

Table of Contents**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, the governing body of the Tribe. Any change in the composition of the Tribal Council results in a corresponding change in our Management Board. The members and their terms are as follows: Allison D. Johnson, Mark F. Brown, Cheryl A. Todd and Thayne D. Hutchins, Jr. are each serving four-year terms expiring in October 2011, while Marilyn R. Malerba, Bruce S. Bozsum, William Quidgeon, Jr., Ralph James Gessner, Jr. and Kathleen M. Regan-Pyne are each serving four-year terms expiring in October 2013. Upon expiration of their respective terms, the eligible voters of the Tribe may reelect current Tribal Council members who choose to run for reelection or elect new Tribal Council members. See “Part I. Item 1. Business—Mohegan Tribe of Indians of Connecticut” and “Part I. Item 1. Business—Mohegan Tribal Gaming Authority.”

**Management Board and Executive Officers**

The following table provides information, as of the date of filing, with respect to (1) the members of the Management Board and (2) each of the executive officers of Mohegan Tribal Gaming Authority, Mohegan Sun and the Pocono Downs entities.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Marilynn R. Malerba	56	Chairwoman and Member, Management Board
Bruce S. Bozsum	49	Vice Chairman and Member, Management Board
Allison D. Johnson	39	Recording Secretary and Member, Management Board (1)
Ralph James Gessner, Jr.	40	Corresponding Secretary and Member, Management Board (1)
Thayne D. Hutchins, Jr.	38	Treasurer and Member, Management Board (1)
Mark F. Brown	52	Member, Management Board (1)
William Quidgeon, Jr.	47	Member, Management Board (1)
Cheryl A. Todd	49	Member, Management Board
Kathleen M. Regan-Pyne	53	Member, Management Board
Mitchell Grossinger Etes	51	Chief Executive Officer, Mohegan Tribal Gaming Authority
Jeffrey E. Hartmann	48	Chief Operating Officer, Mohegan Tribal Gaming Authority
Leo M. Chupaska	61	Chief Financial Officer, Mohegan Tribal Gaming Authority
Robert J. Soper	37	President and General Manager, Pocono Downs entities

(1) Designates a member of the Audit Committee.

*Marilynn R. Malerba*—Ms. Malerba was first seated on the Tribal Council and the Management Board and was elected Vice-Chairwoman of the Management Board in October 2005. Ms. Malerba was re-elected in October 2009, at which time she was elected Chairwoman of the Tribal Council and Management Board. Ms. Malerba served as the Director and later, Executive Director of the Tribe’s Health and Human Services Department from 1997 until 2005 and was responsible for the development of that department and various programs that directly benefit the Tribe’s membership. Prior to her employment with the Tribe, Ms. Malerba held director and manager positions with Lawrence & Memorial Hospital in New London, Connecticut, and currently serves on its Board of Directors. Ms. Malerba holds a Master’s degree in Public Policy from the University of Connecticut.

*Bruce S. Bozsum*—Mr. Bozsum was first seated on the Tribal Council and the Management Board in October 2004. He served as Chairman of the Tribal Council and Management Board from October 2005 until October 2009. Mr. Bozsum was re-elected in October 2009, at which time he was elected Vice Chairman of the Tribal Council and Management Board. Mr. Bozsum previously served as the Manager of Cultural and Community Programs for the Tribe from 2000 to 2004, and was responsible for educational outreach programs, the annual Wigwam Festival and Cultural Week. Previously, he worked as a Floor Supervisor for the Tribe’s High Stakes Bingo operation.

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*Allison D. Johnson*—Ms. Johnson was seated on the Tribal Council and the Management Board in October 2005, and was re-elected in October 2007. Ms. Johnson served as a Human Resources Manager and Human Resource Generalist for the Tribal government from June 2003 to October 2005. Ms. Johnson worked in the Human Resource department at Mohegan Sun from 2000 to 2003, serving as Benefits Manager prior to her employment with the Tribe. Ms. Johnson has held management positions in commercial leasing and retail sales and support. Ms. Johnson served as an Alternate Commissioner for the Mohegan Tribal Employment Rights Commission. She is a graduate of San Diego Miramar College in California with a degree in liberal arts.

*Ralph James Gessner, Jr.*—Mr. Gessner was first seated on the Tribal Council and the Management Board in October 2005, and was re-elected in October 2009. Mr. Gessner brought nine years of casino experience to his service on the Management Board. Beginning in 1997, Mr. Gessner served as Executive Host at Mohegan Sun and subsequently, Manager and Director of Executive Hosts then Vice President of Casino Marketing. Mr. Gessner holds a bachelor's degree in hotel and restaurant management from the University of Southwestern Louisiana and serves as Co-Chair of the Sachem Fund, an organization dedicated to redevelopment in the Tribe's neighboring town of Norwich.

*Thayne D. Hutchins, Jr.*—Mr. Hutchins was first seated on the Tribal Council and the Management Board in October 2007, after serving as a staff accountant in the finance department of the Tribe for six years. Mr. Hutchins graduated Magna Cum Laude from Eastern Connecticut State University holding a Bachelor of Art's degree in economics with a concentration in accounting, and currently serves on the Board of the Southeastern Connecticut Enterprise Region.

*Mark F. Brown*—Mr. Brown has been a member of the Tribal Council and the Management Board since October 1995, and was re-elected in October 2007. He served as Chairman of the Management Board and the Tribal Council from October 2000 until October 2005. Mr. Brown worked with the Tribe's historian during the period in which the Tribe was working to obtain federal recognition, and also served on the Tribal Constitutional Review Board from 1993 to 1995. Mr. Brown served as a law enforcement officer for over twelve years. In addition to serving on various external and Tribal boards and committees, Mr. Brown serves as Chairman of the Authority's Audit Committee.

*William Quidgeon, Jr.*—Mr. Quidgeon was first seated on the Tribal Council and the Management Board in October 2005, and was re-elected in October 2009. Mr. Quidgeon served in several capacities for the Tribal government and Mohegan Sun prior to being seated on the Tribal Council and the Management Board. Mr. Quidgeon previously served in the Engineering Department at Mohegan Sun and as Senior Project Manager for the Mohegan Tribal Development Department from 1999 to 2005, where he was responsible for renovations and construction within the casino and Tribal government. He also served as Board Chairman of Mohegan Information Technology Group, a limited liability company previously organized by the Tribe, and currently serves as Co-Chair of the Sachem Fund, an organization dedicated to redevelopment in the Tribe's neighboring town of Norwich.

*Cheryl A. Todd*—Ms. Todd was first seated on the Tribal Council and the Management Board in March 2007, after serving as Executive Assistant to the Chairman of the Management Board for 11 years. Ms. Todd was re-elected to the Tribal Council and Management Board in October 2007. As Executive Assistant to the Chairman, she participated in the daily operations of the Tribe, interacting with every department within the government and Mohegan Sun, including, federal, state and local government representatives, officials from other Indian Nations and corporate and financial executives. Ms. Todd also served previously on the Mohegan Strategic Planning Committee and the Mohegan Election Committee. 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 the Management Board in October 2009. Prior to being seated on the Tribal Council and the Management Board, Ms. Regan-Pyne served as the Manager of Tribal Career Development for the Tribe and Mohegan Sun beginning in July 2006. Prior to her employment with the Tribe and Mohegan Sun, Ms. Regan-Pyne worked for over twenty years in the insurance/

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financial services industry and, most recently, as Director of Life Claims at Lincoln Life & Annuity. Ms. Regan-Pyne is a graduate of Eastern Connecticut State University and, among other honors, has been elected to the Connecticut Women's Basketball Hall of Fame.

*Mitchell Grossinger Etes*—Mr. Etes assumed the role of Chief Executive Officer of the Authority in May 2006, while continuing in his current role as President and Chief Executive Officer of Mohegan Sun. Mr. Etes has served as the President and Chief Executive Officer of Mohegan Sun since August 2004. Prior to that, Mr. Etes served as Executive Vice President of Marketing of the Authority. Mr. Etes served as the Authority's Executive Vice President of Marketing from October 1999 to August 2004 and served as its Senior Vice President of Marketing from November 1995 to October 1999. Prior to his employment with Mohegan Sun, Mr. Etes was Vice President of Marketing at Players Island and, from 1989 to 1994, was Senior Vice President of Marketing and Hotel Operations at Trump Plaza Hotel and Casino. Prior thereto, Mr. Etes held various management positions in the hospitality and advertising industries.

*Jeffrey E. Hartmann*—Mr. Hartmann assumed the role of Chief Operating Officer of the Authority in May 2006, while continuing in his current role as Executive Vice President and Chief Operating Officer of Mohegan Sun. Mr. Hartmann has served as the Executive Vice President and Chief Operating Officer of Mohegan Sun since August 2004. Prior to that, Mr. Hartmann served as Executive Vice President of Finance and the Chief Financial Officer of the Authority. Mr. Hartmann has 15 years of experience in the casino and hotel industry. Mr. Hartmann served as the Authority's Executive Vice President of Finance and Chief Financial Officer from October 1999 through August 2004 and served as its Senior Vice President of Finance and Chief Financial Officer from December 1996 to October 1999. Prior to joining the Authority, Mr. Hartmann worked for Foxwoods from August 1991 to December 1996, including, as Vice President of Finance for Foxwoods Management Company. Mr. Hartmann was employed by Coopers & Lybrand, LLP, an independent public accounting firm, as an Audit Manager from 1984 to 1991. Mr. Hartmann is a certified public accountant.

*Leo M. Chupaska*—Mr. Chupaska was named Chief Financial Officer of the Authority in August 2004. Mr. Chupaska also served as Chief Financial Officer of Mohegan Sun from May 2006 to June 2007. Prior to his position at the Authority, Mr. Chupaska served as Chief Financial Officer of the Tribe from September 1996 through August 2004, and was a member of the Financial Advisory Committee of the Authority's Audit Committee. Prior to joining the Tribe, Mr. Chupaska served as Director of Financial Services for Lawrence & Memorial Hospital in New London, Connecticut. Mr. Chupaska is a certified public accountant.

*Robert J. Soper*—Mr. Soper served as the President and Chief Executive Officer of the Pocono Downs entities from January 2005 to January 2009, and has served as President and General Manager since January 2009. Prior to assuming these positions, Mr. Soper served as Senior Vice President of Administration at Mohegan Sun from 2001 to 2005 and Senior Attorney for the Tribe from 1997 to 2001.

## **Audit Committee**

We have a separately-designated standing Audit Committee established in accordance with applicable provisions of the Exchange Act. The Audit Committee is comprised of members from the Management Board. All members of our Audit Committee are able to read and understand fundamental financial statements, including, a balance sheet, income statement and cash flow statement. The Management Board has determined that none of its members, and, accordingly, no member of the Audit Committee, is a financial expert, meaning that no person 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.

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**Table of Contents****Code of Ethics**

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

If we make any substantive amendments 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 or principal financial and accounting officer, 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 the retention of 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 company goals that enhance the value of the Mohegan Sun brand; and (3) promote internal pay equity and external competitiveness.

Our philosophy relating to executive compensation is to attract and retain highly qualified people by offering base salaries, cash-based incentive compensation opportunities and other employee benefits at levels that will enable us to offer our executives total compensation opportunities in line with those offered by our industry peers. 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 design a cash-based compensation program that rewards our executives with competitive compensation while providing proper incentives to achieve our financial and operational objectives at both the operating unit and company-wide levels. Additionally, we 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 more fully described below, Mr. Etes, along with our Senior Vice President of Casino Operations and Vice President of Human Resources of Mohegan Sun, have taken 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. Etes determines the salaries of, and bonuses with respect to non-equity incentive compensation paid to, our executives.

**Elements of Compensation**

Historically, executive compensation offered to our named executive officers, or NEOs, consisted of annual compensation, in the form of base salaries and employee benefits/perquisites, and incentive compensation, in the form of an annual cash bonus opportunity. We also offer our executives the opportunity to defer all or a portion of their cash compensation under a deferred compensation plan, or DCP, sponsored by the Tribe, as well as permit them to participate in our retirement and 401(k) plan, also sponsored by the Tribe.

During fiscal 2006, a thorough review of our executive compensation program was undertaken with the assistance of Mercer Human Resources Consulting, or Mercer, a nationally-recognized compensation consulting firm. Based on the Mercer review, Mr. Etes, along with the Senior Vice President of Administration and Vice

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President of Human Resources of Mohegan Sun, designed a new cash-based annual incentive compensation program, titled the “Mohegan Sun Executive Compensation Performance Reward Program,” or PRP. During 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 February 2009 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, including those under the PRP. Additional information about the elements of compensation offered to our NEOs in fiscal 2009 is set forth below.

### ***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 to our NEOs and is a critical factor in recruiting and retaining our NEOs. Base salary also is designed to recognize the scope of responsibilities placed on each NEO and to reward the NEO for their unique leadership skills, management experience and contributions to our company.

In determining base salary levels, we take into consideration economic and industry conditions and company performance. We do not assign relative weights to company and individual 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 is consistent with our overall compensation objectives and philosophies.

During fiscal 2009, we entered into amended employment agreements with Messrs. Etes, Hartmann and Chupaska with base salaries and other benefits that, when combined, provide annual compensation amounts reflecting our need to compete for, and retain, management talent in a competitive environment. Recognizing the negative impact of the current economic conditions on our company, the amended employment agreements reflect, among other things, agreements by Messrs. Etes, Hartmann and Chupaska to forgo their 2009 annual salary increases and include a 10% reduction in each NEO’s salary. Also during fiscal 2009 and 2008, we entered into employment agreements with Messrs. Soper and Arnheim, respectively, which provide for competitive compensation for both NEOs.

### ***Employee Benefits***

Our NEOs receive certain employee benefits. For fiscal 2009, these benefits included health insurance, dental and vision coverage, prescription drug plans, long-term disability care and the opportunity to participate in the Tribe’s DCP, retirement and 401(k) plan and flexible spending accounts. However, as discussed earlier, due to the implementation of our company-wide cost containment program, employer-matching of 401(k) contributions and funding of other contributions to the Mohegan Retirement and 401(k) Plan were suspended. All of our NEOs receive payment of premiums for supplemental long-term disability policies, other than Mr. Arnheim.

### ***Incentive Compensation***

We have historically offered our NEOs the opportunity to earn additional incentive compensation in the form of cash bonuses under the PRP. However, due to the implementation of our company-wide cost containment program, substantially all of the annual cash bonuses to employees, including those under the PRP, were suspended for fiscal 2009.

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### **Mohegan Sun Executive Compensation Performance Reward Program**

#### **Background**

In fiscal 2006, Mercer conducted a market pricing assessment of the relative competitiveness of our total cash compensation to our NEOs, other than Messrs. Soper and Arnheim, and 25 other senior executives. For the NEOs, other than Messrs. Soper and Arnheim, Mercer compared their compensation to that paid to executives in similar positions in publicly-traded companies with similar annual revenues, as well as companies in the leisure, hospitality and gaming industries.

The data reviewed by Mercer included base salary compensation, cash bonuses and the present value associated with long-term incentive compensation, such as stock options and shares of restricted stock, paid by the comparator companies. The market data indicated that the base salaries of Messrs. Etes, Hartmann and Chupaska exceeded the 75<sup>th</sup> percentile of base salaries paid by comparator companies. In addition, total cash compensation, paid by us in the form of base salary plus an annual cash bonus, was at or above the 50<sup>th</sup> percentile in the case of Mr. Etes, and above the 75<sup>th</sup> percentile, in the cases of Messrs. Hartmann and Chupaska. However, due to our inability to offer equity-based compensation, the total direct compensation for the measured NEOs was substantially behind comparator companies, lagging behind the 25<sup>th</sup> percentile in the case of Mr. Etes, and behind the 50<sup>th</sup> percentile, in the case of Messrs. Hartmann and Chupaska. These findings were replicated at all positions that were measured by Mercer. Accordingly, the Mercer review concluded that the absence of any long-term compensation opportunities negatively affected the level of competitiveness of the total direct compensation afforded to our executives.

In fiscal 2007, in an attempt to bridge the gap in total direct compensation identified by the Mercer review, we developed and implemented a new cash-based incentive compensation program for our executives. The new cash-based incentive compensation program was again offered in fiscal 2008. Messrs. Etes, Hartmann and Chupaska elected to forgo consideration under this program in fiscal 2008. The PRP was not extended to executives serving at the Pocono Downs entities, so Mr. Soper did not participate in the PRP during fiscal 2008. As noted previously, we suspended annual cash bonuses to all employees, including those under the PRP, in fiscal 2009.

#### **Overview of the PRP**

The PRP was designed to focus participants toward the successful attainment of formal goals that are tied to our strategic vision and business missions, as approved by the Management Board. The program highlights the following:

- proper alignment of our executive compensation program with competitive markets;
- establishment of defined pay practices within the organization and facilitation of internal pay equity comparisons and analysis; and
- movement of bonus compensation decisions toward an “at risk” model, where payout levels are determined by individual and company-wide performance as measured against pre-defined goals.

The PRP established three levels of awards, two of which can impact NEO compensation:

- **Chief Executive Level:** Defined as those positions which oversee and are ultimately accountable for company-wide performance, provide policy level direction across department and enterprise lines, direct the development of strategic business plans across all departmental lines, and are responsible for the overall business strategy and tactical planning and delivery of operational results. Their actions or failure to act have the highest consequence of error on overall operations.
- **Senior Executive Level:** Defined as those positions responsible for delivering focused strategic business plans throughout their enterprise and the departments for which they oversee. As a group, they are responsible for directing the development of strategic business plans to achieve our approved

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business strategies and ultimately, prompt the delivery of successful performance of all departments and enterprises. Their individual or collective actions or failure to act have the second highest consequence of error on overall operations.

Both the Chief Executive and Senior Executive levels were established with an “at risk” bonus amount of 60% of base salary, so as to afford our executives at these levels total potential compensation at a level equal to 90% of the 50<sup>th</sup> percentile of total direct compensation paid by comparator companies to executives in similar positions, according to the Mercer market data.

The PRP is intended to compensate executives based on their performance over four primary measurement areas, including: financial performance, customer service, organizational, and learning and growth. The measurement areas are derived from the guiding principles of our organization since Mohegan Sun’s establishment in 1996. The financial performance area accounts for 50% of the “at risk” pool.

The actual targets used, and the extent of the “at risk” pool each of the areas comprises, may be determined following an annual strategic planning process at the discretion of Mr. Etes in conjunction with the Senior Vice President of Casino Operations, Senior Vice President of Finance and Chief Financial Officer and Vice President of Human Resources of Mohegan Sun.

As previously indicated, we suspended cash bonuses under the PRP for fiscal 2009. We are in the process of evaluating the feasibility of re-implementing the PRP for fiscal 2010, and no assurances can be made whether we will re-implement the program.

**Compensation Committee Report**

The nine-member Management Board serves as our Compensation Committee. The Management Board met with management 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 it to be included in this Annual Report on Form 10-K for the 2009 fiscal year.

**Management Board**

Marilynn R. Malerba

Bruce S. Bozsum

Allison D. Johnson

Ralph James Gessner, Jr.

Thayne D. Hutchins, Jr.

Mark F. Brown

William Quidgeon, Jr.

Cheryl A. Todd

Kathleen M. Regan-Pyne

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### Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary	Bonus (2)	Non-Equity Incentive Plan Compensation	All Other Compensation (3)	Total
		(\$)	(\$)	(\$)	(\$)	(\$)
Mitchell Grossinger Etes Chief Executive Officer, Mohegan Tribal Gaming Authority	2009	1,367,129	-	-	6,264	1,373,393
	2008	1,182,899	372,035	-	60,537	1,615,471
	2007	1,118,879	372,960	164,775	58,079	1,714,693
Jeffrey E. Hartmann Chief Operating Officer, Mohegan Tribal Gaming Authority	2009	1,216,485	-	-	5,586	1,222,071
	2008	1,079,077	351,738	-	50,119	1,480,934
	2007	1,028,773	342,924	165,475	48,203	1,585,375
Leo M. Chupaska Chief Financial Officer, Mohegan Tribal Gaming Authority	2009	686,430	-	-	5,984	692,414
	2008	655,093	201,424	-	37,330	893,847
	2007	612,821	204,274	86,103	30,480	933,678
Toby A. Arnheim (1) Senior Vice President of Project Management, Mohegan Tribal Gaming Authority	2009	468,270	-	-	122,988	591,258
	2008	201,923	-	-	65,451	267,374
	2007	-	-	-	-	-
Robert J. Soper President and General Manager, Mohegan Sun at Pocono Downs	2009	408,485	-	-	1,202	409,687
	2008	343,624	127,101	-	6,750	477,475
	2007	347,164	161,338	-	6,774	515,276

(1) Employment commenced April 28, 2008.

(2) For fiscal 2008 and 2007, the minimum bonus requirements effective under the then existing employment agreements for Messrs. Etes, Hartmann and Chupaska were equal to 33.3% of the NEO's base annual salary.

(3) Below is a breakdown of "All Other Compensation:"

Name	Fiscal Year	401 (k)	Life Insurance	Income Taxes for Life Benefits	Retirement	Excess Long-Term Disability	Living Allowances	Income Taxes for Living Allowances	Moving Allowances	Income Taxes for Taxable Moving Allowances	Total
		(1) (\$)	(2) (\$)	(3) (\$)	(4) (\$)	(5) (\$)	(6) (\$)	(7) (\$)	(8) (\$)	(9) (\$)	(\$)
Mitchell Grossinger Etes	2009	3,856	1,065	489	228	626	-	-	-	-	6,264
	2008	6,900	30,035	13,780	636	9,186	-	-	-	-	60,537
	2007	6,750	30,035	13,780	624	6,890	-	-	-	-	58,079
Jeffrey E. Hartmann	2009	3,645	745	342	228	626	-	-	-	-	5,586
	2008	6,900	24,299	11,148	636	7,136	-	-	-	-	50,119
	2007	6,750	24,299	11,178	624	5,352	-	-	-	-	48,203
Leo M. Chupaska	2009	2,087	2,086	957	228	626	-	-	-	-	5,984
	2008	6,900	2,086	957	636	26,751	-	-	-	-	37,330
	2007	6,750	2,086	957	624	20,063	-	-	-	-	30,480
Toby A. Arnheim	2009	-	-	-	228	626	80,887	36,948	2,947	1,352	122,988
	2008	-	-	-	36	105	30,000	13,764	15,077	6,469	65,451
	2007	-	-	-	-	-	-	-	-	-	-
Robert J. Soper	2009	1,202	-	-	-	-	-	-	-	-	1,202
	2008	6,750	-	-	-	-	-	-	-	-	6,750
	2007	6,750	-	-	24	-	-	-	-	-	6,774

(1) Employer-matching 401(k) contributions.

(2) Premium payments on life insurance policies owned by the individual.

(3) Reimbursements for the payment of income taxes pertaining to certain life insurance benefits.

(4) Employer retirement contributions.

(5) Premium payments on long-term disability policies.

(6) Employer payments of living allowances.

(7) Reimbursements for the payment of income taxes pertaining to certain living allowances.

(8) Employer payments of moving allowances.

(9) Reimbursements for the payment of income taxes pertaining to certain moving allowances.

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### **Nonqualified Deferred Compensation**

We offer our NEOs the opportunity to participate in the DCP sponsored by the Tribe. The DCP is a non-qualified plan that allows our executives to defer all or a portion of their compensation. We do not make contributions to the DCP on behalf of our executives.

<u>Name</u>	<u>Executive Contributions in Last Fiscal Year (\$)</u>	<u>Registrant Contributions in Last Fiscal Year (\$)</u>	<u>Aggregate Earnings in Last Fiscal Year (\$)</u>	<u>Aggregate Withdrawals/Distributions (\$)</u>	<u>Aggregate Balance at Last Fiscal Year End (\$)</u>
Mitchell Grossinger Etess	751,921	-	430,489	-	4,050,507
Jeffrey E. Hartmann	751,224	-	432,484	-	4,699,619
Leo M. Chupaska	134,271	-	76,990	-	1,816,737
Toby A. Arnheim	-	-	-	-	-
Robert J. Soper	-	-	(1,204)	(14,907)	-

NEOs may elect to defer all or a portion of their compensation under the DCP. The amounts deferred by each NEO is 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 deemed investments from time to time. For fiscal 2009, the following funds were available under the DCP:

#### **Fund Name**

Schwab Value Advantage Money Fund (Select)  
PIMCO Total Return (Instl)  
Blackrock Global Allocation (I)  
American Beacon Large Cap Value (Pin)  
Davis New York Venture A Schwab S&P 500 Index  
American Funds Growth Fund R4  
Columbia Mid Cap Value (Z)  
Morgan Stanley Inst Mid Growth (I)  
Columbia Small Cap Value II (Z)  
Wells Fargo Adv Small Cap Growth (Adm)  
Thornburg International Value (I)  
Lazard Emerging Markets (Inst)  
Cohen & Steers Real  
Jennison Utility (A)  
T. Rowe Price Health Sciences  
Allianz RCM Technology (Instl)

In accordance with federal law, elections 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 the time a deferral election is made, the NEO chooses the date on which payment of the amount of compensation for the upcoming year credited to the DCP is to commence, as well as whether to receive the payments either 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.

