of The Mohegan Constitution, and to do all things incidental thereto or connected therewith.

(Ord. No. 95-2, § 4, 7-15-1995)

**Sec. 2-25. - Management Board; Establishment; Duties and Powers.**

(a) *Establishment.* There is hereby established a Management Board of The Mohegan Tribal Gaming Authority the purpose of which is to carry out the duties and powers set forth herein.

(b) *Exercise of Powers by Management Board.* Subject to applicable Federal and Tribal Laws and Regulations, the Management Board shall exercise the following powers and duties:

(1) The Management Board of The Mohegan Tribal Gaming Authority is hereby delegated full and complete authority and responsibility of The Tribal Council and The Tribe for the development, operation, management, promotion and construction of the Property, the Enterprise and all associated development.

(2) The Management Board is authorized to implement the policies and purposes set forth in Article XIII of The Mohegan Constitution, The Tribal Gaming Ordinance, Mohegan Ordinance No. 94-1, and Resolution No. 94-7/282, and this Article, and to exercise the powers set forth in Subsection (c) below without any further authorization or subsequent approval by The Tribal Council or The Tribe. All parties dealing with the Authority shall have the right to rely upon any action taken by the Management Board on behalf of The Tribe; provided, however, that the Management Board shall not have the power or authority or responsibility to exercise regulatory functions, including conducting background checks, issuing and revoking licenses.

(3) The Management Board shall be responsible for selection of Tribal representatives to the Business Board of the Enterprise as established by the Management Agreement and shall be responsible for establishing Tribal policies to be implemented by The Tribal representative to the Business Board; provided, however, the Management Board shall not have direct control or responsibility over the employees of the Enterprise.

(4) The Management Board shall exercise its powers in the best interests of The Mohegan Tribe

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within the limits of responsible business judgment.

(5) The Management Board shall adopt such rules as it may determine necessary for the orderly conduct of its business.

(6) Minutes of each meeting shall be kept by the Secretary and be made available promptly after each meeting to The Tribal Council, and to such other officials as may be designated from time to time.

(7) Members shall be reimbursed for expenses incurred in attending its meetings or in furtherance of business objectives and the Management Board may, at its discretion, propose a fee to be paid to its members (subject to approval by The Tribal Council) on a per-meeting attended or an annual basis.

(8) The Chairman of the Management Board shall make a formal report to The Tribal Council not less often than each quarter, and in each annual report shall include a summary of the budget which the Management Board has approved for the coming fiscal year.

(9) No member of the Management Board may vote on any matter before the Management Board in which such member has a financial interest directly or indirectly which is specific and peculiar to that member.

(10) The Management Board shall appoint a Director of Regulation who shall perform the gaming regulatory functions of The Tribal Government as set forth in Ordinance No. 94-1. The Director of Regulation and all regulatory staff shall act independently of the Management Board, and pertaining to all regularly required duties of The Tribe pursuant to the IGRA and the Compact, shall have the duty of conducting background checks, issuing and revoking licenses and generally overseeing the integrity of the Gaming Operation through promulgation and enforcement of appropriate regulations pursuant to the relevant Federal and Tribal laws and The Tribal-State Compact between The Mohegan Tribe and the State of Connecticut.

(c) *Enumerated Powers.* The Management Board shall have the following powers:

(1) *Facilities.* The Management Board shall have the full authority of The Tribe with respect to the development, operation, management, promotion, and construction of all gaming facilities, utilities and associated resort property owned by The Mohegan Tribe, including such expansion and enlargements thereof as shall be authorized; for the planning, construction and operation of additional gaming and associated facilities including the negotiation and execution of development and construction contracts and for the taking of any and all usual, necessary actions incident thereto including, should it be deemed advisable or desirable, the borrowing of funds, and the making of contracts or commitments necessary to the functioning of the organization.

(2) *To appoint officers and agents.* To select agents, auditors, and such professional consultants as in the opinion of the Management Board may be needed from time to time, and to define their duties and fix their compensation; provided, however, that the selection of a Director of Regulation and of Business Board representatives shall be approved by The Tribal Council.