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### Potential Payments and Benefits upon Termination or Change in Control

The table below reflects 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 shown represent our reasonable estimates of the amounts which would be paid to the NEOs upon their termination, assuming in each case, that the termination occurred on September 30, 2009, the last business day of fiscal 2009. The actual amounts to be paid can only be determined at the time of the NEO's separation from the company. Due to our sovereignty, potential payments upon change in control are not included within the table below, as these are not applicable.

	Salary (\$)	Target Bonus (\$)	Continuation of Medical Benefits (\$)	Penalty Payment (2) (\$)	Relocation Expenses (\$)	Total (\$)
Mitchell Grossinger Etess						
Termination without cause	3,759,605	-	19,241	250,000	-	4,028,846
Termination due to medical disability (1)	683,565	-	1,025,347	-	-	1,708,912
Jeffrey E. Hartmann						
Termination without cause	3,345,334	-	19,241	250,000	-	3,614,575
Termination due to medical disability (1)	608,243	-	912,364	-	-	1,520,607
Leo M. Chupaska						
Termination without cause	1,201,253	-	13,399	-	-	1,214,652
Termination due to medical disability (1)	343,215	-	514,823	-	-	858,038
Toby A. Arnheim						
Termination without cause	500,000	-	-	-	25,000	525,000
Termination due to medical disability	-	-	-	-	-	-
Robert J. Soper						
Termination without cause	714,849	-	16,500	-	-	731,349
Termination due to medical disability (1)	204,243	-	306,364	-	-	510,607

- (1) Pursuant to each NEO's employment agreement, upon termination without cause, the continuation of medical benefits shall be provided by us for a period of one year. For termination due to medical disability, we are required to provide each NEO with compensation and benefits for a period of 180 days; thereafter, if we, at our option, suspend the NEO's employment or the NEO is deemed permanently disabled, we shall provide disability insurance coverage providing for payment of 50% of the NEO's base annual salary for a period of two years commencing at the termination or suspension of the NEO's employment agreement.
- (2) Pursuant to each NEO's employment agreement, upon termination without cause, in the event the NEO agrees to the early withdrawal of their deferred compensation balance, we shall pay the penalty for early withdrawal, including the necessary gross-up for income taxes in an amount not to exceed: (a) the lesser of the actual penalty or \$250,000 if such withdrawal occurs on or before December 31, 2009, and (b) the lesser of the actual penalty or \$166,650 if such withdrawal occurs after December 31, 2009 but on or before December 31, 2010. We are not be required to pay any portion of any penalty incurred for early withdrawal occurring after December 31, 2010. The above payments assume that each NEO withdraws their deferred compensation on or before December 31, 2009, in which case, we will pay the lesser of the actual penalty or \$250,000.

*Messrs. Etess and Hartmann.* Under our employment agreements with these NEOs, we may terminate the NEO's employment for "cause," defined as: (1) the NEO's violation of the non-competition, non-solicitation and non-disclosure covenants contained in their employment agreement; (2) the loss or suspension by the State of Connecticut of the NEO's license for Class III gaming for a period of thirty (30) consecutive days; (3) conviction of any crime committed by the NEO involving fraud, theft or moral turpitude; or (4) an intentional material breach of the NEO's obligations under their employment agreement. In the event that we terminate the NEO for cause, the NEO is not entitled to any further compensation from and after the date of termination. In the event of termination other than for cause, the NEO is entitled to receive a severance payment in the amount of the NEO's base annual salary from the date of termination to the expiration date of NEO's employment agreement in the

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same amount and at the same intervals as would have been paid had the NEO's employment continued. Should we terminate the NEO's employment other than for cause, the NEO may withdraw his deferred compensation and, in turn, we have agreed, under certain circumstances outlined in the employment agreements, to pay the penalty for early withdrawal of their deferred compensation, in amounts not to exceed the maximum balances outlined in their employment agreements. Additionally, in the event of termination other than for cause, we have agreed to pay the amount, if any, of income taxes payable by the NEO in connection with any penalty payments made by us in amounts not to exceed the maximum balances outlined in their employment agreements.

*Mr. Chupaska.* Under our employment agreement with Mr. Chupaska, we may terminate his employment for cause, as defined above. In the event that we terminate Mr. Chupaska 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. Chupaska is entitled to receive a severance payment in the amount of his base annual salary from the date of termination to the expiration date of the agreement in the same amount and at the same intervals as would have been paid had his employment continued.

*Mr. Soper.* Under our employment agreement with Mr. Soper, we may terminate his 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 a severance payment in the amount of his base annual salary from the date of termination to the expiration date of the 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 in the amount of his base annual salary from the date of termination and for a period equal to the lesser of: (1) one year, or (2) through the expiration of the agreement. Mr. Soper's severance shall be payable in the same amount and at the same intervals as would have been paid had his employment continued.

*Mr. Arnheim.* Under our employment agreement with Mr. Arnheim, we may terminate his employment for good cause, which is defined in Mr. Arnheim's agreement as: (1) violation of the Authority's standards and policies for personal conduct; (2) breach by Mr. Arnheim of the covenants contained in his agreement, including his covenant not to compete and not to solicit; (3) conviction of a felony or misdemeanor or any crime involving moral turpitude; (4) misconduct in the course and scope of employment including theft, misappropriation of Authority property, dishonesty or fraud; (5) knowing violation of any law or regulation resulting in adverse consequences to us; (6) Mr. Arnheim's engagement, directly or indirectly, in a conflict of interest; (7) failure or refusal by Mr. Arnheim to follow the directives of our Chief Executive Officer or Chief Operating Officer; or (8) failure to maintain or obtain gaming or other necessary licenses for Mr. Arnheim to perform his duties. In the event that we terminate Mr. Arnheim for good cause, he is not entitled to any further compensation from and after the date of termination. In the event of termination other than for good cause, Mr. Arnheim is entitled to receive a severance payment equal to the lesser of: (1) the amount that would have been payable had the agreement continued through the expected expiration date of the original term, or (2) one year of his base annual salary plus a lump sum of \$25,000 for relocation expenses.

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### **Compensation of the Management Board**

The following table provides compensation information for each member of our Management Board during fiscal 2009.

<u>Name</u>	<u>Fees Earned</u> <u>(\$)</u>	<u>All Other</u> <u>Compensation (1)</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Marilynn R. Malerba *	164,291	253	164,544
Bruce S. Bozsum *	181,452	279	181,731
Allison D. Johnson *	131,432	203	131,635
Ralph James Gessner, Jr. *	131,432	203	131,635
Thayne D. Hutchins, Jr. *	131,432	203	131,635
Mark F. Brown *	177,779	508	178,287
William Quidgeon, Jr. *	131,432	203	131,635
Cheryl A. Todd *	131,432	203	131,635
Kathleen M. Regan-Pyne *	-	-	-
Mark W. Hamilton (2)	131,432	203	131,635

\* Represents current Management Board members.

(1) Represents payment of premiums on life insurance policies of which the member is the owner.

(2) Term expired effective October 4, 2009.

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 role played by these individuals in our governance, as well as the Tribe's, under the terms of an arrangement established at the time of Mohegan Sun's inception, we are responsible to fund a portion of the compensation paid to the Tribal Council. For fiscal 2009, we were allocated 60% of such payment obligations, based on consideration of the amount of time that the Tribal Council functioned in its capacity as the Management Board as opposed to its capacity as the Tribal Council, including participation in weekly Management Board meetings, weekly meetings with the Authority's executive team and bi-weekly executive committee meetings. In addition, certain members of the Tribal Council make periodic trips to Pocono Downs. We believe that the fiscal 2010 activities of the Tribal Council will be consistent with their fiscal 2009 activities and as such we expect to fund 60% of their fiscal 2010 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, located on our website at "[www.mtga.com](http://www.mtga.com)", which applies to our Chief Executive Officer, or principal executive officer, our Chief Financial Officer, or principal financial officer, and all other executive officers, whom we collectively refer to as our principal officers and specifically addresses conflicts of interest. Pursuant to the code ethics, principal officers with an actual or potential conflict of interest must disclose such conflict to the Director of Regulation, his designee or to the Chairman or Chairwoman of the Management Board. Consistent with our practice, only the Management Board may waive a provision of this code of ethics for our principal officers.

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The Management Board reviews all transactions between us and any of our principal officers. In addition, our corporate governance practices include procedures for discussing and assessing relationships, including business, financial and family member, among us and our principal officers, to the extent that they may arise. The Management Board reviews any transaction with a principal officer to determine, on a case-by-case basis, whether a conflict of interest exists. The Management Board ensures that all directors voting on such a matter have no interest in the matter and discusses the transaction with counsel as deemed necessary.

### **Transactions between the Tribe, the Authority and the Authority's Subsidiaries**

In September 2009, the Tribe loaned Salishan-Mohegan, LLC \$10.0 million, which was used to repay revolving loans under the Salishan bank credit facility in connection with the September 30, 2009 amendment to the Salishan bank credit facility. The promissory note executed by Salishan-Mohegan, LLC in favor of the Tribe, or the Mohegan Tribe promissory note, provides for the accrual of interest at an annual rate of 15% and matures on October 1, 2010. Accrued interest is paid at a monthly rate of 3.0%, with the remaining 12.0% due at maturity. For the fiscal year ended September 30, 2009, Salishan-Mohegan, LLC incurred \$4,000 of interest expense on the Mohegan Tribe promissory note.

In March 2008, MTGA Gaming, LLC and the Tribe formed Mohegan Gaming & Hospitality, or MG&H. The Tribe holds a 51% membership interest in MG&H and MTGA Gaming, LLC holds the remaining 49% interest. In June 2008, the Tribe loaned MG&H \$8.3 million, which was used to fund MG&H's portion of a \$25.0 million Privilege Fee payment to the State of Kansas in connection with MG&H's effort, ended in September 2008, to secure a gaming license for the development of a gaming facility in the State of Kansas. The promissory note executed by MG&H in favor of the Tribe provided for the accrual of interest at an annual rate of 12.0% and was due to mature on October 15, 2008. In September 2008, MG&H repaid the \$8.3 million outstanding on the promissory note following a refund of the Privilege Fee payment as a result of the selection of another applicant by the Kansas Lottery Gaming Facility Review Board. For the fiscal year ended September 30, 2008, MG&H incurred \$244,000 of interest expense on the promissory note.

In March 2007, we formed Wisconsin Tribal Gaming, LLC, or WTG, to participate in the Menominee Project. WTG consists of two members, our wholly-owned subsidiary, Mohegan Ventures Wisconsin, LLC, which holds an 85.4% membership interest, and a wholly-owned subsidiary of the Mohegan Tribe, Mohegan Ventures, LLC, which holds the remaining 14.6% membership interest. Following formation in March 2007, WTG purchased the development rights for the Menominee Project, along with certain other assets, and assumed certain liabilities from Kenesah Gaming Development, LLC for consideration of \$6.4 million.

In August 2006, we purchased a 5% membership interest in Salishan-Mohegan, LLC from Mohegan Ventures-Northwest, LLC and sold such 5% interest to the Tribe for approximately \$351,000, reflecting the carrying value of such interest. In October 2006, a 2.85% membership interest in Salishan-Mohegan, LLC was transferred from Salishan Company to the Tribe, in exchange for the Tribe's guarantee of the Salishan bank credit facility. The value of the membership interest transferred was approximately \$197,000, reflecting the carrying value of the 2.85% interest. Subsequent to this transaction, Mohegan Ventures-Northwest, LLC holds a 49.15% membership interest, the Tribe holds a 7.85% membership interest and Salishan Company holds a 43% membership interest in Salishan-Mohegan, LLC. Mohegan Ventures-Northwest, LLC and the Tribe continue to each hold one of four seats on the Board of Managers of Salishan-Mohegan.

### **Services Provided by the Tribe to the Authority**

The Tribe provides governmental and certain administrative services to us in conjunction with the operation of Mohegan Sun. For the fiscal years ended September 30, 2009, 2008 and 2007, we incurred \$23.7 million, \$23.9 million and \$21.5 million, respectively, of expenses for such services.

We purchase the majority of our utilities, including electricity, gas, water and waste water services, from an instrumentality of the Tribe, the Mohegan Tribal Utility Authority. For the fiscal years ended September 30, 2009, 2008 and 2007, we incurred costs of \$22.6 million, \$23.6 million and \$23.7 million, respectively, for such utilities.

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The Tribe previously provided services through its Development Department for projects related to Mohegan Sun. The Development Department of the Tribe, including personnel assigned to the department, was transferred to us during the fiscal year ended September 30, 2007. Prior to this transfer, we recorded \$53,000 of capital expenditures associated with the Tribe's Development Department for the fiscal year ended September 30, 2007.

### **Leases by the Tribe to the Authority**

We lease the land on which Mohegan Sun is located from the Tribe pursuant to a long-term lease agreement. We are required to pay to the Tribe a nominal annual rental fee under the lease agreement. The lease has an initial term of 25 years and is renewable for an additional 25-year term upon expiration.

We are a tenant under a land lease agreement with the Tribe for access to Mohegan Sun. For each of the fiscal years ended September 30, 2009, 2008 and 2007, we expensed \$50,000 relating to this land lease agreement.

In July 2008, we entered into a new land lease agreement with the Tribe, replacing a prior land lease agreement, for property located adjacent to the Tribe's reservation that is used for Mohegan Sun employee parking. The new agreement requires us to make monthly payments equaling \$75,000 until maturity on June 30, 2018. For the fiscal years ended September 30, 2008 and 2007, we expensed \$159,000 and \$212,000, respectively, relating to the prior land lease agreement. In July 2009, we entered into an additional land lease agreement with the Tribe relating to property located adjacent to the Tribe's reservation that is used for parking and access to Mohegan Sun. The agreement requires us to make monthly payments equaling \$30,000 through June 30, 2010 and \$100 subsequent to June 30, 2010 until maturity on June 30, 2018. We have classified both leases as capital leases for financial reporting purposes due to the existence of bargain purchase options at the expiration of the leases.

### **Distributions by the Authority to the Tribe**

In August 2001, we and the Tribe entered into an agreement, or the priority distribution agreement, which obligates us to 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 by us to the Tribe 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. However, payments pursuant to the priority distribution agreement do not reduce our obligations to make payments to reimburse the Tribe for governmental services provided by the Tribe or any payments under any other agreements with the Tribe. The monthly priority distribution payments under the priority distribution agreement are limited obligations payable only to the extent of our net cash flow, as defined under the priority distribution agreement, and are not secured by a lien or encumbrance on any of our assets or property. We reflected payments associated with the priority distribution agreement of \$17.9 million, \$17.3 million and \$16.8 million for the fiscal years ended September 30, 2009, 2008 and 2007, respectively.

In compliance with restrictive financial covenants under our bank credit facility, line of credit and note indentures, we distributed to the Tribe \$53.6 million, \$62.7 million and \$58.2 million, net of \$17.9 million, \$17.3 million and \$16.8 million, respectively, relating to priority distribution payments for the fiscal years ended September 30, 2009, 2008 and 2007, respectively.

### **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.

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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, 2009, approximately 120 of our employees were 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, 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. The registered voters of the Tribe elect all members of the Tribal Council. Upon election, the Tribal Council and Management Board members each serve for a four-year term on a staggered basis. Incumbent members of the Tribal Council do not nominate candidates for election. Accordingly, the Tribal Council and Management Board do not maintain a nominating committee, nor do they utilize any procedures to screen candidates for election. 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, a person: (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, all 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 sets forth the aggregate fees paid or accrued for professional services rendered by PricewaterhouseCoopers LLP for the audit of our annual financial statements for fiscal 2009 and 2008 and the aggregate fees paid or accrued for audit-related services and all other services rendered by PricewaterhouseCoopers LLP for fiscal 2009 and 2008.

	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2008</u>
Audit fees	\$710,888	\$757,159
Audit-related fees	47,660	-
Tax fees	4,250	4,250
All other fees	3,000	3,000
Total	<u>\$765,798</u>	<u>\$764,409</u>

The category of “Audit fees” includes 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.

The category of “Audit-related fees” includes internal control reviews.

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The category of "Tax fees" includes consultation related to Corporate development activities and the preparation of tax returns for certain subsidiaries.

The category of "All other fees" includes the licensure of accounting and finance research technology owned by PricewaterhouseCoopers LLP.

All above audit services, audit-related services and tax 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 the outside auditors.

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**PART IV**
**Item 15. Exhibits, Financial Statement Schedules.**
**A(1). Financial Statements**

The following financial statements and reports appear in this Annual Report on Form 10-K beginning on page F-2 and are incorporated by reference in Part II, Item 8:

<u>Report of Independent Registered Public Accounting Firm</u>	F-2
<u>Consolidated Balance Sheets of the Mohegan Tribal Gaming Authority as of September 30, 2009 and 2008</u>	F-3
<u>Consolidated Statements of Income of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2009, 2008 and 2007</u>	F-4
<u>Consolidated Statements of Changes in Capital of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2009, 2008 and 2007</u>	F-5
<u>Consolidated Statements of Cash Flows of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2009, 2008 and 2007</u>	F-6
<u>Notes to Consolidated Financial Statements of the Mohegan Tribal Gaming Authority</u>	F-7
<u>Non Wholly-Owned Guarantor Subsidiary Financial Statements</u>	F-52

**A(2). Financial Statement Schedules**

The following schedule appears on page S-1 of 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, 2009, 2008 and 2007

Schedules other than that listed above are omitted because they are not required or are not applicable, or the required information is shown in the consolidated financial statements or notes to the consolidated financial statements.

**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 herein by reference.

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## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Mohegan Tribal Gaming Authority has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on December 28, 2009.

MOHEGAN TRIBAL GAMING  
AUTHORITY

By: /s/ MARILYNN R. MALERBA  
Marilynn R. Malerba  
Chairwoman, Management Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Mohegan Tribal Gaming Authority and in the capacities indicated on December 28, 2009.

<u>Signature</u>	<u>Title</u>
<u>/s/ MARILYNN R. MALERBA</u> Marilynn R. Malerba	Chairwoman and Member, Management Board
<u>/s/ BRUCE S. BOZSUM</u> Bruce S. Bozsum	Vice Chairman and Member, Management Board
<u>/s/ MITCHELL GROSSINGER ETESS</u> Mitchell Grossinger Etes	Chief Executive Officer, Mohegan Tribal Gaming Authority (Principal Executive Officer)
<u>/s/ LEO M. CHUPASKA</u> Leo M. Chupaska	Chief Financial Officer, Mohegan Tribal Gaming Authority (Principal Financial and Accounting Officer)
<u>/s/ ALLISON D. JOHNSON</u> Allison D. Johnson	Recording Secretary and Member, Management Board
<u>/s/ RALPH JAMES GESSNER JR.</u> Ralph James Gessner Jr.	Corresponding Secretary and Member, Management Board
<u>/s/ THAYNE D. HUTCHINS JR.</u> Thayne D. Hutchins Jr.	Treasurer and Member, Management Board
<u>/s/ MARK F. BROWN</u> Mark F. Brown	Member, Management Board
<u>/s/ WILLIAM QUIDGEON JR.</u> William Quidgeon Jr.	Member, Management Board
<u>/s/ CHERYL A. TODD</u> Cheryl A. Todd	Member, Management Board
<u>/s/ KATHLEEN M. REGAN-PYNE</u> Kathleen M. Regan-Pyne	Member, Management Board

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 registrant has not sent an annual report or proxy statement to security holders. The registrant will not be sending an annual report or proxy statement to its security holders subsequent to the filing of this Annual Report on Form 10-K.

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**Table of Contents****INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

<u>Report of Independent Registered Public Accounting Firm</u>	F-2
<u>Consolidated Balance Sheets of Mohegan Tribal Gaming Authority as of September 30, 2009 and 2008</u>	F-3
<u>Consolidated Statements of Income of Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2009, 2008 and 2007</u>	F-4
<u>Consolidated Statements of Changes in Capital of Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2009, 2008 and 2007</u>	F-5
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<u>Non Wholly-Owned Guarantor Subsidiary Financial Statements</u>	F-52
<u>Schedule II—Valuation and Qualifying Accounts and Reserves for the Fiscal Years Ended September 30, 2009, 2008 and 2007</u>	S-1

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**Table of Contents****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 Mohegan Tribal Gaming Authority and its subsidiaries (the "Authority") at September 30, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2009 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 accompanying index, 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, Connecticut  
December 28, 2009

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	September 30, 2009	September 30, 2008
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 64,664	\$ 83,200
Restricted cash	1,899	1,605
Receivables, net	23,360	40,746
Inventories	15,521	17,931
Other current assets	25,578	28,024
Total current assets	131,022	171,506
<b>Non-current assets:</b>		
Property and equipment, net	1,676,763	1,693,402
Goodwill	39,459	39,459
Other intangible assets, net	389,914	390,057
Other assets, net	57,925	68,481
Total assets	\$2,295,083	\$2,362,905
<b>LIABILITIES AND CAPITAL</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 26,430	\$ 27,938
Current portion of relinquishment liability	71,912	81,337
Current portion of capital lease	919	630
Trade payables	19,900	23,986
Construction payables	18,959	102,661
Accrued interest payable	16,356	20,125
Other current liabilities	124,834	141,411
Total current liabilities	279,310	398,088
<b>Non-current liabilities:</b>		
Long-term debt, net of current portion	1,593,185	1,522,314
Long-term debt, due to Mohegan Tribe	10,000	-
Relinquishment liability, net of current portion	226,511	304,031
Capital lease, net of current portion	6,030	6,677
Other long-term liabilities	362	526
Total liabilities	2,115,398	2,231,636
Minority interests	3,830	3,258
<b>Commitments and Contingencies</b>		
<b>Capital:</b>		
Retained earnings	175,855	128,011
Total capital	175,855	128,011
Total liabilities and capital	\$2,295,083	\$2,362,905

The accompanying notes are an integral part of these consolidated financial statements.

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands)

	For the Fiscal Year Ended September 30, 2009	For the Fiscal Year Ended September 30, 2008	For the Fiscal Year Ended September 30, 2007
<b>Revenues:</b>			
Gaming	\$ 1,317,341	\$ 1,410,774	\$ 1,469,343
Food and beverage	93,105	103,968	102,097
Hotel	39,567	48,740	47,333
Retail, entertainment and other	122,701	144,256	133,139
Gross revenues	1,572,714	1,707,738	1,751,912
Less—Promotional allowances	(117,597)	(135,555)	(131,846)
Net revenues	<u>1,455,117</u>	<u>1,572,183</u>	<u>1,620,066</u>
<b>Operating costs and expenses:</b>			
Gaming	833,088	892,034	869,333
Food and beverage	42,720	49,951	50,499
Hotel	13,513	17,314	16,959
Retail, entertainment and other	42,290	56,848	48,435
Advertising, general and administrative	205,650	229,407	231,585
Corporate expenses	17,227	25,188	10,507
Pre-opening costs and expenses	282	4,652	3,836
Depreciation and amortization	103,279	102,370	93,347
Relinquishment liability reassessment	(45,678)	(68,947)	2,997
Total operating costs and expenses	<u>1,212,371</u>	<u>1,308,817</u>	<u>1,327,498</u>
Income from operations	<u>242,746</u>	<u>263,366</u>	<u>292,568</u>
<b>Other income (expense):</b>			
Accretion of discount to the relinquishment liability	(20,425)	(27,085)	(29,794)
Interest income	3,912	3,795	3,695
Interest expense, net of capitalized interest	(109,689)	(93,793)	(94,363)
Write-off of debt issuance costs	-	-	(71)
Gain on early extinguishment of debt	8,466	-	-
Other income (expense), net	(7,658)	248	(137)
Total other expense	<u>(125,394)</u>	<u>(116,835)</u>	<u>(120,670)</u>
Income from continuing operations before minority interests	117,352	146,531	171,898
Minority interests	1,992	2,729	648
Income from continuing operations	119,344	149,260	172,546
<b>Discontinued operations:</b>			
Income from discontinued operations	-	-	94
Loss on sale of discontinued operations	-	-	(73)
Total income from discontinued operations	-	-	21
Net income	<u>\$ 119,344</u>	<u>\$ 149,260</u>	<u>\$ 172,567</u>

The accompanying notes are an integral part of these consolidated financial statements.

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL**  
(in thousands)

	<u>Total Capital</u>
<b>Balance, September 30, 2006</b>	<b>\$ (38,855)</b>
Net income	172,567
Distributions to Tribe	(75,000)
Capital adjustment from majority-owned subsidiary transaction	39
<b>Balance, September 30, 2007</b>	<b><u>58,751</u></b>
Net income	149,260
Distributions to Tribe	(80,000)
<b>Balance, September 30, 2008</b>	<b><u>128,011</u></b>
Net income	119,344
Distributions to Tribe	(71,500)
<b>Balance, September 30, 2009</b>	<b><u><u>\$ 175,855</u></u></b>

The accompanying notes are an integral part of these consolidated financial statements.

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	For the Fiscal Year Ended September 30, 2009	For the Fiscal Year Ended September 30, 2008	For the Fiscal Year Ended September 30, 2007
<b>Cash flows provided by (used in) operating activities:</b>			
Net income	\$ 119,344	\$ 149,260	\$ 172,567
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation and amortization	103,279	102,370	93,444
Accretion of discount to the relinquishment liability	20,425	27,085	29,794
Relinquishment liability reassessment	(45,678)	(68,947)	2,997
Cash paid for accretion of discount to the relinquishment liability	(22,090)	(27,762)	(30,022)
Gain on early extinguishment of debt	(8,466)	-	-
Loss on amendment to the purchase agreement for Pocono Downs	1,646	-	-
Accretion of discount on amendment to the purchase agreement for Pocono Downs	(430)	(1,246)	(1,584)
Net loss on disposition of assets	1,185	295	1,678
Net loss on sale of Erie off-track wagering facility	-	-	73
Non-cash asset write-offs	4,512	-	-
Provision for losses on receivables	9,937	18,338	3,396
Amortization of debt issuance costs	8,282	4,831	3,835
Write-off of debt issuance costs	-	-	71
Amortization of net deferred gain on settlement of derivative instruments	228	455	455
Minority interests	(1,992)	(2,729)	(648)
Changes in operating assets and liabilities:			
Decrease (increase) in receivables	10,269	(24,977)	1,379
Decrease (increase) in inventories	2,410	(812)	(1,603)
Increase in other assets	(6,327)	(8,603)	(8,737)
(Decrease) increase in trade payables	(4,086)	6,600	(2,944)
(Decrease) increase in other liabilities	(20,637)	(3,842)	20,252
Net cash flows provided by operating activities	<u>171,811</u>	<u>170,316</u>	<u>284,403</u>
<b>Cash flows provided by (used in) investing activities:</b>			
Purchases of property and equipment, net of (decrease) increase in construction payables of \$(83,702), \$66,259 and \$30,017, respectively	(177,234)	(317,429)	(132,178)
Payment of Category One slot machine license fee	-	-	(50,000)
Acquisition of Menominee Project development rights and other related assets	-	-	(6,381)
Acquisition of Pautipaug Country Club assets	-	-	(4,651)
Proceeds from settlement of contract dispute	-	-	2,000
Proceeds from sale of Erie off-track wagering facility	-	-	6,967
Proceeds from amendment to the purchase agreement for Pocono Downs	20,063	7,000	-
Proceeds from Commonwealth of Pennsylvania's facility improvement grant	2,000	-	-
Issuance of third-party loans and advances	(3,858)	(8,933)	(4,461)
Proceeds from asset sales	123	785	362
Payments received on third-party loans	232	623	512
(Increase) decrease in restricted cash	(294)	(1,740)	384
Net cash flows used in investing activities	<u>(158,968)</u>	<u>(319,694)</u>	<u>(187,446)</u>
<b>Cash flows provided by (used in) financing activities:</b>			
Prior Bank Credit Facility borrowings - revolving loan	-	-	278,000
Prior Bank Credit Facility repayments - revolving loan	-	-	(278,000)
Bank Credit Facility borrowings - revolving loan	1,052,000	575,000	206,000
Bank Credit Facility repayments - revolving loan	(486,000)	(608,000)	(173,000)
Bank Credit Facility borrowings - term loan	-	300,000	-
Bank Credit Facility repayments - term loan	(153,000)	-	-
Salishan Credit Facility borrowings - revolving loan	2,250	3,750	17,250
Salishan Credit Facility repayments - revolving loan	(10,000)	-	-
Line of Credit borrowings	547,230	565,746	524,313
Line of Credit repayments	(537,987)	(579,399)	(507,722)
Borrowings from the Mohegan Tribe	10,000	8,333	-
Payments to the Mohegan Tribe	-	(8,333)	-
Payments on long-term debt	(336,806)	(1,000)	(3,550)
Principal portion of relinquishment liability payments	(39,602)	(48,352)	(47,399)
Distributions to Tribe	(71,500)	(80,000)	(75,000)
Capitalized debt issuance costs	(9,810)	(2,775)	(7,081)
Payments on capital lease obligations	(718)	(177)	(34)
Minority interest contributions and advances	<u>2,564</u>	<u>2,054</u>	<u>-</u>

Net cash flows provided by (used in) financing activities	<u>(31,379)</u>	<u>126,847</u>	<u>(66,223)</u>
Net (decrease) increase in cash and cash equivalents	<u>(18,536)</u>	<u>(22,531)</u>	<u>30,734</u>
Cash and cash equivalents at beginning of year	<u>83,200</u>	<u>105,731</u>	<u>74,997</u>
Cash and cash equivalents at end of year	<u>\$ 64,664</u>	<u>\$ 83,200</u>	<u>\$ 105,731</u>
Supplemental disclosure:			
Cash paid during the year for interest	\$ 106,008	\$ 95,204	\$ 92,501

The accompanying notes are an integral part of these consolidated financial statements.

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**Table of Contents****MOHEGAN TRIBAL GAMING AUTHORITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 1—ORGANIZATION AND BASIS OF PRESENTATION:**

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 power 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 507-acre reservation situated in southeastern Connecticut, adjacent to Uncasville, Connecticut. Under the Indian Gaming Regulatory Act of 1988, 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 have entered into such a compact (the “Mohegan Compact”), which has been 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 a gaming and entertainment complex known as Mohegan Sun. 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 Tribal Council results in a corresponding change in the Authority’s Management Board.

The following subsidiaries are 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”) and MTGA Gaming, LLC (“MTGA Gaming”). MBC owns and operates a professional basketball team in the Women’s National Basketball Association (“WNBA”), the Connecticut Sun, and owns approximately 3.6% of the membership interest in WNBA, LLC. Mohegan Golf owns and operates the Mohegan Sun Country Club at Pautipaug (“Mohegan Sun Country Club”) golf course in southeastern Connecticut.

MCV-PA holds a 0.01% general partnership interest in Downs Racing, L.P., Backside, L.P., Mill Creek Land, L.P. and Northeast Concessions, L.P. (collectively, the “Pocono Downs Entities”), while the Authority holds a 99.99% limited partnership interest in each such entity. Downs Racing, L.P. (“Downs Racing”) owns and operates Mohegan Sun at Pocono Downs (“Pocono Downs”), a gaming and entertainment facility offering slot machines and harness racing in Plains Township, Pennsylvania, and several off-track wagering (“OTW”) facilities located elsewhere in Pennsylvania. The Authority views Mohegan Sun and the properties owned by the Pocono Downs 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 a proposed development and management of a 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 and Mohegan Ventures, LLC (“MV”), a wholly-owned subsidiary of the Tribe, hold 85.4% and 14.6% membership interests in Wisconsin Tribal Gaming, LLC (“WTG”), respectively, which was formed to participate in a proposed development of a 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”). It is anticipated that certain of the Authority’s and the Tribe’s future diversification efforts will be conducted, either directly or indirectly, through MG&H and Mohegan Resorts. Mohegan Resorts currently holds a 100% membership interest in Mohegan Resorts Mass, LLC, which was formed to evaluate potential gaming opportunities in the Commonwealth of Massachusetts.

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**Table of Contents****MOHEGAN TRIBAL GAMING AUTHORITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****NOTE 2—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 Standard 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.

**Management’s 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 the assessment of asset impairment, estimated collectibility of receivables, the relinquishment liability, the liability associated with unredeemed Player’s Club points and employee medical coverage and workers’ compensation self-insurance reserves. Actual results could differ from those estimates.

**Reclassifications**

Certain amounts in the accompanying consolidated financial statements for fiscal years 2008 and 2007 were reclassified to conform to the fiscal year 2009 presentation.

**Cash and Cash Equivalents**

The Authority classifies deposits that can be redeemed on demand and investments with an original maturity of three months or less when purchased as cash and cash equivalents. Cash equivalents are carried at cost, which approximates market value. For financial reporting purposes, cash and cash equivalents include all operating cash and in-house funds.

**Restricted Cash**

The Authority classifies cash that is contractually restricted as to its withdrawal or usage as restricted cash. As of September 30, 2009, restricted cash was comprised of amounts set aside by Downs Racing in accordance with the Race Horse Development and Gaming Act of 2004 (the “Pennsylvania Gaming Act”), and Pennsylvania state statutes. The Pennsylvania Gaming Act requires Downs Racing to deposit a percentage of gross revenues from slot machines into a separate interest bearing account for the benefit of horsemen, through purses and health and pension benefits, and breeders. In addition, Pennsylvania state statutes require Downs Racing to deposit net amounts received from the sale of lottery tickets into a designated account.

As of September 30, 2008, restricted cash related to amounts for the racing and lottery funds, described above, and a building permit fee dispute between the Township of Plains, Pennsylvania and Downs Racing. In January 2009, the dispute was settled and the related restricted cash was released to Downs Racing.

**Receivables**

Accounts receivable consists primarily of casino receivables, which represent credit extended to approved casino customers, and hotel and other non-gaming receivables. The Authority maintains an allowance for doubtful

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

accounts, which is based on the Authority's estimate of the amount expected to be uncollectible considering historical experience, the information management obtains regarding the creditworthiness of the customer and all other available information. Future business or economic trends could affect the collectibility of these receivables.

Receivables from affiliates, which were included in other assets, net, in the accompanying consolidated balance sheets, consist primarily of reimbursable costs and expenses advanced by WTG on behalf of the Menominee Tribe for the Menominee Project (refer to Note 13) and Salishan-Mohegan on behalf of the Cowlitz Tribe for the Cowlitz Project (refer to Note 14). The WTG receivables are payable upon the receipt of necessary financing for the development of the proposed casino. As of September 30, 2008, the Authority had fully reserved the WTG receivables, and as of September 30, 2009, the WTG receivables remain fully reserved. 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 inherent 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. Future complications in the receipt of financing, the relevant land being taken into trust or other matters affecting the Cowlitz Project could affect the collectibility of the receivables.

**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 casino operations considering the duration of time items are held in inventory and information the Authority obtains regarding the plans to utilize such inventory. Future business trends could affect the timely use of inventories.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is recorded 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 term or the estimated useful lives of the improvements. Useful life estimates of 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 charged to expense as incurred. Gains or losses on disposition of property and equipment are included in the determination of net income.

In accordance with authoritative guidance issued by the FASB pertaining to the accounting for the impairment of long-lived assets, the carrying value of the Authority's assets is assessed when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined that an impairment loss has occurred based on current and future levels of income and expected future cash flows, as well as other factors, then an impairment loss is recognized in the respective consolidated statement of income. The Authority assessed the carrying value of the relevant assets as of September 30, 2009 and 2008, including those related to the suspended elements of Mohegan Sun's expansion project ("Project Horizon"), and determined that no impairment existed.

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**Table of Contents****MOHEGAN TRIBAL GAMING AUTHORITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****Capitalized Interest**

Interest costs associated with major development and construction projects are capitalized and included in the cost of the respective project. When no debt is incurred specifically for 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 the project is substantially completed or development activity is suspended for more than a brief period.

**Goodwill**

In accordance with authoritative guidance issued by the FASB pertaining to goodwill, the goodwill associated with the acquisition of the Pocono Downs Entities is not subject to amortization, but is assessed at least annually for impairment by comparing the fair value of the recorded assets to their carrying amount. If the carrying amount of the goodwill exceeds its fair value, an impairment loss will be recognized immediately. The Authority assessed the goodwill for impairment using an income approach as of September 30, 2009 and 2008 and determined that no impairment existed. The income approach requires the Authority to make assumptions regarding future revenues and expenses, discount rates and the terminal value of the Pocono Downs Entities. The amount by which the estimated fair value of the Pocono Downs Entities exceeds its book value has remained consistent as of September 30, 2009 and 2008. 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 of the Pocono Downs Entities are not met; (2) if the discount rate increases; or (3) if terminal growth rates decrease.

**Other Intangible Assets**

Intangible assets relate primarily to the acquisitions of the Pocono Downs Entities, the WNBA franchise and the assets of Pautipaug Country Club Inc. ("PCC"). In January 2005, the Authority and its wholly owned subsidiary, MCV-PA, acquired all of the partnership interests in the Pocono Downs Entities. In connection with the acquisition, Downs Racing gained the right to apply for a Category One slot machine license. The right to apply for the license was determined by the Authority to be an intangible asset with an indefinite useful life. The Authority, with assistance from an independent valuation firm, estimated the fair value of the intangible asset to be \$214.0 million. The valuation firm used the Income Approach—Excess Earnings Method. Conditional and permanent Category One slot machine licenses were granted to and approved for Downs Racing by the Pennsylvania Gaming Control Board (the "PGCB") in September 2006 and December 2006, respectively. A one-time slot machine license fee of \$50.0 million was paid to the PGCB in October 2006, which was added to the existing slot license intangible asset of \$214.0 million. The total slot license intangible asset of \$264.0 million, with an indefinite useful life, was included in the accompanying consolidated balance sheets. The slot license intangible asset is assessed at least annually for impairment in accordance with authoritative guidance issued by the FASB pertaining to intangible assets. The Authority applied the fair value test as of September 30, 2009 and 2008 and determined that no impairment existed. If estimates of projected cash flows of the Pocono Downs Entities are not met, the slot license intangible asset 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.

The intangible assets associated with the acquisitions of the WNBA franchise and the assets of PCC are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. In accordance with authoritative guidance issued by the FASB pertaining to intangible assets, a development rights intangible asset related to the Menominee Project was determined to be fully impaired and was written-off during fiscal 2008 (refer to Note 13).

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

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 used at or developed for Mohegan Sun. The Mohegan Sun trademark was appraised by an independent valuation firm to have a value of \$130.0 million and was included as an intangible asset in the accompanying consolidated balance sheets. The independent valuation firm used the Income Approach—Relief from Royalty Method. In accordance with authoritative guidance issued by the FASB pertaining to intangible assets, the Mohegan Sun trademark is no longer subject to amortization as it is deemed to have an indefinite useful life. The Mohegan Sun trademark is assessed at least annually for impairment pursuant to appropriate accounting standards. The Authority assessed the Mohegan Sun trademark for impairment as of September 30, 2009 and 2008 and determined that no impairment existed. The balance of the Mohegan Sun trademark was as follows (in thousands):

	September 30,	
	2009	2008
Trademark	\$130,000	\$130,000
Accumulated amortization	(10,308)	(10,308)
Trademark, net	\$119,692	\$119,692

**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. The unamortized amounts are included in other assets, net, in the accompanying consolidated balance sheets.

**Unredeemed Player’s Club Points**

The Authority maintains an accrual for unredeemed Player’s Club points. The accrual is based on the estimated cost of the points expected to be redeemed as of the respective balance sheet date. The Authority determines the adequacy of this accrual by periodically evaluating the historical redemption experience and projected trends related to this accrual. Actual results could differ from those estimates.

**Base Jackpots**

Base jackpots represent the fixed minimum amount of slot machine payouts for a specific combination. The Authority charges base jackpots to revenues when established. These amounts are included in other current liabilities 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 for 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 these costs, the Authority considers historical loss experience and makes judgments about the expected levels of costs per claim. The Authority also utilizes information provided by independent consultants to assist in the determination of estimated accruals. These claims are accounted for based on estimates of the undiscounted claims, including

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**Table of Contents****MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

those claims incurred but not reported. The Authority believes the use of these estimates to account for these liabilities provides a consistent and effective way to measure these accruals; however, changes in health care costs, accident frequency and severity and other factors can materially affect the estimate for these liabilities. The Authority continually monitors the potential changes in future estimates, evaluates insurance accruals and makes adjustments when necessary.

**Relinquishment Liability**

In accordance with authoritative guidance issued by the FASB pertaining to the accounting for contingencies, the Authority has recorded a relinquishment liability of the estimated present value of its obligations under a Relinquishment Agreement (refer to Note 11). The Authority reassesses projected revenues and consequently the relinquishment liability: (1) annually in conjunction with the budgeting process, or (2) when necessary to account for material increases or decreases in projected revenues over the relinquishment period. If the reassessment causes an overall increase to the projected revenues over the relinquishment period, the relinquishment liability will be 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 causes an overall decrease to the projected revenues over the relinquishment period, the relinquishment liability will be decreased by 5% of such decrease in revenues, discounted based upon a weighted average discount rate, which is a decremental layer. The weighted average discount rate is defined as the average discount rate used to discount all the previous incremental layers weighted by the amount of each such incremental layer. Further, the Authority records a quarterly accretion to the relinquishment liability to reflect the impact of the time value of money. Since there is a high level of estimation and judgment (including those related to estimates of future revenue projections and impact and timing of future competition) used with respect to calculating this liability, future events that affect such estimates and judgments may cause the actual liability to significantly differ from the estimate.

**Fair Value of Financial Instruments**

The fair value amounts presented below are reported to satisfy the 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 the amounts that the Authority could realize in a current market exchange.

In October 2008, the Authority adopted fair value provisions in accordance with authoritative guidance issued by the FASB pertaining to financial assets and liabilities. The guidance clarifies how companies are required to use a fair value measure for recognition and disclosure by establishing a common definition of fair value, a framework for measuring fair value, and expanded disclosures about fair value measurements. The Authority applies the following fair value hierarchy, which prioritizes the inputs used 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 not observable. The unobservable inputs reflect the Authority's estimates or assumptions that market participants would use in pricing the asset or liability.

The Authority's assessment of the significance of a particular input to the fair value measurement 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 CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

The carrying amount of cash and cash equivalents, receivables, trade payables and promissory notes approximates fair value. The fair values of the Authority's financing facilities and notes were as follows (in thousands):

	September 30, 2009	
	Carrying Value	Fair Value
Bank Credit Facility	\$ 713,000	\$590,899
2005 6 1/8% Senior Unsecured Notes	250,000	2 05,000
2001 8 3/8% Senior Subordinated Notes	2,010	1,688
2002 8% Senior Subordinated Notes	250,000	2 10,000
2004 7 1/8% Senior Subordinated Notes	225,000	1 62,000
2005 6 7/8% Senior Subordinated Notes	150,000	1 08,000

The estimated fair value of the Authority's financing facilities and notes was based on quoted market prices or prices of similar instruments on or about September 30, 2009.

**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 the service is performed. Minimum rental revenues are recognized on a straight-line basis over the terms of the related leases. Percentage rents are recognized in the period in which the tenants exceed their respective percentage rent thresholds.

**Promotional Allowances**

The Authority operates a program for guests at Mohegan Sun and Pocono Downs, without membership fees, called the Player's Club. This program provides complimentary food, beverage, hotel, retail, entertainment and other services to guests, as applicable, based on points that are awarded for guests' gaming activities. These points may be used to purchase, among other things, items at the retail stores and restaurants located within Mohegan Sun and Pocono Downs, including The Shops at Mohegan Sun and the Mohegan Sun gasoline and convenience center. Points also may be used to purchase hotel services and tickets to entertainment events held at Mohegan Sun facilities. 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 these complimentary items redeemed at third-party outlets is charged to gaming expenses.

In addition, the Authority has ongoing promotional programs which offer coupons to guests for the purchase of food, beverage, hotel and retail amenities offered within Mohegan Sun and Pocono Downs, as applicable. The retail value of items or services purchased with coupons at facilities operated by the Authority within Mohegan Sun and Pocono Downs 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 expenses.

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

	For the Fiscal Years Ended September 30,		
	2009	2008	2007
Food and beverage	\$ 45,004	\$4 9,616	\$4 8,138
Hotel	16,369	15,246	16,385
Retail, entertainment and other	56,224	70,693	67,323
Total	<u>\$117,597</u>	<u>\$135,555</u>	<u>\$131,846</u>

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

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

	For the Fiscal Years Ended		
	September 30,		
	2009	2008	2007
Food and beverage	\$ 45,457	\$ 5 2,269	\$ 4 9,243
Hotel	9,552	8,048	8,866
Retail, entertainment and other	47,853	61,116	54,781
Total	<u>\$102,862</u>	<u>\$121,433</u>	<u>\$112,890</u>

The Authority records free or discounted food and beverage and other services in accordance with authoritative guidance issued by the FASB pertaining to the accounting for consideration given by a vendor to a customer. In certain circumstances, the Authority also offers cash inducements and discounts on patron losses at Mohegan Sun that result in a reduction to gaming revenues. The offsets to gaming revenues were \$7.3 million, \$21.1 million and \$10.3 million relating to discounts provided on patron losses for the fiscal years ending September 30, 2009, 2008 and 2007, respectively, and \$1.4 million, \$1.2 million and \$752,000 relating to Player's Club points redeemed for cash for the fiscal years ended September 30, 2009, 2008 and 2007, respectively.

**Gaming Expenses**

Gaming expenses primarily include the portion of gross revenues from slot machines that must be paid to the State of Connecticut and the PGCB, which are referred to as Slot Win Contribution and Pennsylvania Gaming Tax, respectively (refer to Note 10). Gaming expenses also include, among other things, payroll costs, expenses associated with the operation of slot machines, table games, keno, live harness racing at Pocono Downs and Racebook, certain marketing expenses, and promotional expenses for the Player's Club points and coupons redeemed at the hotel, restaurants and retail outlets, as well as third-party tenant outlets.

**Advertising**

The Authority expenses the production costs of advertising the first time the advertising takes place. Prepaid rental fees associated with billboard advertising are capitalized and amortized over the term of the related rental agreement. Total advertising costs for the fiscal years ended September 30, 2009, 2008 and 2007 were \$30.7 million, \$43.3 million and \$42.7 million, respectively. As of September 30, 2009, prepaid advertising was \$3,000. The Authority did not record any prepaid advertising at September 30, 2008.

**Corporate Expenses**

Corporate expenses represent an allocation of governmental and certain administrative services provided by the Tribe, payroll costs, professional fees and various other expenses not directly related to the Authority's operations at Mohegan Sun or Pocono Downs. In addition, Corporate expenses include the costs associated with the Authority's various gaming diversification efforts, which are expensed as incurred, except when reimbursable by a third-party.

**Pre-Opening Costs and Expenses**

For the fiscal year ended September 30, 2009, pre-opening costs and expenses were minimal. For the fiscal years ended September 30, 2008 and 2007, pre-opening costs and expenses consisted primarily of direct incremental personnel, consulting and other costs associated with the development of Phases I and II of the gaming facility at

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Pocono Downs and the construction of Casino of the Wind component of Project Horizon at Mohegan Sun. Construction of the Phase I facility at Pocono Downs commenced in September 2005 and was completed in November 2006, while construction of the Phase II facility (“Project Sunrise”) commenced in May 2007 and was completed in July 2008. Construction of Casino of the Wind commenced in June 2007 and was completed in August 2008. 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 its 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****Accounting Standards Recently Adopted**

In June 2009, the FASB issued guidance which established the FASB Accounting Standard Codification (“Codification”) as the single source of authoritative U.S. GAAP recognized by the FASB for non-governmental agencies (other than guidance issued by the Securities and Exchange Commission). The Codification did not change U.S. GAAP but, instead, changed the referencing of authoritative accounting literature. The new guidance became effective for financial statements issued for interim and annual periods ending after September 15, 2009. Its adoption required the Authority to adjust references to authoritative accounting literature in its financial statements, but did not affect the Authority’s financial position, results of operations or cash flows.

In May 2009, the FASB issued guidance pertaining to subsequent events. The new guidance incorporates into the FASB authoritative literature, accounting guidance that originated as auditing standards about events or transactions that occur after the balance sheet date but before the financial statements are issued. It retains the auditing standard requirements to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the balance sheet date and to disclose but not recognize subsequent events that provide evidence about conditions that arose after the balance sheet date but before the financial statements are issued. The reporting entity is required to disclose the date through which it has evaluated subsequent events. The new guidance became effective for interim and annual periods ending after June 15, 2009. In preparing the accompanying consolidated financial statements, the Authority has evaluated events subsequent to September 30, 2009 through the issuance of the financial statements on December 28, 2009. Subsequent events identified are disclosed in Note 19.

In March 2008, the FASB issued guidance pertaining enhanced disclosures for derivative instruments and hedging activities, including disclosures regarding how: (1) an entity uses derivative instruments; (2) derivative instruments and related hedged items are accounted for; and (3) derivative instruments and related hedged items affect an entity’s financial position, financial performance and cash flows. The Authority adopted the new guidance effective January 1, 2009. Since the new guidance requires only additional disclosures concerning derivatives and hedging activities, its adoption did not affect the presentation of the Authority’s financial position, results of operations or cash flows. See Note 6 for the Authority’s disclosures regarding derivative instruments and hedging activities.

In October 2008, the Authority adopted guidance pertaining to fair value measurements for financial assets and liabilities. The Authority deferred the provisions that relate to non-financial assets in accordance with the new guidance, which allowed for such a deferral. The major categories of assets that are measured at fair value for

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

which the Authority has not applied the new guidance include the measurement of fair value in the first step of a goodwill impairment test pursuant to appropriate accounting standards. The new guidance clarifies how companies are required to use a fair value measure for recognition and disclosure by establishing a common definition of fair value, a framework for measuring fair value, and expanding disclosures about fair value measurements. Its adoption for financial assets and liabilities did not have a material impact on the Authority's financial position, results of operations or cash flows. The Authority adopted the provisions related to non-financial assets and liabilities as of October 2009. Its adoption did not have a material impact on the Authority's financial position, results of operations or cash flows.