(3) *To act as agent.* To act in any state, territory, district, or possession of the United States, or in any foreign country for and on behalf of The Tribal Enterprise.

(4) *To deal in real property.* To negotiate the acquisition of (by purchase, exchange, lease, hire

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or otherwise), utilize, improve, manage, operate, and to negotiate the lease or mortgage of, either alone or in conjunction with others, real estate of every kind, character and description and any interest therein, necessary or incidental to the purposes set forth in Article XIII of The Mohegan Constitution, Mohegan Tribal Ordinance No. 94-1 and Tribal Resolution No. 94-7/282 except as prohibited by Tribal or Federal law.

(5) *To deal in personal property, generally.* To acquire (by purchase, exchange, lease, hire or otherwise), hold, own, manage, operate, mortgage, pledge, hypothecate, exchange, sell, deal in and dispose of, either alone or in conjunction with others, personal property, and interests therein and commodities of every kind, character and description necessary or incidental to the purposes set forth in Article XIII of The Mohegan Constitution, Ordinance No. 94-1, and Tribal Resolution No. 94-7/282.

(6) *To deal in inventions, copyrights, and trademarks.* To acquire (by application, assignment, purchase, exchange, lease, hire or otherwise), hold, own, use, license, lease, and sell, either alone or in conjunction with others, the absolute or any partial or qualified interest in and to inventions, improvements, letters patent and applications therefor, licenses, formulas, privileges, processes, copyrights and applications therefor, trademarks and applications therefor, and trade names, and that title of all such acquisitions shall be taken in the name of The Mohegan Tribe of Indians of Connecticut.

(7) *Depository.* To designate and approve all depositories used for the deposit of funds of the Enterprise.

(8) *To make contracts.* To enter into, make, perform and carry out or cancel and rescind contracts for any lawful purpose pertaining to its business necessary or incidental to the purposes set forth in Article XIII of The Mohegan Constitution, Ordinance No. 94-1 and Resolution No. 94-7/282, including the negotiation of contracts subject to 25 USC 81, which shall, as therein provided, become effective only upon the approval of the Secretary of the Interior or the Chairman of the National Indian Gaming Commission, as appropriate.

(9) *To approve budgets.* To give initial approval to annual Enterprise budgets subject to approval of The Tribal Council.

(10) *Limited waiver of sovereign immunity.* To grant limited waivers of sovereign immunity, to the extent permitted by Article XIII of The Mohegan Constitution, including the waivers of sovereign immunity contained in the Financing Agreements, the Collateral Documents, and the Management Agreement.

(11) *[Judgment stipulation.]* To stipulate for judgment as provided by Article XIII of The Mohegan Constitution.

(12) *[Delegate responsibility of terms of Agreement.]* To delegate or assign any or all of its authority and responsibility for the development, operation, management, promotion and construction of the Enterprise and any and all associated development to the Manager pursuant to the terms of the Management Agreement, provided that the Management Board shall not retain any such authority or responsibility which is delegated to the Manager in the Management Agreement.

(d) *Ancillary Powers.* To have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Authority is organized.

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(e) *No Construction of Powers as Purposes.* The powers enumerated herein shall not be construed as purposes but The Mohegan Tribal Gaming Authority shall have and exercise such powers solely in furtherance of, but not in addition to, the limited purposes set forth in this Article.

(Ord. No. 95-2, § 5, 7-15-1995)

**Sec. 2-26. - Business Board Representatives; Functions; Duties.**

(a) The Business Board Representatives shall be selected by the Management Board to represent the Authority on the Business Board established by the Management Agreement.

(b) The Business Board Representatives shall, together with the Manager's Representatives to the Board, oversee the operation of the Gaming Enterprise in accordance with the provisions of the Management Agreement.

(c) The Business Board Representatives shall exercise their best judgment in the consideration of all business decisions, and in the effectuation of the general policies determined by the Management Board and the Executive Committee thereof.

(d) The Business Board Representatives shall report semimonthly to the Executive Committee and may call Special Sessions of the Executive Committee to review proposals under consideration by the Business Board.

(e) The Business Board Representatives shall be reimbursed for any personal expenses they may incur in carrying out his or her responsibilities.