In April 2009, the FASB issued additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased and re-emphasizes that regardless of market conditions the fair value measurement is an exit price concept. It also clarifies and includes additional factors to consider in determining whether there has been a significant decrease in market activity for an asset or liability and provides additional clarification on estimating fair value when the market activity for an asset or liability has significantly declined. The FASB also provided a new other-than-temporary impairment model for debt securities only, which shifts the focus from an entity's intent to hold until recovery to its intent to sell. Additionally, the FASB requires publicly-traded companies to provide disclosures on the fair value of financial instruments in interim financial statements. This guidance became effective for interim and annual periods ending after June 15, 2009. Its adoption did not have a material impact on the Authority's financial position, results of operations or cash flows.

**Accounting Standards Issued But Not Yet Adopted**

In August 2009, the FASB issued guidance pertaining to fair value measurements for liabilities when quoted prices for the liabilities are not available. The new guidance is effective for the first reporting period (including interim periods) beginning after October 1, 2009. The Authority is currently evaluating the potential impact, if any, that the new guidance may have on its financial position, results of operations or cash flows.

In June 2009, the FASB issued guidance to address the elimination of the concept of a qualifying special purpose entity. The new guidance also replaces the quantitative-based risks and rewards calculation for determining which enterprise has a controlling financial interest in a variable interest entity with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity and the obligation to absorb losses of the entity or the right to receive benefits from the entity. Additionally, it provides more timely and useful information about an enterprise's involvement with a variable interest entity. The new guidance is effective for fiscal years beginning after November 15, 2009. The Authority is currently evaluating the potential impact, if any, that the new guidance may have on its financial position, results of operations or cash flows.

In December 2007, the FASB issued guidance pertaining to business combinations and non-controlling interests in consolidated financial statements. The new guidance requires the acquiring entity in a business combination to record all assets acquired and liabilities assumed at their respective acquisition-date fair values. It also requires additional disclosure of information surrounding a business combination, such that users of the entity's financial statements can fully understand the nature and financial impact of the business combination. Additionally, it requires entities to report non-controlling (minority) interests in subsidiaries as equity in the consolidated financial statements. The Authority is required to adopt the new guidance in its fiscal year beginning October 1, 2009. The new provisions related to business combinations will only impact the Authority if it is party to a business combination after the pronouncement has been adopted.

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**NOTE 3—RECEIVABLES, NET:**

Components of receivables, net, were as follows (in thousands):

	September 30,	
	2009	2008
Gaming	\$ 34,107	\$ 45,706
Hotel	844	1,162
Other	7,714	6,721
Subtotal	42,665	53,589
Allowance for doubtful accounts	( 19,305)	(12,843)
Total receivables, net	<u>\$ 23,360</u>	<u>\$ 40,746</u>

**NOTE 4—PROPERTY AND EQUIPMENT, NET:**

Components of property and equipment, net, were as follows (in thousands):

	September 30,	
	2009	2008
Land	\$ 64,799	\$ 64,439
Land improvements	86,601	63,226
Buildings and improvements	1,651,723	1,600,108
Furniture and equipment	496,959	493,909
Construction in process	84,351	91,762
Subtotal	2,384,433	2,313,444
Less: accumulated depreciation	(707,670)	(620,042)
Total property and equipment, net	<u>\$1,676,763</u>	<u>\$1,693,402</u>

For the fiscal years ended September 30, 2009, 2008 and 2007, depreciation expense totaled \$102.7 million, \$97.9 million and \$92.8 million, respectively. Capitalized interest totaled \$1.1 million, \$6.5 million and \$1.7 million for the fiscal years ended September 30, 2009, 2008 and 2007, respectively.

In September 2008, the Authority announced the suspension of the hotel, retail and new parking garage elements of Project Horizon due to a slowdown in business volumes and uncertainties in the financial markets resulting from the national economic recession. During the fourth quarter ended September 30, 2009, the Authority expensed \$4.5 million of costs related to the suspended elements as such assets did not have any future use to the Authority. This expense was recorded in other income (expense), net, in the accompanying respective consolidated statement of income. While the Authority is currently evaluating its options with respect to the development of the suspended elements, including the new hotel, it can provide no assurance as to if or when the suspended elements will resume. The specific factors that the Authority will consider in determining the feasibility of the suspended elements include the Authority's financial performance, cash flow projections expected to be realized from the project, estimated project costs, ability to obtain financing, economic conditions, industry trends and competition. As of September 30, 2009 and 2008, assets related to the suspended elements totaled \$78.3 million and \$80.6 million, respectively, and were included in construction in process. These assets related to excavation and foundation work for the planned podium and hotel tower, as well as professional fees for design and architectural work. The Authority currently believes that the assets related to the suspended elements have a future benefit. The Authority assessed the carrying value of these assets as of September 30, 2009 and 2008 and determined that no impairment existed.

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**NOTE 5—OTHER CURRENT ASSETS AND OTHER CURRENT LIABILITIES:**

Components of other current assets were as follows (in thousands):

	September 30,	
	2009	2008
Non-qualified deferred compensation	\$14,714	\$11,675
Current portion of Pocono Downs purchase settlement	-	6,950
Prepaid expenses and miscellaneous other current assets	10,864	9,399
Total other current assets	<u>\$25,578</u>	<u>\$28,024</u>

Components of other current liabilities were as follows (in thousands):

	September 30,	
	2009	2008
Accrued payroll and related taxes and benefits	\$4 2,717	\$5 1,600
Slot Win Contribution payable	14,853	16,751
Amounts due to horsemen	9,118	5,376
Miscellaneous other current liabilities	58,146	67,684
Total other current liabilities	<u>\$124,834</u>	<u>\$141,411</u>

**NOTE 6—FINANCING FACILITIES:**

Financing facilities consisted of the following (in thousands):

	September 30,	
	2009	2008
Bank Credit Facility	\$ 713,000	\$ 300,000
2005 6 1/8% Senior Unsecured Notes	250,000	250,000
2001 8 3/8% Senior Subordinated Notes	2,010	16,345
2002 8% Senior Subordinated Notes	250,000	250,000
2003 6 3/8% Senior Subordinated Notes	-	330,000
2004 7 1/8% Senior Subordinated Notes	225,000	225,000
2005 6 7/8% Senior Subordinated Notes	150,000	150,000
Line of Credit	12,180	2,938
WNBA Promissory Note	2,000	3,000
Salishan Credit Facility	13,250	21,000
Mohegan Tribe Promissory Note	10,000	-
Menominee Kenosha Gaming Authority Note Payable (Note 13)	600	600
Subtotal	1,628,040	1,548,883
Net deferred gain on derivative instruments sold	1,575	1,369
Total debt	<u>\$1,629,615</u>	<u>\$1,550,252</u>

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Maturities of the Authority's debt as of September 30, 2009 were as follows (in thousands):

<u>Fiscal Years</u>	<u>Long-Term Debt Maturities</u>
2010	\$ 26,430
2011	13,010
2012	963,000
2013	250,000
2014	225,000
Thereafter	150,600
Total	<u>\$1,628,040</u>

**Prior Bank Credit Facility**

In March 2007, the Authority extinguished its Amended and Restated Loan Agreement, dated March 25, 2003, as amended (the "Prior Bank Credit Facility"). In connection with the extinguishment of the Prior Bank Credit Facility, certain unamortized debt issuance costs totaling \$71,000 were charged as a write-off of debt issuance costs in the accompanying consolidated statement of income for the fiscal year ended September 30, 2007.

**Bank Credit Facility**

In March 2007, the Authority entered into a Second Amended and Restated Loan Agreement (the "Bank Credit Facility") providing for up to \$1.0 billion in borrowing capacity from a syndicate of 23 financial institutions and commercial banks, with Bank of America, N.A., serving as Administrative Agent. This Bank Credit Facility replaced the Prior Bank Credit Facility. The five-year senior secured revolving credit facility included a \$300.0 million term loan conversion provision which was triggered upon the initial accumulation of \$300.0 million in total borrowings under the Bank Credit Facility on August 15, 2008.

In December 2008, the Authority entered into an amendment to the terms of the Bank Credit Facility pursuant to a Third Amended and Restated Loan Agreement in connection with the suspension of Project Horizon. Among other things, the amended Bank Credit Facility reduced the total commitment of the credit facility from \$1.0 billion to \$850.0 million, consisting of a \$150.0 million term loan and \$700.0 million of revolving commitments, with the \$150.0 million reduction being applied to reduce the existing \$300.0 million term loan via incremental funding under the revolver, and reduced the increase option from \$250.0 million to \$150.0 million. As of September 30, 2009, the term loan under the Bank Credit Facility amortized at a rate of \$750,000 per quarter until June 30, 2010, at which time the amortization rate was to increase to \$30.0 million per quarter (with an automatic and permanent reduction of the revolving commitments by such amount following repayment). The maturity date of the Bank Credit Facility is March 9, 2012, upon which date the remaining balances outstanding are payable. Refer to information below and Note 19 for further discussion of the Bank Credit Facility as amended by subsequent event.

As of September 30, 2009, there was \$713.0 million drawn on the Bank Credit Facility, which was comprised of a \$147.0 million term loan and \$566.0 million in revolving loans. The revolving loans outstanding as of September 30, 2009 reflect the repayment of the Authority's 6 3/8% \$330.0 million Senior Subordinated Notes at maturity on July 15, 2009 with proceeds from the Bank Credit Facility. As of September 30, 2009, the amount under letters of credit issued pursuant to the Bank Credit Facility totaled \$4.6 million, of which no amount was drawn (refer to "Letters of Credit" below). Inclusive of the term loan and letters of credit, which reduce borrowing availability, and after taking into account restrictive financial covenants under the Bank Credit Facility, Line of Credit and note indentures, the Authority had approximately \$129.4 million of borrowing capacity under the Bank Credit Facility as of September 30, 2009.

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

At the Authority's option, each advance of loan proceeds accrues interest on the basis of a Base Rate or on the basis of a one-month, two-month, three-month, six-month or twelve-month Eurodollar Rate, plus in either case, the Applicable Rate based on either the applicable pricing period as set forth under the Bank Credit Facility or the Authority's total leverage ratio, depending on whether the term loan remains outstanding (as each term is defined under the Bank Credit Facility). The Authority also pays commitment fees for the unused portion of the revolving loans on a quarterly basis equal to the product obtained by multiplying the Applicable Rate for commitment fees by the average daily unused commitment for that calendar quarter. As of September 30, 2009: (1) the Applicable Rate for Base Rate loans was between 2.25% and 3.25% if the term loan remains outstanding, and between 0.75% and 2.25% after full repayment of the term loan; (2) the Applicable Rate for Eurodollar Rate loans was between 3.50% and 4.50% if the term loan remains outstanding, and between 2.00% and 3.50% after full repayment of the term loan; and (3) the Applicable Rate for commitment fees was 0.50% if the term loan remains outstanding, and between 0.20% and 0.50% after full repayment of the term loan. The Base Rate is the higher of Bank of America's announced Prime Rate, the LIBOR Rate for one-month contracts plus 1.25% or the Federal Funds Rate plus 0.50%. Interest on Base Rate loans is payable quarterly in arrears. Interest on Eurodollar Rate loans is payable at the end of each applicable interest period or quarterly in arrears, if earlier. As of September 30, 2009, the Authority had \$713.0 million in Eurodollar Rate loans and no Base Rate loans outstanding. The Eurodollar Rate loans outstanding at September 30, 2009 were comprised of: (1) a \$147.0 million term loan based on a one-month Eurodollar Rate of 0.25% plus an Applicable Rate of 3.75%, and (2) \$566.0 million in revolving loans based on a one-month Eurodollar Rate of 0.24% plus an Applicable Rate of 3.75%. The Applicable Rate for commitment fees was 0.50% as of September 30, 2009. As of September 30, 2009 and 2008, accrued interest, including commitment fees, on the Bank Credit Facility was \$1.1 million and \$89,000, respectively.

The Bank Credit Facility is collateralized by a lien on substantially all of the Authority's assets, including the assets that comprise Pocono Downs and a leasehold mortgage on the land previously taken into trust by the federal government and improvements which comprise Mohegan Sun. The Authority also will be required to pledge additional assets as collateral for the Bank Credit Facility as it or its guarantor subsidiaries acquire them. The Authority's obligations under the Bank Credit Facility are fully and unconditionally guaranteed, on a joint and several basis, by MBC, Mohegan Ventures-NW, MCV-PA, the Pocono Downs Entities, Mohegan Golf, MVW, WTG and MTGA Gaming. The Bank Credit Facility subjects the Authority to a number of restrictive covenants, including financial covenants. These financial covenants relate to, among other things, the Authority's maximum total leverage and senior leverage ratios, minimum fixed charge coverage ratio and maximum capital expenditures.

The Bank Credit Facility includes non-financial covenants by the Authority and the Tribe of the type customarily found in loan agreements for similar transactions including requirements that:

- the Tribe preserves its existence as a federally-recognized Indian tribe;
- the Tribe causes the Authority to continually operate Mohegan Sun and the Pocono Downs Entities in compliance with all applicable laws; and
- except under specific conditions, limit the Authority from selling or disposing of its assets, limit the transfer of the Authority's and its guarantor subsidiaries' assets to non-guarantor entities, limit the incurrence by the Authority and its guarantor subsidiaries of other debt or contingent obligations and limit the Authority's and its guarantor subsidiaries' ability to extend credit, make investments or commingle their assets with assets of the Tribe.

As of September 30, 2009, the Authority and the Tribe were in compliance with all of their respective covenant requirements under the Bank Credit Facility.

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On October 26, 2009, the Authority issued \$200.0 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11 1/2% *per annum* (the “2009 Second Lien Senior Secured Notes”). The net proceeds from this financing were used to repay, among other things, the existing term loan under the Bank Credit Facility, in full, as well as \$41.0 million of revolving loans, including a \$25.0 million permanent reduction in the revolving commitments). Concurrently with the issuance of the 2009 Second Lien Senior Secured Notes, the Authority entered into an amendment to the terms of the Bank Credit Facility. Among other things, the amendment: (1) modified the Authority’s maximum total leverage and senior leverage ratio covenants; (2) provided the ability to obtain a release from liens securing the Bank Credit Facility of a portion of the land on which Pocono Downs is sited to permit its sale or lease to a third-party in connection with the development of a potential hotel project, consisting of a minimum of 200 rooms, subject to the satisfaction of customary conditions; (3) modified the terms of the Authority’s covenant relating to the incurrence of permitted indebtedness to allow the Authority or its subsidiaries to incur additional debt (which may consist of capital lease obligations) in an aggregate amount not to exceed \$55.0 million, at any one time outstanding, in connection with the development of the potential hotel project at Pocono Downs; (4) modified the terms of the Authority’s permitted capital expenditures covenant to affirmatively allow for the existing \$125.0 million of permitted capital expenditures to be utilized for Pocono Downs in addition to Mohegan Sun and related businesses, including the payment of licensing fees associated with those operations; and (5) modified the applicable pricing rates as follows: (a) the Applicable Rate for Base Rate loans will be between 1.25% and 2.75%, and (b) the Applicable Rate for Eurodollar Rate loans will be between 2.50% and 4.00%.

Upon repayment of the term loan under the Bank Credit Facility and the \$25.0 million permanent reduction in revolving commitments in connection with the transactions, as discussed above, the total commitment of the Bank Credit Facility was reduced from \$850.0 million to \$675.0 million. Refer to Note 19 for further discussion of the Authority’s issuance of the 2009 Second Lien Senior Secured Notes and the amendment to the Bank Credit Facility.

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

In February 2005, the Authority issued \$250.0 million Senior Notes with fixed interest payable at a rate of 6.125% *per annum* (the “2005 Senior Unsecured Notes”). The net proceeds from this financing were used to repay amounts outstanding under the then existing bank credit facility and to pay fees and expenses associated with the issuance. The 2005 Senior Unsecured Notes mature on February 15, 2013. The first call date for the 2005 Senior Unsecured Notes was February 15, 2009. Interest on the 2005 Senior Unsecured Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>. The 2005 Senior Unsecured Notes are uncollateralized general obligations of the Authority, which are effectively subordinated, to the extent of the collateral, to all of the existing and future senior secured indebtedness of the Authority, including the Bank Credit Facility and the 2009 Second Lien Senior Secured Notes. The 2005 Senior Unsecured Notes rank equally in right of payment with the 2009 Second Lien Senior Secured Notes and the Authority’s Senior Relinquishment Payment obligations under the Relinquishment Agreement that are then due and owing and rank senior to the Authority’s Junior Relinquishment Payment obligations under the Relinquishment Agreement that are then due and owing, the 2001 Senior Subordinated Notes, the 2002 Senior Subordinated Notes, the 2004 Senior Subordinated Notes and the 2005 Senior Subordinated Notes. The 2005 Senior Unsecured Notes are fully and unconditionally guaranteed, on a joint and several basis, by MBC, Mohegan Ventures-NW, MCV-PA, the Pocono Downs Entities, Mohegan Golf, MVW, WTG and MTGA Gaming. Refer to Note 18 for condensed consolidating financial information of the Authority and its guarantor subsidiaries and non-guarantor entities. As of September 30, 2009 and 2008, accrued interest on the 2005 Senior Unsecured Notes was \$1.9 million.

**2001 8 3/8% Senior Subordinated Notes**

In July 2001, the Authority issued \$150.0 million Senior Subordinated Notes with fixed interest payable at a rate of 8.375% *per annum* (the “2001 Senior Subordinated Notes”). The proceeds from this financing were used to

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pay transaction costs, pay down \$90.0 million on the then existing bank credit facility and fund costs related to Project Sunburst. Interest on the 2001 Senior Subordinated Notes is payable semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup>. The 2001 Senior Subordinated Notes mature on July 1, 2011. The first call date for the 2001 Senior Subordinated Notes was July 1, 2006. The 2001 Senior Subordinated Notes are uncollateralized general obligations of the Authority and are subordinated to the Bank Credit Facility, the 2005 Senior Unsecured Notes, the 2009 Second Lien Senior Secured Notes and, in a liquidation, bankruptcy or similar proceeding, the Authority's Senior Relinquishment Payment obligations under the Relinquishment Agreement that are then due and owing. The 2001 Senior Subordinated Notes rank equally with the 2002 Senior Subordinated Notes, the 2004 Senior Subordinated Notes, the 2005 Senior Subordinated Notes and the Authority's Junior Relinquishment Payment obligations under the Relinquishment Agreement that are then due and owing. The 2001 Senior Subordinated Notes are fully and unconditionally guaranteed solely by MBC. Refer to Note 18 for condensed consolidating financial information of the Authority and its guarantor subsidiaries and non-guarantor entities.

In August 2004, the Authority completed a cash tender offer and consent solicitation to repurchase any or all of its outstanding 2001 Senior Subordinated Notes. As part of the tender offer, the Authority solicited and received requisite consents to certain proposed amendments to the indentures governing the 2001 Senior Subordinated Notes, which substantially eliminated all of the restrictive covenants thereunder. At such time, the aggregate principal amount of the 2001 Senior Subordinated Notes tendered was \$133.7 million.

In March 2009, the Authority repurchased and extinguished an additional principal amount of \$14.3 million of its outstanding 2001 Senior Subordinated Notes. The aggregate amount paid for this purchase was approximately \$6.1 million, which represented a purchase price of approximately \$5.8 million and accrued interest of \$273,000. The Authority realized a gain on early extinguishment of debt in connection with this transaction totaling approximately \$8.5 million, which was recorded in the accompanying consolidated statement of income for the fiscal year ended September 30, 2009. An aggregate principal amount of approximately \$2.0 million of the 2001 Senior Subordinated Notes remains outstanding as of September 30, 2009. As of September 30, 2009 and 2008, accrued interest on the 2001 Senior Subordinated Notes was \$42,000 and \$342,000, respectively.

The Authority or its affiliates may, from time to time, seek to purchase or otherwise retire the Authority's remaining 2001 Senior Subordinated Notes or other indebtedness for cash in open market purchases, privately negotiated transactions or otherwise, to reduce the amount of the Authority's outstanding indebtedness. Any such transactions will depend on prevailing market conditions, the Authority's liquidity, covenant restrictions and other factors.

**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 proceeds from this financing were used to pay transaction costs and pay down \$243.0 million on the then existing bank credit facility. Interest on the 2002 Senior Subordinated Notes is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup>. The 2002 Senior Subordinated Notes mature on April 1, 2012. The first call date for the 2002 Senior Subordinated Notes was April 1, 2007. The 2002 Senior Subordinated Notes are uncollateralized general obligations of the Authority and are subordinated to the Bank Credit Facility, the 2005 Senior Unsecured Notes, the 2009 Second Lien Senior Secured Notes and, in a liquidation, bankruptcy or similar proceeding, the Authority's Senior Relinquishment Payment obligations under the Relinquishment Agreement that are then due and owing. The 2002 Senior Subordinated Notes rank equally with the 2001 Senior Subordinated Notes, the 2004 Senior Subordinated Notes, the 2005 Senior Subordinated Notes and the Authority's Junior Relinquishment Payment obligations under the Relinquishment Agreement that are then due and owing. The 2002 Senior Subordinated Notes are fully and

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unconditionally guaranteed, on a joint and several basis, by MBC, Mohegan Ventures-NW, MCV-PA, the Pocono Downs Entities, Mohegan Golf, MVW, WTG and MTGA Gaming. Refer to Note 18 for condensed consolidating financial information of the Authority and its guarantor subsidiaries and non-guarantor entities. As of September 30, 2009 and 2008, accrued interest on the 2002 Senior Subordinated Notes was \$10.0 million.

**2003 6<sup>3</sup>/<sub>8</sub>% Senior Subordinated Notes**

In July 2003, the Authority issued \$330.0 million Senior Subordinated Notes with fixed interest payable at a rate of 6.375% *per annum* (the "2003 Senior Subordinated Notes"). The proceeds from this financing were used to repurchase substantially all of the outstanding 8.75% Senior Subordinated Notes issued in March 1999 and to pay fees and expenses associated with the issuance. Interest on the 2003 Senior Subordinated Notes was payable semi-annually on January 15<sup>th</sup> and July 15<sup>th</sup>. The 2003 Senior Subordinated Notes matured on July 15, 2009, at which time the Authority repaid the 2003 Senior Subordinated Notes with proceeds from the Bank Credit Facility. As of September 30, 2008, in accordance with authoritative guidance issued by the FASB pertaining to the classification of short-term obligations expected to be refinanced, the Authority classified the 2003 Senior Subordinated Notes as long-term debt for financial reporting purposes based on the Authority's intent and ability to refinance this debt on a long-term basis through the use of proceeds from the Bank Credit Facility. The 2003 Senior Subordinated Notes were uncollateralized general obligations of the Authority and were subordinated to the Bank Credit Facility, the 2005 Senior Unsecured Notes and, in a liquidation, bankruptcy or similar proceeding, the Authority's Senior Relinquishment Payment obligations under the Relinquishment Agreement that were then due and owing. The 2003 Senior Subordinated Notes ranked equally with the 2001 Senior Subordinated Notes, the 2002 Senior Subordinated Notes, the 2004 Senior Subordinated Notes, the 2005 Senior Subordinated Notes and the Authority's Junior Relinquishment Payment obligations under the Relinquishment Agreement that were then due and owing. The 2003 Senior Subordinated Notes were fully and unconditionally guaranteed, on a joint and several basis, by MBC, Mohegan Ventures-NW, MCV-PA, the Pocono Downs Entities, Mohegan Golf, MVW, WTG and MTGA Gaming. Refer to Note 18 for condensed consolidating financial information of the Authority and its guarantor subsidiaries and non-guarantor entities. As of September 30, 2008, accrued interest on the 2003 Senior Subordinated Notes was \$4.4 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 net proceeds from this financing, together with \$130.0 million of availability under the then existing bank credit facility, were used to repurchase substantially all of the outstanding 2001 Senior Subordinated Notes and substantially all of the outstanding 1999 Senior Notes tendered in the tender offers described above and to pay fees and expenses associated with the issuance. The 2004 Senior Subordinated Notes mature on August 15, 2014. The first call date for the 2004 Senior Subordinated Notes was August 15, 2009. Interest on the 2004 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>. The 2004 Senior Subordinated Notes are uncollateralized general obligations of the Authority and are subordinated to the Bank Credit Facility, the 2005 Senior Unsecured Notes, the 2009 Second Lien Senior Secured Notes and, in a liquidation, bankruptcy or similar proceeding, the Authority's Senior Relinquishment Payment obligations under the Relinquishment Agreement that are then due and owing. The 2004 Senior Subordinated Notes rank equally with the 2001 Senior Subordinated Notes, the 2002 Senior Subordinated Notes, the 2005 Senior Subordinated Notes and the Authority's Junior Relinquishment Payment obligations under the Relinquishment Agreement that are then due and owing. The 2004 Senior Subordinated Notes are fully and unconditionally guaranteed, on a joint and several basis, by MBC, Mohegan Ventures-NW, MCV-PA, the Pocono Downs Entities, Mohegan Golf, MVW, WTG and MTGA Gaming. Refer to Note 18 for condensed consolidating financial information of the Authority and its guarantor subsidiaries and non-guarantor entities. As of September 30, 2009 and 2008, accrued interest on the 2004 Senior Subordinated Notes was \$2.0 million.

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**Table of Contents****MOHEGAN TRIBAL GAMING AUTHORITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****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 net proceeds from this financing were used to repay amounts outstanding under the then existing bank credit facility and to pay fees and expenses associated with the issuance. The 2005 Senior Subordinated Notes mature on February 15, 2015. The first call date for the 2005 Senior Subordinated Notes is February 15, 2010. Interest on the 2005 Senior Subordinated Notes is payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>. The 2005 Senior Subordinated Notes are uncollateralized general obligations of the Authority and are subordinated to the Bank Credit Facility, the 2005 Senior Unsecured Notes, the 2009 Second Lien Senior Secured Notes and, in a liquidation, bankruptcy or similar proceeding, the Authority’s Senior Relinquishment Payment obligations under the Relinquishment Agreement that are then due and owing. The 2005 Senior Subordinated Notes rank equally with the 2001 Senior Subordinated Notes, the 2002 Senior Subordinated Notes, the 2004 Senior Subordinated Notes and the Authority’s Junior Relinquishment Payment obligations under the Relinquishment Agreement that are then due and owing. The 2005 Senior Subordinated Notes are fully and unconditionally guaranteed, on a joint and several basis, by MBC, Mohegan Ventures-NW, MCV-PA, the Pocono Downs Entities, Mohegan Golf, MVW, WTG and MTGA Gaming. Refer to Note 18 for condensed consolidating financial information of the Authority and its guarantor subsidiaries and non-guarantor entities. As of September 30, 2009 and 2008, accrued interest on the 2005 Senior Subordinated Notes was \$1.3 million.

The senior and senior subordinated note indentures contain certain financial and non-financial covenants with which the Authority and the Tribe must comply. The financial covenants include, among other things, limitations on restricted payments and the incurrence of indebtedness, while the non-financial covenants include, among other things, reporting obligations, compliance with laws and regulations and the continued existence of the Authority. As of September 30, 2009, both the Authority and the Tribe were in compliance with all of their respective covenant requirements under the senior and senior subordinated note indentures.

**WNBA Promissory Note**

The Authority and MBC are parties to a membership agreement with WNBA, LLC (the “Membership Agreement”). The Membership Agreement sets forth the terms and conditions pursuant to which MBC acquired a membership in the WNBA and the right to own and operate a professional basketball team in the WNBA. The Authority guaranteed the obligations of MBC under the Membership Agreement.

In consideration for this acquisition, MBC paid \$2.0 million, with funds advanced from the Authority, and issued a promissory note to the WNBA (the “WNBA Note”) for \$8.0 million. The WNBA Note accrues interest at an annual rate equal to a three-month Eurodollar Rate plus 1.50%. The Authority guaranteed the obligations of MBC under the WNBA Note. Pursuant to the WNBA Note, principal payments of \$1.0 million, subject to adjustment for certain revenue thresholds and interest payments, are required to be paid to the WNBA on each anniversary date of the WNBA Note. The WNBA Note is scheduled to mature in January 2011, but will mature no later than January 2013. As of September 30, 2009 and 2008, accrued interest on the WNBA Note was \$34,000 and \$94,000, respectively. Refer to Note 15 for further discussion of the Authority’s investment in the WNBA franchise.

**Line of Credit**

As of September 30, 2009, the Authority had an \$18.0 million revolving loan agreement with Bank of America, N.A. (the “Line of Credit”). The Line of Credit was amended in May 2009 to reduce the commitment from \$25.0 million to \$18.0 million and extend the maturity date from May 14, 2009 to May 14, 2010. Each advance accrues

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

interest on the basis of a one-month Eurodollar Rate or Prime Rate, plus the Applicable Margin determined on the basis of the Authority's leverage ratio, as each term is defined under the Line of Credit. Borrowings under the Line of Credit are uncollateralized obligations of the Authority. As of September 30, 2009, the Authority had \$12.2 million in Eurodollar Rate loans outstanding, which were based on a one-month Eurodollar Rate of 0.26% plus an Applicable Rate of 3.25%. The Line of Credit subjects the Authority to certain covenants, including a covenant to maintain at least the Line of Credit commitment amount available for borrowing under the Bank Credit Facility. As of September 30, 2009, the Authority was in compliance with all covenant requirements under the Line of Credit and had \$5.8 million of borrowing capacity thereunder. As of September 30, 2009 and 2008, there was no accrued interest on the Line of Credit.

**Letters of Credit**

As of September 30, 2009, the Authority maintained seven uncollateralized letters of credit to satisfy potential workers' compensation liabilities, pari-mutuel wagering tax liabilities of the Pocono Downs Entities, overdue amounts for purses due to horsemen at the Pocono Downs Entities, potential contractor and subcontractor liabilities relating to Project Horizon, collateral obligations of a surety bond relating to Pennsylvania Gaming Tax expenses owed by Downs Racing to the PGCB and two in connection with road work at the Pocono Downs facilities. The letters of credit expire(d) on various dates from November 2009 through September 2010, subject to renewals. As of September 30, 2009, no amounts were drawn on the letters of credit.

**Salishan-Mohegan Bank Credit Facility**

On September 30, 2009, Salishan-Mohegan entered into an amendment to the terms of its then existing \$25.0 million revolving loan agreement with Bank of America, N.A. (the "Salishan Credit Facility"), dated October 17, 2006. Among other things, the amendment reduced the total commitment of the credit facility from \$25.0 million to \$17.0 million, extended the maturity date from September 30, 2009 to September 30, 2010 and modified the applicable pricing rates. At the option of Salishan-Mohegan, each advance of loan proceeds accrues interest on the basis of a Base Rate or on the basis of a one-month, two-month, three-month or six-month Eurodollar Rate, plus a spread of 2.50% for Base Rate loans and an Applicable Rate, as defined under the Salishan Credit Facility, of 3.50% for Eurodollar Rate loans. The Base Rate is the higher of Bank of America's announced Prime Rate or the Federal Funds Rate plus 0.50%. The Applicable Rate for commitment fees is 0.50%. The revolving loan has no mandatory amortization provisions and is payable in full at maturity. In connection with the September 2009 amendment, the Tribe loaned Salishan-Mohegan \$10.0 million, which was used to repay revolving loans under the Salishan Credit Facility. The Salishan Credit Facility is collateralized by a lien on substantially all of the existing and future assets of Salishan-Mohegan. The obligations of Salishan-Mohegan under the Salishan Credit Facility also are guaranteed by the Tribe. The Salishan Credit Facility subjects Salishan-Mohegan to a number of restrictive covenants, including financial and non-financial covenants customarily found in loan agreements for similar transactions.

As of September 30, 2009, Salishan-Mohegan had \$13.3 million in Base Rate loans and no Eurodollar Rate loan outstanding. The loans outstanding at September 30, 2009 were based on a Base Rate of 3.25% plus a spread of 2.50%. The Applicable Rate for commitment fees was 0.50% as of September 30, 2009. As of September 30, 2009, Salishan-Mohegan had \$3.7 million of borrowing capacity under the Salishan Credit Facility. As of September 30, 2009 and 2008, accrued interest on the Salishan Credit Facility was \$2,000 and \$11,000, respectively.

**Mohegan Tribe Promissory Note**

On September 30, 2009, the Tribe loaned Salishan-Mohegan \$10.0 million, which was used to repay revolving loans under the Salishan Credit Facility in connection with the September 30, 2009 amendment to the Salishan

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Credit Facility, as further described above. The promissory note executed by Salishan-Mohegan in favor of the Tribe (the "Mohegan Tribe Promissory Note") provides for the accrual of interest at an annual rate of 15% and matures on October 1, 2010. Accrued interest is paid at a monthly rate of 3.0%, with the remaining 12.0% due at maturity. As of September 30, 2009, accrued interest on the Mohegan Tribe Promissory Note was \$4,000.

**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. There were no derivative instruments held by the Authority as of September 30, 2009 and 2008.

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. For the fiscal years ended September 30, 2009, 2008 and 2007, the Authority recorded amortization of \$228,000, \$455,000 and \$455,000, respectively, for interest expense related to the sale of these derivative instruments. The Authority expects to record \$467,000 to offset interest expense over the next 12 months.

**NOTE 7—LEASES:**

The Authority leases space to certain tenants in The Shops at Mohegan Sun and certain other areas of Mohegan Sun. The Authority also leases the rights to access and utilize Mohegan Sun's rooftop for the installation and operation of antenna towers. The total minimum future rental income on non-cancelable leases expected to be earned by the Authority is as follows (in thousands):

	<u>Fiscal Years Ending September 30,</u>						
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Thereafter</u>	<u>Total</u>
Minimum Future Rental Income	\$4,636	\$4,397	\$3,112	\$2,229	\$1,830	\$ 6,040	\$22,244

The Authority is obligated under numerous operating leases for equipment, buildings and land at Mohegan Sun and the Pocono Downs Entities. The Authority also is obligated under a ground lease for a 152-acre site located in Palmer, Massachusetts, which would serve as a potential site for future gaming development, if legalized in the Commonwealth of Massachusetts. Total rental expense was \$15.2 million, \$14.3 million and \$11.4 million for the fiscal years ended September 30, 2009, 2008 and 2007, respectively. The total minimum future rental expense on non-cancelable leases expected to be incurred by the Authority is as follows (in thousands):

	<u>Fiscal Years Ending September 30,</u>						
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Thereafter</u>	<u>Total</u>
Minimum Future Rental Expense	\$3,944	\$537	\$192	\$116	-	-	\$4,789

The Authority also has loaned funds to tenants related to The Shops at Mohegan Sun and certain other Mohegan Sun and Pocono Downs outlets. As of September 30, 2009 and 2008, outstanding tenant loans were \$7.4 million and \$5.6 million, respectively. These loans mature in periods between three and ten years. These amounts, net of allowance for doubtful accounts of \$482,000 and \$85,000 as of September 30, 2009 and 2008, respectively, were included in other assets, net, in the accompanying consolidated balance sheets.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****NOTE 8—RELATED PARTY TRANSACTIONS:**

The Tribe provides governmental and certain administrative services to the Authority in conjunction with the operation of Mohegan Sun. For the fiscal years ended September 30, 2009, 2008 and 2007, the Authority incurred \$23.7 million, \$23.9 million and \$21.5 million, respectively, of expenses for such services.

The Authority purchases the majority of its utilities, including electricity, gas, water and waste water services, from an instrumentality of the Tribe, the Mohegan Tribal Utility Authority. For the fiscal years ended September 30, 2009, 2008 and 2007, the Authority incurred costs of \$22.6 million, \$23.6 million and \$23.7 million, respectively, for such utilities.

The Authority is a tenant under a land lease agreement with the Tribe for access to Mohegan Sun. For each of the fiscal years ended September 30, 2009, 2008 and 2007, the Authority expensed \$50,000 relating to this land lease agreement.

The Authority leases the land on which Mohegan Sun is located from the Tribe pursuant to a long-term lease agreement. The Authority is required to pay to the Tribe a nominal annual rental fee under the lease agreement. The lease has an initial term of 25 years and is renewable for an additional 25-year term upon expiration.

In September 2009, the Tribe loaned Salishan-Mohegan \$10.0 million, which was used to repay revolving loans under the Salishan Credit Facility in connection with the September 30, 2009 amendment to the Salishan Credit Facility, as further described above. The Mohegan Tribe Promissory Note executed by Salishan-Mohegan in favor of the Tribe provides for the accrual of interest at an annual rate of 15% and matures on October 1, 2010. Accrued interest is paid at a monthly rate of 3.0%, with the remaining 12.0% due at maturity.

In July 2008, the Authority entered into a new land lease agreement with the Tribe, replacing a prior land lease agreement, for property located adjacent to the Tribe's reservation that is used for Mohegan Sun employee parking. The new 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. For the fiscal year ended September 30, 2008 and 2007, the Authority expensed \$159,000 and \$212,000, respectively, relating to the prior land lease agreement.

In July 2009, the Authority entered into an additional land lease agreement with the Tribe relating to property located adjacent to the Tribe's reservation that is used for parking and access to Mohegan Sun. The agreement requires the Authority to make monthly payments equaling \$30,000 through June 30, 2010 and \$100 subsequent to June 30, 2010 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.

The Tribe previously provided services through its Development Department for projects related to Mohegan Sun. The Development Department of the Tribe, including personnel assigned to the department, was transferred to the Authority during the fiscal year ended September 30, 2007. Prior to this transfer, the Authority recorded \$53,000 of capital expenditures associated with the Tribe's Development Department for the fiscal year ended September 30, 2007.

In March 2008, MTGA Gaming and the Tribe formed MG&H. The Tribe holds a 51% membership interest in MG&H and MTGA Gaming holds the remaining 49% interest. In June 2008, the Tribe loaned MG&H \$8.3 million, which was used to fund MG&H's portion of a \$25.0 million Privilege Fee payment to the State of Kansas in connection with MG&H's effort, ended in September 2008, to secure a gaming license for the development of a gaming facility in the State of Kansas. The promissory note executed by MG&H in favor of the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Tribe provided for the accrual of interest at an annual rate of 12.0% and was due to mature on October 15, 2008. In September 2008, MG&H repaid the \$8.3 million outstanding on the promissory note following a refund of the Privilege Fee payment as a result of the selection of another applicant by the Kansas Lottery Gaming Facility Review Board. For the fiscal year ended September 30, 2008, MG&H incurred \$244,000 of interest expense on the promissory note.

In August 2006, the Authority purchased a 5% membership interest in Salishan-Mohegan from Mohegan Ventures-NW and sold such 5% interest to the Tribe for approximately \$351,000, reflecting the carrying value of such interest. In October 2006, a 2.85% membership interest in Salishan-Mohegan was transferred from Salishan Company to the Tribe, in exchange for the Tribe's guarantee of the Salishan Credit Facility. The value of the membership interest transferred was approximately \$197,000, reflecting the carrying value of the 2.85% interest. Subsequent to this transaction, Mohegan Ventures-NW holds a 49.15% membership interest, the Tribe holds a 7.85% membership interest and Salishan Company holds a 43% membership interest in Salishan-Mohegan (refer to Note 14). Mohegan Ventures-NW and the Tribe continue to each hold one of four seats on the Board of Managers of Salishan-Mohegan.

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, 2009, approximately 120 employees of the Authority were 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 may make discretionary matching contributions of 100% 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 connection with the implementation of its cost containment program, as described in Note 6. For the fiscal years ended September 30, 2009, 2008 and 2007, the Authority contributed \$3.7 million, \$11.2 million and \$10.2 million, net of forfeitures, to the Mohegan Retirement and 401(k) Plan, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

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. For the fiscal years ended September 30, 2009, 2008 and 2007, participants' contributions, net of withdrawals and changes in fair value of investments, totaled \$3.0 million, (\$93,000) and \$2.9 million, respectively.

**NOTE 10—COMMITMENTS AND CONTINGENCIES:****Slot Win Contribution and Free Promotional Slot Play Contribution**

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 earned on 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 operations with slot machines or other commercial casino table 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 2006, the State of Connecticut asserted that the Authority and the MPT were required to include the value of all free slot plays under their free promotional slot play programs in gross revenues for purposes of calculating Slot Win Contribution payments. In December 2006, the State of Connecticut filed suit against the MPT seeking a declaratory judgment that free promotional slot plays utilized by patrons at Foxwoods Resort Casino constitutes a "wager" for purposes of calculating slot win contribution payments. In October 2007, the Tribe entered into an agreement with the State of Connecticut to escrow, on a monthly basis, an amount equal to 25% of the value of all free promotional slot plays utilized by patrons at Mohegan Sun. In September 2009, the Authority reached a settlement with the State of Connecticut regarding contribution payments on the Authority's free promotional slot play program. Pursuant to the settlement, the parties agreed to the release and disbursement of \$12.2 million of payments escrowed by the Authority, including accrued interest thereon. Of the total amount escrowed, \$6.5 million was distributed to the Authority and \$5.7 million was distributed to the State of Connecticut pursuant to the settlement agreement. For the fiscal year ended September 30, 2009, gaming costs and expenses reflect a \$1.1 million credit relating to the free promotional slot play contribution. For the fiscal year ended September 30, 2008, gaming costs and expenses reflect \$6.9 million in expenses associated with the free promotional slot play contribution.

In addition to the disbursement of the escrowed funds 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 such 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 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%.

The Authority reflected expenses associated with the combined Slot Win Contribution and free promotional slot play contribution totaling \$193.8 million, \$221.0 million and \$230.4 million for the fiscal years ended September 30, 2009, 2008 and 2007, respectively. As of September 30, 2009 and 2008, the combined outstanding Slot Win Contribution and free promotional slot play contribution payments to the State of Connecticut totaled \$14.9 million and \$17.5 million, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****Pennsylvania Gaming Tax**

Downs Racing holds a Category One slot machine license issued by the PGCB for the operation of slot machines at Pocono Downs. This license permits Downs Racing to install and operate up to 3,000 slot machines at Pocono Downs. However, under certain circumstances, Downs Racing may install and operate up to a total of 5,000 slot machines. After the satisfaction of certain regulatory conditions and payment of a \$50.0 million one-time slot machine license fee to the PGCB in October 2006, Downs Racing opened Phase I of its gaming and entertainment facility in November 2006.

The Pennsylvania Gaming Act stipulates that holders of Category One slot machine licenses must pay Pennsylvania Gaming Tax to the PGCB on a daily basis, which includes local share assessments to be paid to the cities and municipalities hosting Pocono Downs and amounts to be paid to the Pennsylvania Harness Horsemen's Association, Inc. (the "PHHA"). The Pennsylvania Gaming Tax payable to the PGCB on a daily basis is currently 55% of gross revenues from slot machines, 2% of which is subject to a \$10.0 million minimum annual threshold. Downs Racing must pay, on an annual basis, to the PGCB, amounts necessary to ensure that the host cities and municipalities receive an annual minimum of \$10.0 million from the local share assessments. Downs Racing maintains a \$5.0 million escrow deposit in the name of the Commonwealth of Pennsylvania for Pennsylvania Gaming Tax payments to the PGCB, which was included in other assets, net, in the accompanying consolidated balance sheets.

The Authority reflected expenses associated with the Pennsylvania Gaming Tax totaling \$125.3 million, \$103.4 million and \$92.2 million for the fiscal years ended September 30, 2009, 2008 and 2007, respectively. As of September 30, 2009 and 2008, outstanding Pennsylvania Gaming Tax payments to the PGCB totaled \$4.6 million and \$5.2 million, respectively.

**PGCB Regulatory Fees**

In addition to the Pennsylvania Gaming Tax described above, holders of slot machine licenses also are required to reimburse the PGCB for administrative and operating expenses incurred. The assessment of this amount on Downs Racing and other slot facility operators is yet to be finalized. Based upon an estimate of gross revenues from slot machines at Pocono Downs compared to current and future licensees in the Commonwealth of Pennsylvania, Downs Racing is recording expenses associated with this reimbursement at a rate of 1.5% of gross revenues from slot machines. This rate has been approved by the PGCB, which receives corresponding payments on a weekly basis from Downs Racing. The Authority reflected expenses associated with the regulatory fee assessment totaling \$3.7 million, \$2.7 million and \$2.4 million for the fiscal years ended September 30, 2009, 2008 and 2007, respectively. As of September 30, 2009 and 2008, outstanding regulatory fee payments to the PGCB totaled \$23,000 and \$73,000, respectively. Additionally, in order to fund current operations of the PGCB, two loans in the amount of \$36.0 million and \$22.6 million were granted to the PGCB from gaming tax funds received by the Commonwealth of Pennsylvania. These loans cover expenses incurred by the PGCB from inception to June 30, 2008, and are anticipated to be repaid, in total, by slot machine licensees once all approved gaming facilities are opened. In addition, a payment of \$7.0 million was made to the PGCB from the current licensees, of which the Company paid \$800,000. Each licensee's share of these costs will be proportionally allocated based on each licensee's gross revenues from slot machines. In January 2007, Downs Racing made a prepayment to the PGCB of \$800,000 for a portion of its incurred expenses, which was included in other current assets in the accompanying consolidated balance sheets.

**Priority Distribution**

In August 2001, the Authority and the Tribe entered into an agreement (the "Priority Distribution Agreement"), which obligates the Authority to make monthly payments to the Tribe to the extent of the Authority's Net Cash

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Flow, as defined under the Priority Distribution Agreement. The Priority Distribution Agreement, which has a perpetual term, limits the maximum aggregate priority distribution payments by the Authority to the Tribe 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. However, payments pursuant to the Priority Distribution Agreement do not reduce the Authority's obligations to make payments to reimburse the Tribe for governmental services provided by the Tribe or any payments under any other agreements with the Tribe. The monthly priority distribution payments under the Priority Distribution Agreement are limited obligations of the Authority payable only to the extent of its Net Cash Flow, as defined under the Priority Distribution Agreement, and are not secured by a lien or encumbrance on any assets or properties of the Authority. The Authority reflected payments associated with the Priority Distribution Agreement of \$17.9 million, \$17.3 million and \$16.8 million for the fiscal years ended September 30, 2009, 2008 and 2007, respectively.

**Agreement with the Town of Montville**

In June 1994, the Tribe and the Town of Montville (the "Town") entered into an agreement whereby the Tribe agreed to pay to the Town an annual payment of \$500,000 to minimize the impact on the Town resulting from the decreased tax revenues on reservation land held in trust. The Tribe has assigned its rights and obligations in the agreement with the Town to the Authority.

**Land Lease from the Tribe to the Authority**

The land upon which Mohegan Sun is located is held in trust for the Tribe by the United States. The Tribe and the Authority entered into a land lease agreement under which the Tribe leases to the Authority the property and all buildings, improvements and related facilities constructed or installed on the property. The lease was amended in March 2007 to update the legal description of the property covered under the lease, which was approved by the Secretary of the Interior in April 2007. Summarized below are several key provisions of the lease agreement:

***Term***

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

***Rent and Other Operating Expenses***

The Authority is required to pay to the Tribe a nominal annual rental fee. For any period when the Tribe or another agency or instrumentality of the Tribe is not the tenant under the lease, the rent will be 8% of the tenant's gross revenues from the premises. The Authority is responsible for the payment of all costs of owning, operating, constructing, maintaining, repairing, replacing and insuring the leased property.

***Use of Leased Property***

The Authority may use the leased property and improvements solely for the construction and operation of Mohegan Sun, unless prior approval is obtained from the Tribe for any proposed alternative use. Similarly, no construction or alteration of any building or improvement located on the leased property by the Authority may be made unless complete and final plans and specifications have been approved by the Tribe. Following foreclosure of any mortgage on the Authority's interest under the lease or any transfer of such interest to the holder of such mortgage in lieu of foreclosure, the leased property and improvements may be used for any lawful purpose, subject only to applicable codes and governmental regulations provided; however, a non-Indian holder of the leased property may in no event conduct gaming operations on the property.

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**Table of Contents****MOHEGAN TRIBAL GAMING AUTHORITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)*****Permitted Mortgages and Rights of Permitted Mortgagees***

The Authority may not mortgage, pledge or otherwise encumber its leasehold estate in the leased property except to a holder of a permitted mortgage. Under the lease, a permitted mortgage includes the leasehold mortgage securing the Authority's obligations under the Bank Credit Facility granted by the Authority that provides, among other things, that: (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 stated under the lease.

As provided under the lease, each holder of a permitted mortgage has the right to notice of any default of the Authority under the lease and the opportunity to cure such default within any applicable cure period.

***Default Remedies***

The Authority will be in default under the lease if, subject to the notice provisions, it fails to make lease payments or to comply with its covenants under the lease or if it pledges, encumbers or conveys its interest in the lease in violation of the terms of the lease. Following a default, the Tribe may, with approval from the Secretary of the Interior, terminate the lease unless a permitted mortgage remains outstanding with respect to the leased property. In such case, the Tribe may not: (1) terminate the lease or the Authority's right to possession of the leased property; (2) exercise any right of re-entry; (3) take possession of and/or relet the leased 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.

**ACLS of New England, Inc.**

The Authority has a 10-year laundry service agreement with ACLS of New England, Inc. ("ACLS"). The Authority has an option to renew the agreement for one additional 10-year term after its expiration in October 2012. Under the laundry service agreement, the Authority is required to pay an agreed upon rate for laundry services, adjusted annually for the Consumer Price Index and unusual increases in energy costs. Additionally, the Authority has made a \$500,000 loan to ACLS to develop the laundry service facility. Pursuant to the terms of the loan, interest accrues based on the exercise of the renewal options or certain other circumstances. In the event that circumstances occur where interest accrues, interest will accrue at an annual rate of 5% commencing from the date of the advance.

The Authority also entered into co-investment and escrow agreements with the MPT and ACLS. Under the terms of those agreements, the Authority and the MPT may, under certain circumstances, become joint owners of the laundry facility and consequently be jointly and severally obligated to repay a term loan, which is secured by a mortgage on the laundry facility. The terms of the agreements are 10 years, and should the Authority and the MPT become obligated to repay the term loan, the maximum potential future principal payments (undiscounted) that the Authority and the MPT could be required to make are approximately \$2.4 million as of September 30, 2009.