(Ord. No. 85-2, § 6, 7-15-1995)

**Sec. 2-27. - Indemnification of Officers, Employees and Members of the Authority.**

The Authority shall indemnify any officer, employee or member of the Authority or former officer, employee or member of the Authority, or any person who may have served at its request as an officer, employee or member of the Authority, against reasonable expenses actually and necessarily incurred by that person in connection with the defense of any action, suit or proceeding in which that person is made a party by reason of being, or having been such officer, employee or member of the Authority except in relation to matters as to which that person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty; or except in relation to matters in which such employee was acting beyond the scope of his employment. The Authority shall also reimburse to any officer, employee or member of the Authority reasonable costs of settlements of any such action, suit or proceeding if it shall be found by a majority of the Management Board other than members involved in the matter of controversy (whether or not a quorum exists), that it is in the best interest of The Mohegan Tribal Gaming Authority and The Mohegan Tribe that such settlement be made and that such officer, employee or member of the Management Board was not guilty of negligence or misconduct, or acting beyond the scope of his employment. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights which such officer, employee, or member of the Management Board may be entitled to receive.

(Ord. No. 85-2, § 7, 7-15-1995)

**Sec. 2-28. - Membership of Management Board; Qualification; Term of Office.**

The Management Board shall consist of all members of The Tribal Council. In addition thereto, there

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shall be two (2) nonvoting advisory members who shall have experience in business management and shall have no financial interest in, nor be an employee of, the Enterprise. These non-voting members shall be chosen by, and shall serve at the pleasure of, The Tribal Council.

(Ord. No. 95-2, § 8, 7-15-1995)

**Sec. 2-29. - Meeting of Management Board.**

(a) *Annual Meeting.* The annual meeting of the Management Board shall be held at 7:00 p.m. on the second Tuesday of October at the principal place of business, or at such other place as the Board shall fix, commencing with 1995. The Executive Committee shall provide notice of the annual meeting at least thirty (30) days in advance to all members of the Management Board, and shall cause such notice to be posted at the Board's office and such locations as the Management Board may fix.

(b) *Regular Meetings.* The Management Board shall meet at least semimonthly upon notice fixing the time and place.

(c) *Special Meetings.* Special meetings of the Management Board may be called by the Chairman.

(d) *Notice.*

(1) Notice of meetings shall state the time, date and place of the meeting and shall be given in writing or telecopy properly addressed to each member according to the latest available Authority records. Notice shall be given no later than five (5) days or more than thirty (30) days immediately preceding the meeting, excluding the day of the meeting.

(2) Notice may be waived in writing signed by the member or members entitled to such notices; whether before or after the time stated therein, and such waiver shall be deemed equivalent to the giving of such notice. Attendance of any member at the special meeting shall constitute a waiver of notice.

(e) *Quorum.* Five (5) voting members of the Management Board shall constitute a quorum for the transaction of any business. The act of the majority of the members present and voting at a meeting at which a quorum is present shall be the act of the Management Board.

(Ord. No. 95-2, § 9, 7-15-1995)

**Sec. 2-30. - Executive Committee.**

(a) *Designation of Committee.* The Management Board, by resolution duly adopted, shall designate the Chairman, Secretary, and Treasurer of the Management Board to serve as the Executive Committee. Following such designation of Executive Committee membership or a modification thereof, the Management Board shall give prompt notice in writing to The Tribal Council. The designation of such Executive Committee and the delegation of the authority herein granted, shall not operate to relieve the Management Board, or members thereof, of any responsibility imposed by this Article. No member of the Executive Committee shall continue to be a member thereof after he ceases to be a member of the Management Board. The Management Board shall have the power to increase the number of members of the Executive Committee, and to fill vacancies thereon.

(b) *Powers of the Executive Committee.* During the intervals between meetings of the Management Board, and subject to such limitations as may be adopted by resolution of the Management Board, the Executive Committee shall have and may exercise such authority as may be properly delegated by the

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**Board.**

All minutes of meetings of the Executive Committee shall be submitted to the next succeeding meeting of the Management Board for approval, but failure to submit the same or to receive the approval thereof shall not invalidate any prior action taken by the Authority upon authorization of the Executive Committee.