**Pocono Downs Purchase Settlement**

In August 2006, the Authority entered into an amendment to the October 2004 purchase agreement for Pocono Downs with the seller, a subsidiary of Penn National Gaming, Inc. ("Penn National"). Pursuant to the amendment, in exchange for the Authority's agreement to modify certain provisions of the purchase agreement,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

including the elimination of the Authority's post-closing termination rights, the Authority agreed to receive an aggregate refund of \$30.0 million of the original purchase price for the Pocono Downs Entities, payable in five annual installments of \$7.0 million, \$7.0 million, \$6.5 million, \$6.0 million and \$3.5 million in November 2007, 2008, 2009, 2010 and 2011, respectively. The Authority received the \$7.0 million installments due in November 2007 and 2008. In accordance with authoritative guidance issued by the FASB pertaining to business combinations and other relevant accounting guidance, the \$24.5 million present value of the payments for the \$30.0 million refund, calculated utilizing the Authority's risk-free rate of investment, was recorded as a receivable and a non-operating gain upon the execution of the amendment. The difference between the present value and the contract value was being recorded as non-operating income over the duration of the payment schedule. Accretion of discount to the gain on the Pocono Downs purchase settlement was \$430,000, \$1.2 million and \$1.6 million for the fiscal years ended September 30, 2009, 2008 and 2007, respectively. As of September 30, 2008, the Pocono Downs purchase settlement receivable was \$21.3 million and was included in other current assets and other assets, net, in the accompanying respective consolidated balance sheet.

In March 2009, the parties entered into an agreement to accelerate the remaining \$16.0 million outstanding refund payment due to the Authority and discount the amount of such balance to approximately \$13.1 million, which the Authority received in March 2009. The Authority incurred a non-operating loss in connection with this transaction totaling \$1.6 million, which was recorded in other income (expense), net, in the accompanying consolidated statement of income for the fiscal year ended September 30, 2009.

**Horsemen's Agreement**

In January 2005, Downs Racing entered into an agreement with the PHHA, which represents owners, trainers and drivers at the Pocono Downs harness racing facility. The agreement governs all live harness racing events and simulcasting and account wagering conducted at Pocono Downs and the OTW facilities through December 31, 2010.

Among other things, the agreement provides for a payment to the PHHA at a rate of 3.7% of the initial \$100.0 million of pari-mutuel wagering held at the Pocono Downs facilities and 4.3% of pari-mutuel wagering held at the Pocono Downs facilities in excess of \$100.0 million and all pari-mutuel wagering held outside the Commonwealth of Pennsylvania. This amount is comprised of a minimum payment of \$420,000 for certain operating costs and expenses of the PHHA, with the remainder being allocated to purses owed to horsemen for each live racing event. Downs Racing also is required to distribute to the PHHA approximately 2.5% and 1.1% in fees earned on live races conducted at Pocono Downs and simulcast and wagering locations inside and outside the Commonwealth of Pennsylvania, respectively. The Pennsylvania Gaming Act also requires the holders of slot machine licenses to make payments at a rate of up to 12% of gross revenues from slot machines into statutory funds for the benefit of horsemen and breeders. As of September 30, 2009 and 2008, outstanding amounts to the PHHA for purses earned by horsemen but not yet paid and other fees totaled \$9.1 million and \$5.4 million, respectively.

**Pennsylvania Property Tax**

A final settlement was reached in June 2007 between the various parties involved in a dispute with Downs Racing relating to certain property tax assessments in Wilkes-Barre, Pennsylvania. Based on the settlement, Downs Racing's liability for tax periods through June 30, 2007 was \$3.5 million, which was recorded as a charge to income from operations in the accompanying consolidated statement of income for the fiscal year ended September 30, 2007. In addition, Downs Racing made annual payments, based on the agreed upon amounts, of \$1.7 million and \$1.6 million for the fiscal years ended September 2009 and 2008, respectively, which were recorded as charges to income from operations in the accompanying respective consolidated statements of income. Downs Racing will continue to make agreed upon payments for each tax year through 2015 totaling \$14.9 million.

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**Table of Contents****MOHEGAN TRIBAL GAMING AUTHORITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****Project Horizon Suspension**

In September 2008, the Authority announced the suspension of the hotel, retail and new parking garage elements of Project Horizon due to a slowdown in business volumes and uncertainties in the financial markets resulting from the national economic recession. While the Authority is currently evaluating its options with respect to the development of the suspended elements, including the new hotel, it can provide no assurance as to if or when the suspended elements will resume. The specific factors that the Authority will consider in determining the feasibility of the suspended elements include the Authority's financial performance, cash flow projections expected to be realized from the project, estimated project costs, ability to obtain financing, economic conditions, industry trends and competition. As of September 30, 2009 and 2008, assets related to the suspended elements totaled \$78.3 million and \$80.6 million, respectively, and were included in property and equipment, net, in the accompanying consolidated balance sheets. The Authority currently believes that the assets related to the suspended elements have a future benefit. The Authority assessed the carrying value of these assets as of September 30, 2009 and 2008 and determined that no impairment existed.

The following information summarizes the contingencies with respect to the suspended elements of Project Horizon:

***Severance***

The Authority terminated certain construction-related employees due to the suspension of Project Horizon. The costs associated with such post-employment severance benefits were expensed at the time the termination was communicated to the employees. The Authority incurred \$745,000 of expenses for such costs for the fiscal year ended September 30, 2009.

***Construction Materials and Other Costs***

Certain construction materials purchased for Project Horizon may not be utilized if the suspended elements do not resume. The costs associated with these materials will be expensed at the time such materials are determined to no longer have future benefit or value to the Authority. The Authority expensed \$4.5 million of assets during the fourth quarter ended September 30, 2009, which were recorded in other income (expense), net, in the accompanying respective consolidated statement of income.

***Construction and Other Agreements***

The Authority entered into certain construction agreements in connection with Project Horizon that allow for termination of such agreements without cause. In the event of termination of such agreements, the Authority will only be obligated to pay for those costs incurred through the date of termination, and in some cases, certain termination-related costs. The Authority does not anticipate that such termination-related costs will be material.

The Authority also entered into certain other agreements in connection with Project Horizon, including service and leasing agreements. The Authority does not anticipate that termination of any of these other agreements will give rise to liabilities that will be material.

The Authority can provide no assurances that actual costs associated with the termination of agreements resulting from the suspension of Project Horizon will approximate estimated costs or that such costs will occur when anticipated. Costs relating to the termination of agreements will be expensed at such time that the agreements are terminated. The Authority incurred no such costs during the fiscal year ended September 30, 2009.

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**Table of Contents****MOHEGAN TRIBAL GAMING AUTHORITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)*****Construction Insurance***

In June 2007, the Authority obtained construction insurance coverage from various insurance carriers in connection with Project Horizon. All premiums were fully paid through June 1, 2009. Effective January 31, 2009, the Authority cancelled the workers' compensation, general liability and umbrella insurance coverage for Project Horizon and received a refund of premiums paid totaling \$2.2 million.

***Litigation***

The Authority is a defendant in certain litigation incurred in the normal course of business. In the opinion of management, based on the advice of counsel, the aggregate liability, if any, arising from such litigation will not have a material effect 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 will 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 Relinquishment Payment and Junior Relinquishment Payment is an amount equal to 2.5% of the Revenues generated by Mohegan Sun over the immediately 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 relating to the Authority, the Relinquishment Agreement provides that each of the Senior and Junior Relinquishment Payments then due and owing are subordinated in right of payment to senior secured obligations, which include the Bank Credit Facility, the 2009 Second Lien Senior Secured Notes and capital lease obligations, and that the Junior Relinquishment Payments then due and owing are further subordinated to payment of all other senior obligations, including the Authority's 2005 Senior Unsecured Notes. The Relinquishment Agreement also provides that all relinquishment payments are subordinated in right of payment to the 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, has recorded a relinquishment liability of the estimated present value of its obligations under the Relinquishment Agreement.

A relinquishment liability of \$549.1 million was established at September 30, 1998 based on the present value of the estimated future Mohegan Sun revenues utilizing the Authority's risk-free investment rate. At September 30,

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

2009, the carrying amount of the relinquishment liability was \$298.4 million as compared to \$385.4 million at September 30, 2008. The decrease in the relinquishment liability during the fiscal year ended September 30, 2009 was due to \$61.7 million in relinquishment payments and a \$45.7 million relinquishment liability reassessment credit. This reduction in the liability was offset by \$20.4 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,		
	2009	2008	2007
Payments representing principal amounts	\$ 39.6	\$ 48.4	\$ 47.5
Payments representing accretion of discount	22.1	27.7	30.0
Total payments	<u>\$ 61.7</u>	<u>\$ 76.1</u>	<u>\$ 77.5</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. At September 30, 2009 and 2008, relinquishment payments earned but unpaid were \$14.7 million and \$17.4 million, respectively.

The relinquishment liability reassessment credits of \$45.7 million and \$68.9 million for the fiscal years ended September 30, 2009 and 2008, respectively, and the relinquishment liability reassessment charge of \$3.0 million for the fiscal year ended September 30, 2007, resulted from revised Mohegan Sun revenue projections as of the end of the respective fiscal year compared to estimates as of the end of the prior fiscal year on the determination of the relinquishment liability.

In fiscal 2009, based on continued declines in business volumes, the Authority concluded that Mohegan Sun's projected revenues over the remaining relinquishment period, which expires on December 31, 2014, would decrease by approximately \$917.7 million, thereby decreasing the related relinquishment liability, causing the Authority to record the non-cash relinquishment liability credit of \$45.7 million for the fiscal year ended September 30, 2009.

In fiscal 2008, based on the Authority's suspension of Project Horizon, a slowdown in business volumes and increased competition in the Northeast gaming market, the Authority concluded that Mohegan Sun's projected revenues over the remaining relinquishment period would decrease by approximately \$1.55 billion, thereby decreasing the related relinquishment liability, causing the Authority to record the non-cash relinquishment liability credit of \$68.9 million for the fiscal year ended September 30, 2008.

In fiscal 2007, based on revised revenue projections for Project Horizon and delayed competition in the Northeast gaming market, the Authority concluded that Mohegan Sun's projected revenues over the remaining relinquishment period would increase by approximately \$139.8 million, thereby increasing the related relinquishment liability, causing the Authority to record the non-cash relinquishment liability charge of \$3.0 million for the fiscal year ended September 30, 2007.

**NOTE 12—MOHEGAN GOLF, LLC:**

In November 2006, the Authority formed Mohegan Golf as its wholly-owned subsidiary to purchase and operate a golf course in southeastern Connecticut. Mohegan Golf is a full and unconditional guarantor of the Authority's outstanding indebtedness under the Bank Credit Facility and senior and senior subordinated notes. Refer to Note 18 for condensed consolidating financial information of the Authority, its guarantor subsidiaries and non-guarantor entities.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

In May 2007, Mohegan Golf acquired substantially all of the assets of PCC, which included a golf course located in Sprague and Franklin, Connecticut. The club was renamed Mohegan Sun Country Club at Pautipaug and reopened under the ownership of Mohegan Golf in June 2007. Mohegan Golf incurred acquisition costs of \$4.7 million for the property and other items acquired from PCC, which was allocated among the following assets and liabilities: (1) property and equipment valued at \$3.1 million; (2) a membership intangible asset resulting from the contractual agreement with PCC's members established at the time of acquisition, valued at \$1.7 million; (3) current assets of \$210,000; (4) environmental obligations of \$300,000; and (5) capital lease obligations of \$34,000. The membership intangible asset is being amortized on a straight-line basis over its estimated useful life of fifteen years and is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. As of September 30, 2009 and 2008, accumulated amortization on the membership intangible asset was \$268,000 and \$155,000, respectively. For the fiscal years ended September 30, 2009, 2008 and 2007, amortization expense associated with the membership intangible asset totaled \$113,000, \$112,000 and \$43,000, respectively. The Authority expects to incur \$113,000 in amortization expense for each of the next five years related to the membership intangible asset.

**NOTE 13—MOHEGAN VENTURES WISCONSIN, LLC (MENOMINEE PROJECT):**

In October 2004, the Authority entered into a management agreement with the Menominee Tribe and the Menominee Kenosha Gaming Authority ("MKGA"). The terms of the management agreement grant the Authority the exclusive right and obligation to manage, operate and maintain the Menominee Project, a proposed casino and destination resort to be located in Kenosha, Wisconsin, for a period of seven years commencing with the opening of the proposed casino, in consideration of a management fee of 13.4% of Net Revenues, as defined under the management agreement, which approximates net income earned from the Menominee Project. The management agreement is subject to approval by the National Indian Gaming Commission ("NIGC").

In March 2007, the Authority formed MVW as its wholly-owned subsidiary and one of two members in WTG. WTG was formed by the Authority to participate in the Menominee Project. MVW holds an 85.4% membership interest in WTG and MV holds the remaining 14.6% membership interest. MVW and WTG are full and unconditional guarantors of the Authority's outstanding indebtedness under the Bank Credit Facility and senior and senior subordinated notes. Refer to Note 18 for condensed consolidating financial information of the Authority, its guarantor subsidiaries and non-guarantor entities.

In March 2007, WTG purchased the development rights for the Menominee Project under a development agreement with the Menominee Tribe and MKGA, which was executed in October 2003, along with certain other assets, and assumed certain liabilities from Kenesah Gaming Development, LLC ("KGD"). The development agreement provides for certain development fees of 13.4% of Available Revenue Flow, as defined under the development agreement, which approximates net income from the Menominee Project over a period of seven years following the opening of the proposed casino, which are to be paid to WTG and distributed to the Authority and the Mohegan Tribe, through MVW and MV, respectively. Development of the Menominee Project is subject to certain governmental and regulatory approvals, including, but not limited to, the United States Department of the Interior accepting land into trust for the Menominee Tribe's project site in Kenosha, Wisconsin.

WTG paid \$6.4 million in cash for the casino development rights and other items acquired from KGD, which was allocated among the following assets and liabilities: (1) receivables at fair value from MKGA of \$4.4 million for project advances; (2) a development rights intangible asset valued at \$3.7 million; (3) a note payable to MV of \$1.1 million; and (4) a note payable to MKGA of \$600,000. The purchase amount was contributed by MVW in return for its initial membership interest in WTG, and MV converted the \$1.1 million receivable from WTG into capital in return for its initial membership interest in WTG.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Pursuant to the development agreement described above, the receivables from MKGA and amounts advanced by WTG on behalf of the Menominee Tribe related to the development of the Menominee Project are reimbursable to WTG by the Menominee Tribe, subject to appropriate approvals defined under the development agreement. Reimbursements are contingent and are to be distributed upon the receipt of necessary financing for the development of the proposed casino. The WTG receivables have a stated interest at a rate of 17.0%, with the ultimate rate to be set upon the receipt of necessary financing for the Menominee Project.

In January 2009, the Bureau of Indian Affairs (“BIA”) informed the Menominee Tribe of the decision by the United States Secretary of the Interior to decline to take the Menominee Project site in Kenosha into trust for the Menominee Tribe. The rejection of the application to take the Kenosha site into trust was based on a policy for reviewing trust land acquisitions for off-reservation gaming projects adopted by the BIA in January 2008 in a guidance memorandum and contradicted an earlier recommendation from the BIA’s Regional Director. In March 2009, the Menominee Tribe withdrew a related lawsuit against the federal government while reserving its right to re-file in the event the January 2008 guidance memorandum is not withdrawn and the decision on the Menominee Project site is not reconsidered and reversed by the Secretary of the Interior. The United States Supreme Court’s *Carcieri v. Salazar*, 555 U.S. \_\_\_\_\_ (2009) decision, discussed below, is not expected to affect the Menominee Project. While the Authority expects to continue to support and pursue the Menominee Project, it believes, the rejection of the land into trust application for the Kenosha site announced in January 2009 decreased the probability that the Menominee Tribe will obtain the necessary regulatory approvals in order to proceed with the Menominee Project, and officials appointed by the new presidential administration have not yet taken a position on reversal of the January 2008 guidance memorandum or the January 2009 rejection of the Kenosha application. As a result, as of September 30, 2008, the Authority had fully reserved the WTG receivables and had written-off the development rights intangible asset. As of September 30, 2009, the WTG receivables remain fully reserved.

Pursuant to an option agreement, as amended, which was assigned to WTG upon its purchase of the development rights for the Menominee Project, for the purchase of Dairyland Greyhound Park in Kenosha, the proposed site for the Menominee Project, in November 2009, WTG consented to the cessation of operations at the Dairyland Greyhound Park and the option payments were accordingly adjusted, subject to various conditions. The current operators of the Dairyland Greyhound Park have announced that the facility will be closed in January 2010.

**NOTE 14—MOHEGAN VENTURES-NORTHWEST, LLC (COWLITZ PROJECT):**

In July 2004, the Authority formed Mohegan Ventures-NW as its wholly-owned subsidiary and one of three current members in Salishan-Mohegan. Salishan-Mohegan was formed to participate in the Cowlitz Project, a proposed development and management of a casino to be located in Clark County, Washington. Mohegan Ventures-NW holds a 49.15% membership interest, the Mohegan Tribe holds a 7.85% membership interest and Salishan Company holds a 43% membership interest in Salishan-Mohegan. Mohegan Ventures-NW and the Mohegan Tribe each hold one of four seats on the Board of Managers of Salishan-Mohegan. Salishan-Mohegan is not a restricted entity of the Authority and therefore is not required to be a guarantor of the Authority’s debt obligations. Refer to Note 18 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 regarding the Cowlitz Project, which agreements have been amended from time to time. Under the terms of the development agreement, Salishan-Mohegan administers and oversees the planning, designing, development, construction and furnishing, and provides assistance with the securing of financing, of the Cowlitz Project. The development agreement provides for certain development fees of 3% of total Project Costs, as defined under the

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

development agreement, which are to be distributed to Mohegan Ventures-NW pursuant to the Salishan-Mohegan operating agreement. As of April 2006, Salishan-Mohegan purchased the land to be used as the site for the proposed casino, which will be transferred to the Cowlitz Tribe or the United States under certain conditions in the development agreement. The management agreement is for a period of seven years commencing with the opening of the proposed casino, during which Salishan-Mohegan will manage, operate and maintain the proposed casino. The management agreement provides for a management fee of 24% of Net Revenues, as defined under the management agreement, which approximates net income from the Cowlitz Project. Pursuant to the operating agreement, management fees will be allocated to the members of Salishan-Mohegan based on their respective membership interest percentages. 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 by the United States Department of the Interior of land into trust on behalf of the Cowlitz Tribe. The development agreement provides for termination of Salishan-Mohegan's exclusive development rights if the land is not taken into trust by a certain date. In July 2009, the development agreement was amended to extend that date from December 31, 2010 to December 31, 2015. The management agreement is subject to approval by the NIGC.

Pursuant to the development agreement described above, certain receivables contributed to Salishan-Mohegan and amounts advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe related to the development of the Cowlitz Project 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 accrues interest on the Salishan-Mohegan receivables at a rate of Bank of America's announced Prime Rate plus 2.0%, compounded monthly.

In May 2008, the BIA published a final rule relating to gaming on trust lands acquired after October 17, 1988. The new rule addresses, among other things, the process used by the BIA to determine what lands should be taken into trust for an initial reservation or restored lands for a tribe, such as the Cowlitz Tribe, seeking its initial or restored reservation. The new rule also expressly provides that a tribe may rely on earlier final agency decisions, including decisions of the NIGC, regarding lands to be taken into trust. In November 2005, the Cowlitz Tribe received an opinion from the NIGC determining that if the Secretary of the Interior takes the Cowlitz Project site into trust, the land will constitute restored lands of the Cowlitz Tribe. Based on this opinion by the NIGC, the additional analysis called for under the May 2008 rule is not expected to apply to the BIA's decision in connection with the Cowlitz Tribe. In May 2008, the BIA published a Final Environmental Impact Statement ("Final EIS") for the Cowlitz Project site.

In February 2009, the United States Supreme Court issued a decision in a case involving the State of Rhode Island and the Narragansett Indian Tribe, which held that the Secretary of the Interior may exercise his authority to acquire trust title to land for an Indian tribe under the Indian Reorganization Act only if the tribe was "under federal jurisdiction" when the Indian Reorganization Act was enacted on June 18, 1934 (*Carcieri v. Salazar*, 555 U.S. \_\_\_\_\_ (2009) (the "*Carcieri* decision")). Since the trust land application for the Cowlitz Project requires action by the Secretary of the Interior under the Indian Reorganization Act, the *Carcieri* decision may delay action on that application until the BIA and the United States Department of the Interior determine whether the Cowlitz Tribe was under federal jurisdiction at that time, and an adverse decision may lead to a rejection of the trust land application. The Cowlitz Tribe did not receive federal recognition until 2000, so, based on the *Carcieri* decision, it must establish that it was under federal jurisdiction in 1934 by separate means. In September 2009, following earlier congressional hearings on the *Carcieri* decision, the Chairman of the Senate Indian Affairs Committee introduced legislation to reverse the impact of the decision and reaffirm the authority of the Secretary of the Interior to take land into trust for Indian tribes regardless of when the tribe was recognized by the federal

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

government. On December 17, 2009, the full Senate Indian Affairs Committee passed the bill. The Authority believes that the Cowlitz Tribe, as a federally-recognized but landless tribe, will ultimately be able to establish its reservation and that casino gaming will be permitted on such lands; however, the Authority can provide no assurance in this regard.

In light of the aforementioned and the inherent 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, 2009 and 2008, receivables, including accrued interest, from the Cowlitz Tribe totaled \$28.7 million and \$25.0 million, respectively, offset by reserves for doubtful collection of \$8.6 million and \$7.5 million, respectively, which are included in other assets, net, in the accompanying consolidated balance sheets.

While certain events described above, including the publication of the Final EIS for the Cowlitz Project site, are generally positive steps in furtherance of the project, other events, including the *Carciari* decision, may ultimately delay or prevent the completion of the project. However, considered collectively, these events have not materially changed the Authority's current interest in or assessment of the Cowlitz Project, nor do such events affect the extent to which the Authority plans to continue its involvement in the Cowlitz Project.

**NOTE 15—INVESTMENT IN WNBA FRANCHISE:**

In January 2003, the Authority formed MBC as its wholly-owned subsidiary for the purpose of owning and operating a professional basketball team in the WNBA. In January 2003, the Authority and MBC entered into a Membership Agreement with WNBA, LLC. The Membership Agreement sets forth the terms and conditions pursuant to which MBC acquired its membership in the WNBA and the right to own and operate a professional basketball team in the WNBA. The Authority guaranteed the obligations of MBC under the Membership Agreement. MBC is a full and unconditional guarantor of the Authority's outstanding indebtedness under the Bank Credit Facility and senior and senior subordinated notes. Refer to Note 18 for condensed consolidating financial information of the Authority, its guarantor subsidiaries and non-guarantor entities.

As part of the acquisition, the Authority, with assistance from an independent valuation firm, 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, both of which are included in intangible assets, net, in the accompanying consolidated balance sheets. The player roster value is being amortized over seven years, and the franchise value is being amortized over thirty years. Since the date of acquisition to September 30, 2009, write-offs of player contracts included on the initial player roster value totaled \$3.6 million. As of September 30, 2009 and 2008, accumulated amortization on the player roster value was \$1.1 million and \$1.0 million, respectively. As of September 30, 2009 and 2008, accumulated amortization on the franchise value was \$1.2 million and \$1.0 million, respectively. For the fiscal years ended September 30, 2009, 2008 and 2007, amortization expense associated with these intangible assets totaled \$371,000, \$598,000 and \$531,000, respectively, including charges totaling \$13,000, \$192,000 and \$58,000 related to net write-offs of certain player contracts included on the initial player roster value for the fiscal years ended September 30, 2009, 2008 and 2007, respectively. The Authority expects to incur amortization expense of \$237,000 for fiscal 2010 and \$183,000 for each of the next four fiscal years, related to these assets.

In connection with its acquisition of its membership in the WNBA, MBC owns approximately 3.6% of the membership interest in WNBA, LLC, which is accounted for under the Cost Method. Under 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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

may require additional cash capital contributions. In such circumstance, each member shall be obligated to contribute to WNBA, LLC an amount of cash equal to that member's proportionate share of ownership. Pursuant to the WNBA Note, the principal payment due on the WNBA Note after any such contribution made by MBC will be reduced by the contribution amount. Since the date of acquisition to September 30, 2009, no such cash capital contributions were required by WNBA, LLC.

**NOTE 16—DISCONTINUED OPERATIONS:**

Prior to the Authority's acquisition of the Pocono Downs Entities, Penn National, the former owner of the Pocono Downs Entities, entered into an agreement to sell all of the assets associated with the OTW facility located in Erie, Pennsylvania to MTR Gaming Group, Inc. and Presque Isle Downs, Inc. (collectively "Presque Isle"), for \$7.0 million upon the occurrence of either of the following two conditions: (1) the commencement by any of the Presque Isle entities of pari-mutuel wagering in Erie, Pennsylvania; or (2) the receipt by any Presque Isle entity of revenue from slot machine operations in Erie, Pennsylvania. Penn National assigned its rights to proceeds under this agreement to Downs Racing upon its acquisition by the Authority.

In July 2007, Presque Isle commenced pari-mutuel wagering at Presque Isle Downs and paid Downs Racing \$7.0 million in return for the conveyance of the Erie OTW facility, pursuant to the terms of the agreement. The Authority has accordingly reported the results of operations and sale of the Erie OTW facility from its Pocono Downs operating segment as income from discontinued operations and loss on sale of discontinued operations, respectively, in the accompanying consolidated statement of income for the fiscal year ended September 30, 2007, which includes total net revenues from the Erie OTW facility of \$2.6 million.

**NOTE 17—SEGMENT REPORTING:**

As of September 30, 2009, the Authority owns and operates Mohegan Sun, the Connecticut Sun WNBA franchise and the Mohegan Sun Country Club (collectively, the "Connecticut Entities"), and the Pocono Downs 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. 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 Pocono Downs Entities on a separate basis. The Authority, therefore, believes that it has two

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

separate reportable segments due to the differing nature of their operations: (1) Mohegan Sun, which includes the operations of the Connecticut Entities, and (2) Pocono Downs, which is comprised of the operations of the Pocono Downs Entities. The following tables provide financial information on each segment (in thousands):

	For the Fiscal Years Ended September 30,		
	2009	2008 (1)	2007 (2)
Net revenues:			
Mohegan Sun	\$ 1,203,765	\$ 1,362,945	\$ 1,430,560
Pocono Downs	251,352	209,238	189,506
Total	<u>1,455,117</u>	<u>1,572,183</u>	<u>1,620,066</u>
Income (loss) from operations:			
Mohegan Sun	247,678	280,232	287,017
Pocono Downs	12,378	12,093	16,137
Corporate	<u>(17,310)</u>	<u>(28,959)</u>	<u>(10,586)</u>
Total	242,746	263,366	292,568
Accretion of discount to the relinquishment liability	(20,425)	(27,085)	(29,794)
Interest income	3,912	3,795	3,695
Interest expense, net of capitalized interest	(109,689)	(93,793)	(94,363)
Write-off of debt issuance costs	-	-	(71)
Gain on early extinguishment of debt	8,466	-	-
Other income (expense), net	<u>(7,658)</u>	<u>248</u>	<u>(137)</u>
Income from continuing operations before minority interests	117,352	146,531	171,898
Minority interests	<u>1,992</u>	<u>2,729</u>	<u>648</u>
Income from continuing operations	119,344	149,260	172,546
Total income from discontinued operations	-	-	21
Net income	<u>\$ 119,344</u>	<u>\$ 149,260</u>	<u>\$ 172,567</u>

	For the Fiscal Years Ended		
	September 30,		
	2009	2008	2007
Capital expenditures:			
Mohegan Sun	\$ 90,691	\$ 210,482	\$ 103,742
Pocono Downs	2,841	173,184	58,449
Corporate	-	22	4
Total	<u>\$ 93,532</u>	<u>\$ 383,688</u>	<u>\$ 162,195</u>
Total assets:			
Mohegan Sun	\$ 1,636,007	\$ 1,654,704	
Pocono Downs	587,860	619,712	
Corporate	<u>71,216</u>	<u>88,489</u>	
Total	<u>\$ 2,295,083</u>	<u>\$ 2,362,905</u>	

- (1) Includes operating results of Project Sunrise from opening date of July 17, 2008 to September 30, 2008 and Casino of the Wind from opening date of August 29, 2008 to September 30, 2008.
- (2) Includes operating results of Phase I slot facility at Mohegan Sun at Pocono Downs from opening date of November 14, 2006 to September 30, 2007.

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**NOTE 18—SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL STATEMENT INFORMATION:**

As of September 30, 2009, substantially all of the Authority's outstanding public debt, including its 2005 Senior Unsecured Notes, 2002 Senior Subordinated Notes, 2004 Senior Subordinated Notes and 2005 Senior Subordinated Notes, is fully and unconditionally guaranteed, on a joint and several basis, by the following subsidiaries of the Authority: MBC, Mohegan Ventures-NW, MCV-PA, the Pocono Downs Entities, Mohegan Golf, MVW, MTGA Gaming and WTG. The 2001 Senior Subordinated Notes are fully and unconditionally guaranteed by MBC, a wholly-owned subsidiary. Separate financial statements and other disclosures concerning MBC, Mohegan Ventures-NW, MCV-PA, the Pocono Downs Entities, Mohegan Golf, MVW and MTGA Gaming are not presented below because the Authority believes that the summarized financial information provided below and in Note 17 is adequate for investor analysis of these subsidiaries. Separate financial statements for WTG are provided as it is a non wholly-owned guarantor subsidiary. Condensed consolidating financial statement information for the Authority, its wholly-owned guarantor subsidiary, MBC, its other wholly-owned guarantor subsidiaries, Mohegan Ventures-NW, MCV-PA, the Pocono Downs Entities, Mohegan Golf, MVW and MTGA Gaming, its non wholly-owned guarantor subsidiary, WTG, and its non-guarantor entities, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries, as of September 30, 2009 and September 30, 2008 and for the fiscal years ended September 30, 2009, 2008 and 2007 is as follows (in thousands):

**CONDENSED CONSOLIDATING BALANCE SHEETS**

	September 30, 2009							
	Authority	Wholly- Owned Guarantor Subsidiary- MBC	Other Wholly- Owned Guarantor Subsidiaries	Non Wholly- Owned Guarantor Subsidiary- WTG	Total Guarantor Subsidiaries	Total Non- Guarantor Entities	Consolidating/ Eliminating Adjustments	Consolidated
<b>ASSETS</b>								
Property and equipment, net	\$1,401,886	\$ 73	\$ 254,853	\$ -	\$ 254,926	\$ 19,951	\$ -	\$ 1,676,763
Intercompany receivables	446,321	-	16,080	-	16,080	-	(462,401)	-
Investment in subsidiaries	138,607	-	10,070	-	10,070	-	(148,677)	-
Other intangible assets, net	120,168	4,323	265,423	-	269,746	-	-	389,914
Other assets, net	130,141	214	74,497	196	74,907	23,358	-	228,406
Total assets	<u>\$2,237,123</u>	<u>\$ 4,610</u>	<u>\$ 620,923</u>	<u>\$ 196</u>	<u>\$ 625,729</u>	<u>\$ 43,309</u>	<u>\$ (611,078)</u>	<u>\$ 2,295,083</u>
<b>LIABILITIES AND CAPITAL</b>								
Total current liabilities	\$ 236,464	\$ 1,878	\$ 26,812	\$ 35	\$ 28,725	\$ 14,121	\$ -	\$ 279,310
Long-term debt and capital leases, net of current portion	1,597,615	1,000	-	600	1,600	-	-	1,599,215
Long-term debt, due to Mohegan Tribe	-	-	-	-	-	10,000	-	10,000
Relinquishment liability, net of current portion	226,511	-	-	-	-	-	-	226,511
Intercompany payables	-	-	446,321	4,411	450,732	11,669	(462,401)	-
Other long-term liabilities	362	-	-	-	-	-	-	362
Total liabilities	<u>2,060,952</u>	<u>2,878</u>	<u>473,133</u>	<u>5,046</u>	<u>481,057</u>	<u>35,790</u>	<u>(462,401)</u>	<u>2,115,398</u>
Minority interests in subsidiaries	-	-	-	-	-	-	3,830	3,830
Total capital	176,171	1,732	147,790	(4,850)	144,672	7,519	(152,507)	175,855
Total liabilities and capital	<u>\$2,237,123</u>	<u>\$ 4,610</u>	<u>\$ 620,923</u>	<u>\$ 196</u>	<u>\$ 625,729</u>	<u>\$ 43,309</u>	<u>\$ (611,078)</u>	<u>\$ 2,295,083</u>

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

September 30, 2008

	<u>Authority</u>	<u>Wholly- Owned Guarantor Subsidiary- MBC</u>	<u>Other Wholly- Owned Guarantor Subsidiaries</u>	<u>Non Wholly- Owned Guarantor Subsidiary- WTG</u>	<u>Total Guarantor Subsidiaries</u>	<u>Total Non- Guarantor Entities</u>	<u>Consolidating/ Eliminating Adjustments</u>	<u>Consolidated</u>
<b>ASSETS</b>								
Property and equipment, net	\$1,393,035	\$ 94	\$ 280,322	\$ -	\$ 280,416	\$ 19,951	\$ -	\$ 1,693,402
Intercompany receivables	416,132	-	15,047	-	15,047	-	(431,179)	-
Investment in subsidiaries	176,266	-	9,521	-	9,521	-	(185,787)	-
Other intangible assets, net	119,827	4,694	265,536	-	270,230	-	-	390,057
Other assets, net	177,712	389	81,098	172	81,659	20,075	-	279,446
Total assets	<u>\$2,282,972</u>	<u>\$ 5,177</u>	<u>\$ 651,524</u>	<u>\$ 172</u>	<u>\$ 656,873</u>	<u>\$ 40,026</u>	<u>\$ (616,966)</u>	<u>\$ 2,362,905</u>
<b>LIABILITIES AND CAPITAL</b>								
Total current liabilities	\$ 323,697	\$ 2,355	\$ 50,318	\$ 143	\$ 52,816	\$ 21,575	\$ -	\$ 398,088
Long-term debt, net of current portion	1,519,714	2,000	-	600	2,600	-	-	1,522,314
Relinquishment liability, net of current portion	304,031	-	-	-	-	-	-	304,031
Intercompany payables	-	-	416,132	2,995	419,127	12,052	(431,179)	-
Other long-term liabilities	7,203	-	-	-	-	-	-	7,203
Total liabilities	2,154,645	4,355	466,450	3,738	474,543	33,627	(431,179)	2,231,636
Minority interests in subsidiaries	-	-	-	-	-	-	3,258	3,258
Total capital	128,327	822	185,074	(3,566)	182,330	6,399	(189,045)	128,011
Total liabilities and capital	<u>\$2,282,972</u>	<u>\$ 5,177</u>	<u>\$ 651,524</u>	<u>\$ 172</u>	<u>\$ 656,873</u>	<u>\$ 40,026</u>	<u>\$ (616,966)</u>	<u>\$ 2,362,905</u>

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**CONDENSED CONSOLIDATING STATEMENTS OF INCOME**

For the Fiscal Year Ended September 30, 2009

	<u>Authority</u>	<u>Wholly- Owned Guarantor Subsidiary- MBC</u>	<u>Other Wholly- Owned Guarantor Subsidiaries</u>	<u>Non Wholly- Owned Guarantor Subsidiary- WTG</u>	<u>Total Guarantor Subsidiaries</u>	<u>Total Non- Guarantor Entities</u>	<u>Consolidating/ Eliminating Adjustments</u>	<u>Consolidated</u>
Net revenues	\$1,199,565	\$ 4,558	\$ 252,691	\$ -	\$ 257,249	\$ (12)	\$ (1,685)	\$ 1,455,117
Operating costs and expenses:								
Gaming and other operations	742,648	3,418	187,230	-	190,648	-	(1,685)	931,611
Advertising, general and administrative	186,764	1,498	28,504	1,360	31,362	4,751	-	222,877
Pre-opening costs and expenses	58	-	224	-	224	-	-	282
Depreciation and amortization	76,743	392	26,144	-	26,536	-	-	103,279
Relinquishment liability reassessment	(45,678)	-	-	-	-	-	-	(45,678)
Total operating costs and expenses	<u>960,535</u>	<u>5,308</u>	<u>242,102</u>	<u>1,360</u>	<u>248,770</u>	<u>4,751</u>	<u>(1,685)</u>	<u>1,212,371</u>
Income (loss) from operations	239,030	(750)	10,589	(1,360)	8,479	(4,763)	-	242,746
Accretion of discount to the relinquishment liability	(20,425)	-	-	-	-	-	-	(20,425)
Interest expense, net of capitalized interest	(61,171)	(81)	(47,589)	(645)	(48,315)	(1,459)	1,256	(109,689)
Gain on early extinguishment of debt	8,466	-	-	-	-	-	-	8,466
Loss on interests in subsidiaries	(39,403)	-	(1,901)	-	(1,901)	-	41,304	-
Other income (expense), net	(7,153)	-	1,613	721	2,334	2,329	(1,256)	(3,746)
Income (loss) from operations before minority interests	119,344	(831)	(37,288)	(1,284)	(39,403)	(3,893)	41,304	117,352
Minority interests	-	-	-	-	-	14	1,978	1,992
Net income (loss)	<u>\$ 119,344</u>	<u>\$ (831)</u>	<u>\$ (37,288)</u>	<u>\$ (1,284)</u>	<u>\$ (39,403)</u>	<u>\$ (3,879)</u>	<u>\$ 43,282</u>	<u>\$ 119,344</u>

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

For the Fiscal Year Ended September 30, 2008

	<u>Authority</u>	<u>Wholly- Owned Guarantor Subsidiary- MBC</u>	<u>Other Wholly- Owned Guarantor Subsidiaries</u>	<u>Non Wholly- Owned Guarantor Subsidiary- WTG</u>	<u>Total Guarantor Subsidiaries</u>	<u>Total Non- Guarantor Entities</u>	<u>Consolidating/ Eliminating Adjustments</u>	<u>Consolidated</u>
Net revenues	\$1,358,388	\$ 4,813	\$ 210,765	\$ -	\$ 215,578	\$ -	\$ (1,783)	\$ 1,572,183
Operating costs and expenses:								
Gaming and other operations	855,268	3,919	158,743	-	162,662	-	(1,783)	1,016,147
Advertising, general and administrative	219,179	1,877	23,408	7,416	32,701	2,715	-	254,595
Pre-opening costs and expenses	1,204	-	3,448	-	3,448	-	-	4,652
Depreciation and amortization	83,528	639	14,514	3,689	18,842	-	-	102,370
Relinquishment liability reassessment	(68,947)	-	-	-	-	-	-	(68,947)
Total operating costs and expenses	<u>1,090,232</u>	<u>6,435</u>	<u>200,113</u>	<u>11,105</u>	<u>217,653</u>	<u>2,715</u>	<u>(1,783)</u>	<u>1,308,817</u>
Income (loss) from operations	268,156	(1,622)	10,652	(11,105)	(2,075)	(2,715)	-	263,366
Accretion of discount to the relinquishment liability	(27,085)	-	-	-	-	-	-	(27,085)
Interest expense, net of capitalized interest	(52,718)	(181)	(39,152)	(338)	(39,671)	(2,586)	1,182	(93,793)
Loss on interests in subsidiaries	(39,734)	-	(1,361)	-	(1,361)	-	41,095	-
Other income, net	641	-	1,580	750	2,330	2,254	(1,182)	4,043
Income (loss) from operations before minority interests	149,260	(1,803)	(28,281)	(10,693)	(40,777)	(3,047)	41,095	146,531
Minority interests	-	-	1,043	-	1,043	269	1,417	2,729
Net income (loss)	<u>\$ 149,260</u>	<u>\$ (1,803)</u>	<u>\$ (27,238)</u>	<u>\$ (10,693)</u>	<u>\$ (39,734)</u>	<u>\$ (2,778)</u>	<u>\$ 42,512</u>	<u>\$ 149,260</u>

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

For the Fiscal Year Ended September 30, 2007

	Authority	Wholly- Owned Guarantor Subsidiary- MBC	Other Wholly- Owned Guarantor Subsidiaries	Non Wholly- Owned Guarantor Subsidiary- WTG	Total Guarantor Subsidiaries	Total Non- Guarantor Entity	Consolidating/ Eliminating Adjustments	Consolidated
Net revenues	\$1,426,401	\$ 4,655	\$ 190,512	\$ -	\$ 195,167	\$ -	\$ (1,502)	\$ 1,620,066
Operating costs and expenses:								
Gaming and other operations	842,843	3,802	140,083	-	143,885	-	(1,502)	985,226
Advertising, general and administrative	216,737	2,223	20,435	693	23,351	2,004	-	242,092
Pre-opening costs and expenses	445	-	3,391	-	3,391	-	-	3,836
Depreciation and amortization	81,950	578	10,819	-	11,397	-	-	93,347
Relinquishment liability reassessment	2,997	-	-	-	-	-	-	2,997
Total operating costs and expenses	<u>1,144,972</u>	<u>6,603</u>	<u>174,728</u>	<u>693</u>	<u>182,024</u>	<u>2,004</u>	<u>(1,502)</u>	<u>1,327,498</u>
Income (loss) from operations	281,429	(1,948)	15,784	(693)	13,143	(2,004)	-	292,568
Accretion of discount to the relinquishment liability	(29,794)	-	-	-	-	-	-	(29,794)
Interest expense, net of capitalized interest	(56,843)	(301)	(35,931)	(46)	(36,278)	(2,324)	1,082	(94,363)
Loss on interests in subsidiaries	(22,139)	-	(570)	-	(570)	-	22,709	-
Other income, net	(86)	-	1,142	346	1,488	3,167	(1,082)	3,487
Income (loss) from continuing operations before minority interests	172,567	(2,249)	(19,575)	(393)	(22,217)	(1,161)	22,709	171,898
Minority interests	-	-	57	-	57	-	591	648
Income (loss) from continuing operations	172,567	(2,249)	(19,518)	(393)	(22,160)	(1,161)	23,300	172,546
Income from discontinued operations	-	-	21	-	21	-	-	21
Net income (loss)	<u>\$ 172,567</u>	<u>\$ (2,249)</u>	<u>\$ (19,497)</u>	<u>\$ (393)</u>	<u>\$ (22,139)</u>	<u>\$ (1,161)</u>	<u>\$ 23,300</u>	<u>\$ 172,567</u>

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS**

For the Fiscal Year Ended September 30, 2009

	Authority	Wholly- Owned Guarantor Subsidiary- MBC	Other Wholly- Owned Guarantor Subsidiaries	Non Wholly- Owned Guarantor Subsidiary- WTG	Total Guarantor Subsidiaries	Total Non- Guarantor Entities	Consolidating/ Eliminating Adjustments	Consolidated
Net cash flows provided by (used in) operating activities	\$ 142,635	\$ (803)	\$ 36,561	\$ (2)	\$ 35,756	\$ (6,580)	\$ -	\$ 171,811
Cash flows provided by (used in) investing activities:								
Purchases of property and equipment	(141,043)	-	(36,191)	-	(36,191)	-	-	(177,234)
Proceeds from amendment to the purchase agreement for Pocono Downs	20,063	-	-	-	-	-	-	20,063
Other cash flows provided by (used in) investing activities	5,851	-	770	(745)	25	(1,056)	(6,617)	(1,797)
Net cash flows used in investing activities	(115,129)	-	(35,421)	(745)	(36,166)	(1,056)	(6,617)	(158,968)
Cash flows provided by (used in) financing activities:								
Bank Credit Facility borrowings - revolving loan	1,052,000	-	-	-	-	-	-	1,052,000
Bank Credit Facility repayments - revolving loan	(486,000)	-	-	-	-	-	-	(486,000)
Bank Credit Facility borrowings - term loan	(153,000)	-	-	-	-	-	-	(153,000)
Line of Credit borrowings	547,230	-	-	-	-	-	-	547,230
Line of Credit repayments	(537,987)	-	-	-	-	-	-	(537,987)
Payments on long-term debt	(335,806)	(1,000)	-	-	(1,000)	-	-	(336,806)
Salishan Credit Facility borrowings - revolving loan	-	-	-	-	-	2,250	-	2,250
Salishan Credit Facility repayments - revolving loan	-	-	-	-	-	(10,000)	-	(10,000)
Borrowings from Mohegan Tribe	-	-	-	-	-	10,000	-	10,000
Principal portion of relinquishment liability payments	(39,602)	-	-	-	-	-	-	(39,602)
Distributions to Tribe	(71,500)	-	-	-	-	-	-	(71,500)
Capitalized debt issuance costs	(9,810)	-	-	-	-	-	-	(9,810)
Other cash flows provided by (used in) financing activities	(2,459)	1,741	(8,782)	771	(6,270)	3,958	6,617	1,846
Net cash flows provided by (used in) financing activities	(36,934)	741	(8,782)	771	(7,270)	6,208	6,617	(31,379)
Net increase (decrease) in cash and cash equivalents	(9,428)	(62)	(7,642)	24	(7,680)	(1,428)	-	(18,536)
Cash and cash equivalents at beginning of year	54,730	(13)	26,322	172	26,481	1,989	-	83,200
Cash and cash equivalents at end of year	<u>\$ 45,302</u>	<u>\$ (75)</u>	<u>\$ 18,680</u>	<u>\$ 196</u>	<u>\$ 18,801</u>	<u>\$ 561</u>	<u>\$ -</u>	<u>\$ 64,664</u>

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

For the Fiscal Year Ended September 30, 2008

	<u>Authority</u>	<u>Wholly- Owned Guarantor Subsidiary- MBC</u>	<u>Other Wholly- Owned Guarantor Subsidiaries</u>	<u>Non Wholly- Owned Guarantor Subsidiary- WTG</u>	<u>Total Guarantor Subsidiaries</u>	<u>Total Non- Guarantor Entities</u>	<u>Consolidating/ Eliminating Adjustments</u>	<u>Consolidated</u>
Net cash flows provided by (used in) operating activities	\$ 148,484	\$ (916)	\$ 26,252	\$ (1)	\$ 25,335	\$ (3,503)	\$ -	\$ 170,316
Cash flows used in investing activities:								
Purchases of property and equipment	(161,321)	(6)	(156,102)	-	(156,108)	-	-	(317,429)
Proceeds from amendment to the purchase agreement for Pocono Downs	7,000	-	-	-	-	-	-	7,000
Other cash flows used in investing activities	(149,650)	-	(8,285)	(1,547)	(9,832)	(2,602)	152,819	(9,265)
Net cash flows used in investing activities	(303,971)	(6)	(164,387)	(1,547)	(165,940)	(2,602)	152,819	(319,694)
Cash flows provided by (used in) financing activities:								
Bank Credit Facility borrowings - revolving loan	575,000	-	-	-	-	-	-	575,000
Bank Credit Facility repayments - revolving loan	(608,000)	-	-	-	-	-	-	(608,000)
Bank Credit Facility borrowings - term loan	300,000	-	-	-	-	-	-	300,000
Line of Credit borrowings	565,746	-	-	-	-	-	-	565,746
Line of Credit repayments	(579,399)	-	-	-	-	-	-	(579,399)
Principal portion of relinquishment liability payments	(48,352)	-	-	-	-	-	-	(48,352)
Distributions to Tribe	(80,000)	-	-	-	-	-	-	(80,000)
Other cash flows provided by (used in) financing activities	(4,060)	977	147,947	1,720	150,644	8,087	(152,819)	1,852
Net cash flows provided by financing activities	120,935	977	147,947	1,720	150,644	8,087	(152,819)	126,847
Net (decrease) increase in cash and cash equivalents	(34,552)	55	9,812	172	10,039	1,982	-	(22,531)
Cash and cash equivalents at beginning of year	89,282	(68)	16,510	-	16,442	7	-	105,731
Cash and cash equivalents at end of year	<u>\$ 54,730</u>	<u>\$ (13)</u>	<u>\$ 26,322</u>	<u>\$ 172</u>	<u>\$ 26,481</u>	<u>\$ 1,989</u>	<u>\$ -</u>	<u>\$ 83,200</u>

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

For the Fiscal Year Ended September 30, 2007

	<u>Authority</u>	<u>Wholly- Owned Guarantor Subsidiary- MBC</u>	<u>Other Wholly- Owned Guarantor Subsidiaries</u>	<u>Non Wholly- Owned Guarantor Subsidiary- WTG</u>	<u>Total Guarantor Subsidiaries</u>	<u>Total Non- Guarantor Entity</u>	<u>Consolidating/ Eliminating Adjustments</u>	<u>Consolidated</u>
Net cash flows provided by (used in) operating activities	\$ 248,548	\$ (1,779)	\$ 38,775	\$ -	\$ 36,996	\$ (1,141)	\$ -	\$ 284,403
Cash flows used in investing activities:								
Purchases of property and equipment	(86,405)	-	(45,773)	-	(45,773)	-	-	(132,178)
Payment of Category One slot machine license fee	-	-	(50,000)	-	(50,000)	-	-	(50,000)
Other cash flows used in investing activities	(69,169)	-	11,574	(7,273)	4,301	(3,444)	63,044	(5,268)
Net cash flows used in investing activities	(155,574)	-	(84,199)	(7,273)	(91,472)	(3,444)	63,044	(187,446)
Cash flows provided by (used in) financing activities:								
Prior Bank Credit Facility borrowings - revolving loan	278,000	-	-	-	-	-	-	278,000
Prior Bank Credit Facility repayments - revolving loan	(278,000)	-	-	-	-	-	-	(278,000)
New Bank Bank Credit Facility borrowings - revolving loan	206,000	-	-	-	-	-	-	206,000
New Bank Credit Facility repayments - revolving loan	(173,000)	-	-	-	-	-	-	(173,000)
Line of Credit borrowings	524,313	-	-	-	-	-	-	524,313
Line of Credit repayments	(507,722)	-	-	-	-	-	-	(507,722)
Principal portion of relinquishment liability payments	(47,399)	-	-	-	-	-	-	(47,399)
Distributions to Tribe	(75,000)	-	-	-	-	-	-	(75,000)
Other cash flows provided by (used in) financing activities	(6,678)	1,940	62,502	7,273	71,715	4,592	(63,044)	6,585
Net cash flows provided by (used in) financing activities	(79,486)	1,940	62,502	7,273	71,715	4,592	(63,044)	(66,223)
Net increase in cash and cash equivalents	13,488	161	17,078	-	17,239	7	-	30,734
Cash and cash equivalents at beginning of year	75,794	(229)	(568)	-	(797)	-	-	74,997
Cash and cash equivalents at end of year	<u>\$ 89,282</u>	<u>\$ (68)</u>	<u>\$ 16,510</u>	<u>\$ -</u>	<u>\$ 16,442</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 105,731</u>

**NOTE 19—SUBSEQUENT EVENTS:****Second Lien Senior Secured Notes**

On October 26, 2009, the Authority issued \$200.0 million Second Lien Senior Secured Notes with fixed interest payable at a rate of 11 1/2% *per annum* (the "2009 Second Lien Senior Secured Notes"). The net proceeds from this financing were used to repay the Authority's then existing term loan under the Bank Credit Facility in the aggregate principal amount of \$147.0 million, to repay \$41.0 million of revolving loans under the Bank Credit Facility (including a \$25.0 million permanent reduction in the revolving commitments), and to pay related transaction costs and expenses associated with the issuance. The 2009 Second Lien Senior Secured Notes mature on November 1, 2017. The first call date for the 2009 Second Lien Senior Secured Notes is November 1, 2013. Interest on the 2009 Second Lien Senior Secured Notes is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, commencing May 1, 2010. The 2009 Second Lien Senior Secured Notes are collateralized by a second lien on substantially all of the Authority's property and assets, and that of its existing and future guarantor subsidiaries, and are effectively subordinated to all of the Authority's first lien secured debt.