(c) *Procedure, Meetings.* The Tribal Chairman shall serve as the Chairman of the Executive Committee, shall preside at meetings of the Executive Committee and perform all duties incident to the office of the Chairman of the Executive Committee, and such other duties as, from time to time, may be assigned to him by the Management Board or the Executive Committee. The Secretary of the Authority shall keep a record of the meetings of the Executive Committee and its proceedings. In the absence of the Secretary, the Chairman of the Executive Committee shall designate a person to act in said capacity.

(d) *No Individual Authority.* The members of the Executive Committee shall act only as a committee, and the individual members shall have no power as individuals.

(e) *Notice.* Notices of all meetings of the Executive Committee shall be given by the Chairman and the Secretary in the manner provided by the Bylaws of The Mohegan Tribe with respect to meetings of The Tribal Council, and may be waived as therein provided.

(f) *Quorum.* The presence of not less than two (2) members of the Executive Committee shall be necessary to constitute a quorum of the Executive Committee for the transaction of business and the act of a majority of those members present and voting at a meeting at which a quorum is present shall be the act of the Committee.

(Ord. No. 95-2, § 10, 7-15-1995)

**Sec. 2-31. - Principal Officers.**

(a) The principal officers of the Authority shall consist of the following:

- (1) Chairman of the Management Board, who shall be The Tribal Chairman.
- (2) Secretary and a Treasurer.
- (3) Business Board Representatives.
- (4) Director of Regulation, who shall not be a member of the Management Board, nor a member of The Tribal Council.
- (5) At the discretion of the Management Board, there may be a Vice-Chairman of the Management Board, Assistant Secretary, and Assistant Treasurer.

(Ord. No. 95-2, § 11, 7-15-1995)

**Sec. 2-32. - Powers and Duties.**

(a) All officers and agents of the Authority shall have the following duties and such other duties as may be determined by resolution of the Management Board, not inconsistent with the Article:

- (1) *The Chairman of the Management Board.* The Chairman of the Management Board shall

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preside at all meetings of the Management Board, and shall perform all duties incident to the office of the Chairman of the Management Board and such other duties as, from time to time, may be assigned to him by the Management Board. A Vice-Chairman, if elected, shall act in the capacity of the Chairman in the absence of the latter, and shall discharge any other duties designated by the Chairman.

(2) *The Secretary.* The Secretary shall keep, or cause to be kept, the minutes of the meeting of the Management Board and the Executive Committee. The Secretary shall see that all notices are duly given in accordance with the provisions of this Article. The Secretary shall be custodian of the seal and records, and shall perform all duties incident to the office of the Secretary, and such other duties as may, from time to time, be assigned to the Secretary by the Management Board, the Chairman, or the Executive Committee.

(3) *The Treasurer.* The Treasurer shall be the financial officer of the Authority and shall have charge and custody of, and be responsible for, all funds of the Authority, and shall deposit such funds in such banks, trust companies, or other depositories as shall have been designated by the Management Board. The Treasurer shall receive and give receipts for monies due and payable to the Authority from any source whatsoever, and, in general, shall perform all duties incident to the office of the Treasurer and such other duties as, from time to time, may be assigned to him by the Management Board, the Chairman, or the Executive Committee. The Treasurer shall render to the Chairman and the Management Board, whenever the same may be required, an account of all transactions as Treasurer and of the financial condition of the Authority. The Treasurer shall, at the expense of the Authority, give a bond for the faithful performance and discharge of the Treasurer's duties in such amount, so conditioned, and with such surety or sureties as the Management Board may require.

(4) *Business Board Representatives.* The Business Board Representatives are the representatives to the Management Board directing the outside Manager for The Tribe's Gaming Enterprise and associated resort. The Business Board Representatives shall render reports to the Management Board and oversee all functions and duties as specified in the Gaming Management Agreement.

(5) *Director of Regulation.* The Director of Regulation shall carry out The Tribe's regulatory duties as described in the Gaming Ordinance, Ordinance No. 94-1, as may be amended from time to time. The Director shall employ staff who shall carry out the tasks of completing background investigations, reviewing licensing applications, and recommending for promulgation such additional regulations as may be deemed necessary to ensure the safety and integrity of the Gaming Enterprise. Pursuant to procedures established by The Tribal Council, the Director of Regulation shall promulgate regulations and shall have final authority over all license applications. Determinations of the Director of Regulation may be appealed to the Gaming Disputes Court pursuant to Section 2-33. The Director of Regulation and the regulatory staff shall not have the power or authority to participate or direct the development, construction, operation, promotion and financing of gaming on The Tribe's lands.

(Ord. No. 95-2, § 12, 7-15-1995)

**Sec. 2-33. - Decisions Appealable to Gaming Disputes Court.**

Final decisions of the Director of Regulation regarding the promulgation and enforcement of regulations and the issuance or revocation of Gaming Licenses shall be appealable to the Gaming Disputes Court.

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The Tribal Council shall establish reasonable procedures by which such appeals may be taken.

(Ord. No. 95-2, § 13, 7-15-1995)

**Sec. 2-34. - Removal.**

Any officer or agent elected or appointed by the Management Board may be removed by the Management Board whenever, in its judgment, the best interest of the Authority will be served thereby.

(Ord. No. 95-2, § 14, 7-15-1995)

**Sec. 2-35. - Resignations; Vacancies.**

Any officer may resign at any time by giving written notice to the Management Board, the Chairman of the Management Board, or Secretary of the Authority. Such resignation shall take effect at the time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy in any office because of death, resignation, removal, or any other cause shall be filled for the unexpired portion of the term in the manner prescribed herein for election or appointment to such office.

(Ord. No. 95-2, § 15, 7-15-1995)

**Sec. 2-36. - Accounting; Fiscal Year.**

The Management Board shall establish and install an accounting system in conformity with accounting principles generally accepted in the gaming field in order to manage The Tribe's gaming assets. Financial and operating statements shall be provided to the Chairman of The Tribal Council and the Management Board not less often than quarterly. The accounting system shall ensure the availability of information as may be necessary to comply with Federal, State, and Tribal regulatory requirements. Use of automatic data processing shall be encouraged wherever possible. The fiscal year of the Authority shall be October 1 to September 30.

(Ord. No. 95-2, § 16, 7-15-1995)

**Sec. 2-37. - Records; Inspection; Audits.**

The books, records and property of the Authority shall be available for inspection at all reasonable times by authorized representatives of The Mohegan Tribe, and upon notice to The Mohegan Tribal Council, by representatives of the Secretary of the Interior. The accounts and records of the Authority shall be audited at the close of each fiscal year in accordance with the provisions of the Indian Gaming Regulatory Act (25 USC 2701 et seq.) and the regulations of the National Indian Gaming Commission. Copies of such Audit Reports shall be furnished to the parties receiving copies of the financial and operating statements and to The Tribal Council.

(Ord. No. 95-2, § 17, 7-15-1995)

**Sec. 2-38. - Insurance.**

Insurance, including liability, adequate and sufficient to protect the interests of the United States and The Tribe from losses by fire or other disaster shall be carried on all property of the Authority.

(Ord. No. 95-2, § 18, 7-15-1995)

Dated this 23<sup>rd</sup> day of July, 2004 at Uncasville, Connecticut.

MOHEGAN TRIBE OF INDIANS OF CONNECTICUT



Mark F. Brown  
Chairman

ATTEST:



Shirley M. Walsh  
Recording Secretary

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Secs. 2-39—2-80. - Reserved.

**APPENDICES 22-23**

Do not apply.

#### **APPENDIX 24**

Yes, MTGA is direct and indirect owner of 100% of Downs Racing, L.P. but will own less than 33.3% of Market East Associates, L.P.

**APPENDIX 25**

Does not apply.

**APPENDICES 27-36**

See corresponding appendices of the Category 2 License Application of Market East Associates, L.P.

**APPENDIX 37**

Does not apply.

**APPENDICES 38-40**

See corresponding appendices of the Category 2 License Application of Market East Associates, L.P.

**APPENDIX 45**

Does not apply. No natural person owns any interests in the Applicant. All interests are ultimately owned by the Mohegan Tribe of Indians of Connecticut.