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**Table of Contents****MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

including the borrowings under the Bank Credit Facility, to the extent of the collateral securing such debt. The 2009 Second Lien Senior Secured Notes rank equally in right of payment with all of the Authority's and its existing and future guarantor subsidiaries' senior indebtedness and with the Authority's Senior Relinquishment Payment obligations under the Relinquishment Agreement that are then due and owing, but, to the extent of the value of the collateral, rank effectively senior to all of the Authority's unsecured senior indebtedness, including the 2005 Senior Unsecured Notes and payment obligations under the Relinquishment Agreement. The 2009 Second Lien Senior Secured Notes rank senior to all of the Authority's and its existing and future guarantor subsidiaries' subordinated indebtedness, including the 2001 Senior Subordinated Notes, the 2002 Senior Subordinated Notes, the 2004 Senior Subordinated Notes and the 2005 Senior Subordinated Notes. The 2009 Second Lien Senior Secured Notes are fully guaranteed, jointly and severally, on a second lien senior secured basis, by MBC, Mohegan Ventures-NW, MCV-PA, the Pocono Downs Entities, Mohegan Golf, MVW, WTG and MTGA Gaming.

The 2009 Second Lien Senior Secured 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.

**Amendment No. 1 to the Bank Credit Facility**

On October 26, 2009, concurrently with the issuance of the 2009 Second Lien Senior Secured Notes, the Authority entered into an amendment to the terms of the Bank Credit Facility. Among other things, the amendment: (1) modified the terms of the Authority's maximum total leverage ratio covenant to increase the covenant by 25 basis points for the quarterly periods ending March 31, 2010, June 30, 2010, June 30, 2011, September 30, 2011 and December 31, 2011, and by 50 basis points for the quarterly periods ending September 30, 2010, December 31, 2010 and March 31, 2011; (2) modified the terms of the Authority's maximum senior leverage ratio covenant to increase the covenant by 25 basis points for the quarterly periods ending March 31, 2010 and continuing through December 31, 2011; (3) provided the ability to obtain a release from liens securing the Bank Credit Facility of a portion of the land on which Pocono Downs is sited to permit its sale or lease to a third-party in connection with the development of a potential hotel project, consisting of a minimum of 200 rooms, subject to the satisfaction of customary conditions; (4) modified the terms of the Authority's covenant relating to the incurrence of permitted indebtedness to allow the Authority or its subsidiaries to incur additional debt (which may consist of capital lease obligations) in an aggregate amount not to exceed \$55.0 million, at any one time outstanding, in connection with the development of the potential hotel project at Pocono Downs; (5) modified the terms of the Authority's permitted capital expenditures covenant to affirmatively allow for the existing \$125.0 million of permitted capital expenditures to be utilized for Pocono Downs in addition to Mohegan Sun and related businesses, including the payment of licensing fees associated with those operations; (6) permanently reduced the revolving commitments by \$25.0 million; and (7) modified the applicable pricing rates as follows: (a) the Applicable Rate for Base Rate loans will be between 1.25% and 2.75%, and (b) the Applicable Rate for Eurodollar Rate loans will be between 2.50% and 4.00%.

Upon repayment of the term loan under the Bank Credit Facility and the \$25.0 million permanent reduction in revolving commitments in connection with the transactions, as discussed above, the total commitment of the Bank Credit Facility was reduced from \$850.0 million to \$675.0 million.

Table of Contents**NON WHOLLY-OWNED GUARANTOR SUBSIDIARY FINANCIAL STATEMENTS**

The Mohegan Tribal Gaming Authority (the "Authority") is required to provide stand-alone financial statements for its non wholly-owned guarantor subsidiary, Wisconsin Tribal Gaming, LLC ("WTG"), pursuant to Rule 3-10 of Regulation S-X. WTG, along with substantially all of the Authority's wholly-owned subsidiaries, guarantee certain of its outstanding debt obligations. In Note 18 of the accompanying consolidated financial statements, included under Item 15(a)(1) of this Annual Report on Form 10-K, the Authority has provided condensed consolidating financial information for WTG and its other subsidiaries that serve as guarantors. Stand-alone financial statements for WTG are as follows:

**WISCONSIN TRIBAL GAMING, LLC (A DEVELOPMENT STAGE COMPANY)  
INDEX TO FINANCIAL STATEMENTS**

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**Table of Contents****REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Management Board  
of Wisconsin Tribal Gaming, LLC:

In our opinion, the accompanying balance sheets and the related statements of operations, changes in members' equity and cash flows present fairly, in all material respects, the financial position of Wisconsin Tribal Gaming, LLC (a development stage enterprise) at September 30, 2009 and 2008, and the results of its operations and its cash flows for each of the two years in the period ended September 30, 2009, the period from February 27, 2007 (date of inception) to September 30, 2007 and, cumulatively, for the period from February 27, 2007 (date of inception) to September 30, 2009 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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.

As discussed in Note 1 to the financial statements, the Company has received a commitment from Mohegan Ventures-Wisconsin that it will not demand repayment of any amounts then due and owing prior to October 1, 2010.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut  
December 28, 2009

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**WISCONSIN TRIBAL GAMING, LLC (A DEVELOPMENT STAGE COMPANY)**  
**BALANCE SHEETS**

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 196,050	\$ 171,787
Total assets	<u>\$ 196,050</u>	<u>\$ 171,787</u>
<b>LIABILITIES AND MEMBERS' DEFICIT</b>		
<b>Liabilities:</b>		
Trade payables and accrued expenses	\$ 34,360	\$ 142,942
Due to member - Mohegan Ventures Wisconsin, LLC	4,411,460	2,994,949
Note Payable to Menominee Kenosha Gaming Authority	<u>600,000</u>	<u>600,000</u>
Total liabilities	<u>5,045,820</u>	<u>3,737,891</u>
<b>Commitments and Contingencies</b>		
<b>Members' deficit:</b>		
Deficit accumulated during the development stage	(12,370,056)	( 11,086,390)
Member capital - Mohegan Ventures Wisconsin, LLC	6,419,316	6,419,316
Member capital - Mohegan Ventures, LLC	<u>1,100,970</u>	<u>1,100,970</u>
Total members' deficit	<u>(4,849,770)</u>	<u>(3,566,104)</u>
Total liabilities and members' deficit	<u>\$ 196,050</u>	<u>\$ 171,787</u>

The accompanying notes are an integral part of these financial statements.

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**WISCONSIN TRIBAL GAMING, LLC (A DEVELOPMENT STAGE COMPANY)**  
**STATEMENTS OF INCOME**

	<u>For the Fiscal Year Ended September 30, 2009</u>	<u>For the Fiscal Year Ended September 30, 2008</u>	<u>For the Period from Inception (February 27, 2007) through September 30, 2007</u>	<u>For the Period from Inception (February 27, 2007) through September 30, 2009</u>
<b>Operating costs and expenses:</b>				
Provision for loss on receivables	\$ 1,358,781	\$ 7,415,999	\$ 691,565	\$ 9,466,345
Amortization of development rights	-	3,689,287	-	3,689,287
Other operating costs and expenses	<u>1,478</u>	<u>155</u>	<u>455</u>	<u>2,088</u>
Total operating costs and expenses	<u>1,360,259</u>	<u>11,105,441</u>	<u>692,020</u>	<u>13,157,720</u>
Loss from operations	<u>(1,360,259)</u>	<u>(11,105,441)</u>	<u>(692,020)</u>	<u>(13,157,720)</u>
<b>Other income (expense):</b>				
Interest income	721,515	749,551	345,416	1,816,482
Interest expense	<u>(644,922)</u>	<u>(337,497)</u>	<u>(46,399)</u>	<u>(1,028,818)</u>
Total other income	<u>76,593</u>	<u>412,054</u>	<u>299,017</u>	<u>787,664</u>
Net loss	<u><u>\$(1,283,666)</u></u>	<u><u>\$(10,693,387)</u></u>	<u><u>\$ (393,003)</u></u>	<u><u>\$(12,370,056)</u></u>

The accompanying notes are an integral part of these financial statements.

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**WISCONSIN TRIBAL GAMING, LLC (A DEVELOPMENT STAGE COMPANY)**  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)**

	<u>Mohegan Ventures Wisconsin, LLC</u>	<u>Mohegan Ventures, LLC</u>	<u>Total Members' Equity (Deficit)</u>
<b>Balances at inception (February 27, 2007)</b>	\$ -	\$ -	\$ -
Member capital contributions	6,380,771	1,139,515	7,520,286
Member capital adjustments	38,545	(38,545)	-
Net loss	<u>(335,467)</u>	<u>(57,536)</u>	<u>(393,003)</u>
<b>Balances at September 30, 2007</b>	<u>6,083,849</u>	<u>1,043,434</u>	<u>7,127,283</u>
Net loss	<u>(9,127,875)</u>	<u>(1,565,512)</u>	<u>( 10,693,387)</u>
<b>Balances at September 30, 2008</b>	<u>(3,044,026)</u>	<u>(522,078)</u>	<u>(3,566,104)</u>
Net loss	<u>(1,095,737)</u>	<u>(187,929)</u>	<u>(1,283,666)</u>
<b>Balances at September 30, 2009</b>	<u>\$ (4,139,763)</u>	<u>\$ (710,007)</u>	<u>\$ (4,849,770)</u>

The accompanying notes are an integral part of these financial statements.

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**WISCONSIN TRIBAL GAMING, LLC (A DEVELOPMENT STAGE COMPANY)**  
**STATEMENTS OF CASH FLOWS**

	<u>For the Fiscal Year Ended September 30, 2009</u>	<u>For the Fiscal Year Ended September 30, 2008</u>	<u>For the Period from Inception (February 27, 2007) through September 30, 2007</u>	<u>For the Period from Inception (February 27, 2007) through September 30, 2009</u>
<b>Cash flows provided by (used in) operating activities:</b>				
Net loss	\$ (1,283,666)	\$ (10,693,387)	\$ (393,003)	\$ (12,370,056)
Adjustments to reconcile net loss to net cash flows used in operating activities:				
Provision for loss on receivables from Menominee Indian Tribe of Wisconsin	1,358,781	7,415,999	691,565	9,466,345
Amortization of development rights	-	3,689,287	-	3,689,287
Changes in operating assets and liabilities:				
Increase in interest receivables from Menominee Indian Tribe of Wisconsin	(721,515)	(749,551)	(345,416)	(1,816,482)
Increase in interest due to member - Mohegan Ventures Wisconsin, LLC	644,922	337,497	46,399	1,028,818
Net cash flows used in operating activities	<u>(1,478)</u>	<u>(155)</u>	<u>(455)</u>	<u>(2,088)</u>
<b>Cash flows used in investing activities:</b>				
Acquisition of Menominee Project development rights and other related assets	-	-	(6,380,771)	(6,380,771)
Increase in receivables from Menominee Indian Tribe of Wisconsin	(745,848)	(1,547,344)	(891,312)	(3,184,504)
Net cash flows used in investing activities	<u>(745,848)</u>	<u>(1,547,344)</u>	<u>(7,272,083)</u>	<u>(9,565,275)</u>
<b>Cash flows provided by financing activities:</b>				
Advances from member - Mohegan Ventures Wisconsin, LLC	771,589	1,719,286	891,767	3,382,642
Member contributions - Mohegan Ventures Wisconsin, LLC	-	-	6,380,771	6,380,771
Net cash flows provided by financing activities	<u>771,589</u>	<u>1,719,286</u>	<u>7,272,538</u>	<u>9,763,413</u>
Net increase in cash and cash equivalents	24,263	171,787	-	196,050
Cash and cash equivalents at beginning of period	<u>171,787</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of				

period	<u>\$ 196,050</u>	<u>\$ 171,787</u>	<u>\$ -</u>	<u>\$ 196,050</u>
<b>Supplemental disclosure:</b>				
Non-cash member contributions -				
Wisconsin Tribal Gaming, LLC				
Mohegan Ventures, LLC				
forgiveness of debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,139,515</u>	<u>\$ 1,139,515</u>
Total non-cash member contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,139,515</u>	<u>\$ 1,139,515</u>

The accompanying notes are an integral part of these financial statements.

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**Table of Contents****WISCONSIN TRIBAL GAMING, LLC (A DEVELOPMENT STAGE COMPANY)****NOTES TO FINANCIAL STATEMENTS****NOTE 1—FORMATION AND NATURE OF BUSINESS**

In March 2007, Wisconsin Tribal Gaming, LLC (“WTG”) was formed to participate in a proposed development of a casino (“Menominee Project”) to be owned by the federally-recognized Menominee Indian Tribe of Wisconsin (“Menominee Tribe”). WTG consists of two members, a wholly-owned subsidiary of Mohegan Tribal Gaming Authority (the “Authority”), Mohegan Ventures Wisconsin, LLC (“MVW”), which holds an 85.4% membership interest in WTG, and a wholly-owned subsidiary of the Mohegan Tribe, Mohegan Ventures, LLC (“MV”), which holds the remaining 14.6% membership interest. The Authority has designated WTG as a restricted subsidiary, and therefore, WTG is a guarantor of the Authority’s debt obligations under its bank credit facility and certain of its note indentures (refer to Note 6).

In March 2007, WTG purchased the development rights for the Menominee Project under a development agreement with the Menominee Tribe and Menominee Kenosha Gaming Authority (“MKGA”), which was executed in October 2003, along with certain other assets, and assumed certain liabilities from Kenesah Gaming Development, LLC (“KGD”), for consideration of \$6,380,771. As a result of the purchase, the Authority and the Mohegan Tribe, through MVW and MV, respectively, will receive development fees payable to WTG of 13.4% of Available Revenue Flow, as defined under the development agreement, which approximates net income from the Menominee Project over a period of seven years following the opening of the casino. Development of the Menominee Project is subject to certain governmental and regulatory approvals, including but not limited to, the United States Department of the Interior accepting land into trust for the Menominee Tribe’s project site in Kenosha, Wisconsin.

WTG paid \$6,380,771 in cash for the casino development rights and other items acquired from KGD, which was allocated among the following assets and liabilities: (1) receivables at fair value from MKGA of \$4,430,999 for project advances; (2) a development rights intangible asset valued at \$3,689,287; (3) a note payable to MV of \$1,139,515; and (4) a note payable to MKGA of \$600,000. The purchase amount was contributed by MVW in return for its initial membership interest in WTG, and MV converted the \$1.1 million receivable from WTG to capital in return for its initial membership interest in WTG. Pursuant to the development agreement, the receivables from MKGA and other advances for the project, and related accrued interest, generally are reimbursable to WTG upon receipt of necessary financing for the development of the proposed casino.

In January 2008, the U.S. Department of the Interior’s Bureau of Indian Affairs (“BIA”) rejected 11 applications from tribes with existing reservations to take new off-reservation land into trust in connection with gaming projects. While no decision was issued on the Menominee application at that time, the BIA did issue a memorandum addressing its policy on applications for off-reservation gaming projects in January 2008, which stated that the greater the distance between a proposed project and the tribe’s existing reservation, the greater the scrutiny that would be applied to the application, weighing the potential benefits to the tribe against concern for the commuting distance from the existing reservation, among other factors. In November 2008, the United States Department of the Interior rejected the Menominee Tribe’s request to suspend review of the Menominee Tribe’s application to take off-reservation land into trust in connection with the Menominee Project and a federal court subsequently refused to issue a temporary restraining order to prevent the United States Department of the Interior from taking further action on the application. WTG determined that those actions decreased the probability that the Menominee Tribe will obtain the necessary regulatory approvals in order to proceed with the Menominee Project. As a result of those developments, WTG fully reserved the WTG receivables pertaining to reimbursable development costs and expenses in connection with the Menominee Project and wrote-off the remaining related development rights intangible asset as of September 30, 2008.

In January 2009, the BIA informed the Menominee Tribe of the decision by the United States Secretary of the Interior to decline to take the Menominee Project site in Kenosha into trust for the tribe, based on the January

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**Table of Contents****WISCONSIN TRIBAL GAMING, LLC (A DEVELOPMENT STAGE COMPANY)****NOTES TO FINANCIAL STATEMENTS—(Continued)**

2008 guidance memorandum. In May 2009, the Menominee Tribe filed a lawsuit against the federal government in United States District Court in Green Bay, Wisconsin, challenging that rejection. As of September 30, 2009, that lawsuit remains pending and the WTG receivables remain fully reserved.

WTG is considered a development stage company as defined in the authoritative guidance issued by the Financial Accounting Standard Board ("FASB"). Since inception, WTG's sole purpose has been the development of the proposed casino described above. WTG has incurred losses since inception and has an accumulated deficit of \$12,370,056 at September 30, 2009. If WTG incurs additional expenditures in the future in connection with the development of the Menominee Project, such expenditures are funded through capital contributions of MVW and MV. WTG has received a commitment from MVW that it will not demand repayment of any amounts then due and owing prior to October 1, 2010.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Management's Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and accompanying notes and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

WTG classifies deposits that can be redeemed on demand and investments with an original maturity of three months or less when purchased as cash and cash equivalents. Cash equivalents are carried at cost, which approximates market value.

**Receivables from the Menominee Indian Tribe of Wisconsin**

Receivables from the Menominee Tribe, net of allowances, in the accompanying balance sheets, consist primarily of reimbursable costs and expenses advanced by WTG on behalf of the Menominee Tribe for the Menominee Project. The WTG receivables are payable upon receipt of necessary financing for the development of the proposed casino. As of September 2008, the Authority had fully reserved the WTG receivables, and as of September 30, 2009, the WTG receivables remain fully reserved.

As of September 30, 2009 and 2008, the reserve for doubtful accounts was \$9,492,426 and \$8,133,644, respectively. WTG accrues interest on optional advances, as defined under the development agreement, to the Menominee Tribe at a rate of 17% with the ultimate rate to be set upon financing of the project. On July 1, 2009, WTG suspended the accrual of interest income on the optional advances to the Menominee Tribe and will recognize interest income on a cash basis for future periods. As of September 30, 2009 and 2008, receivables from the Menominee Tribe totaled \$9,492,426 and \$8,133,644, respectively, including accrued interest of \$1,816,481 and \$1,094,967, respectively.

**Intangible Assets**

In March 2007, WTG purchased the development rights for the Menominee Project, along with certain other assets, and assumed certain liabilities from KGD. The development rights were determined by management to be

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**Table of Contents****WISCONSIN TRIBAL GAMING, LLC (A DEVELOPMENT STAGE COMPANY)  
NOTES TO FINANCIAL STATEMENTS—(Continued)**

an intangible asset with an estimated fair value of \$3.7 million. At acquisition, the development rights intangible asset was determined to be amortized on a straight line basis over its estimated useful life of seven years, which was anticipated to commence upon the opening of the proposed casino. However, during 2008, an impairment charge was recorded to reduce the development rights intangible asset to \$0 following the issuance of new guidance in January 2008 from the BIA on its policy for taking off-reservation land into trust for gaming purposes and a related unfavorable decision by the United States Department of the Interior and federal court decision concerning the Menominee Tribe's application to take off-reservation land into trust in connection with the Menominee Project. While WTG continues to pursue the Menominee Project, it believes, these actions and the subsequent rejection of the Menominee Tribe's application in January 2009 decreased the probability that the Menominee Tribe will obtain the necessary regulatory approvals in order to proceed with the Menominee Project. The \$3.7 million loss associated with the write-off is reflected in the accompanying statement of income for the fiscal year ended September 30, 2008 under amortization of development rights.

**Income Taxes**

WTG has been treated as a partnership for federal and state income tax purposes and, accordingly, WTG's income taxes or credits resulting from losses were payable by, or accrued to, its members.

**Subsequent Events**

WTG has evaluated events subsequent to September 30, 2009 through the issuance of the financial statements on December 28, 2009 and has not identified any events for disclosure.

**NOTE 3—MENOMINEE KENOSHA GAMING AUTHORITY NOTE PAYABLE**

Upon formation, WTG assumed a note payable in the amount of \$600,000. The note payable does not accrue interest until a gaming facility is opened, if not repaid earlier, and the note does not become due until the advances to the Menominee Tribe are repaid. Based on the unfavorable events that took place in connection with the Menominee Project as discussed in Note 1, the estimated fair value of the note payable is \$0 compared to a carrying value of \$600,000 for the fiscal years ended September 30, 2009 and 2008.

**NOTE 4—DUE TO MOHEGAN VENTURES WISCONSIN, LLC**

WTG has recorded a payable of \$4,411,460 and \$2,994,949 due to MVW at September 30, 2009 and 2008, respectively, which primarily includes a loan in connection with the funding of development costs incurred for the Menominee Project. WTG accrues interest on its outstanding payables balance to MVW at a rate of 17%, compounded monthly, with the ultimate rate to be set upon financing of the project. Total interest expense charged to WTG from MVW was \$644,922, \$337,497, \$46,399, and \$1,028,818 for the fiscal year ended September 30, 2009 and 2008, for the period from February 27, 2007 (date of inception) to September 30, 2007, and for the period from February 27, 2007 (date of inception) to September 30, 2009, respectively. The outstanding payables balance, including accrued interest, is due on demand; however WTG has received a commitment from MVW that it will not demand repayment of any amounts then due and owing prior to October 1, 2010.

**NOTE 5—MATERIAL AGREEMENTS**

In November 2006, KGD amended an option agreement ("Option Agreement") with the owners of Dairyland Greyhound Park ("Dairyland") that originally was scheduled to expire on December 31, 2006. The Option

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**Table of Contents****WISCONSIN TRIBAL GAMING, LLC (A DEVELOPMENT STAGE COMPANY)****NOTES TO FINANCIAL STATEMENTS—(Continued)**

Agreement permitted the option period to be extended for up to seventeen additional three month periods, ending March 31, 2011 ("Additional Option Periods"). The Option Agreement was assigned to WTG in connection with the March 2007 purchase (refer to Note 1). Under the Option Agreement, as amended, WTG assumed the right to extend the option for the Dairyland property upon payment to Dairyland of (1) \$100,000, for each of the first five Additional Option Periods, (2) \$200,000 payable on the first day of the sixth through ninth Additional Option Periods, (3) \$225,000 payable on the first day of the tenth through thirteenth Additional Option Periods, (4) \$250,000 payable on the first day of the fourteenth through seventeenth Additional Option Periods requested by WTG. Such options payments are nonrefundable unless the facility is purchased, in which case, option payments for periods prior to April 1, 2009 will be fully credited against the purchase price and option payments for periods on or after April 1, 2009 will be partially credited against the purchase price. In June 2009, the Option Agreement was amended a second time to allow for extension and payment of the option fee on a monthly basis. Since WTG has already made all required pre-financing advances for the project under the development agreement, WTG and the Menominee Tribe have made separate arrangements regarding the reimbursement from the Menominee Tribe to WTG for all or one-half of the option payments made to date in 2009 as optional advances by WTG. The Menominee Tribe fully reimbursed WTG for the January 2009 and April 2009 quarterly option payments and has reimbursed or prefunded one-half of the monthly option payments for the months of July, August and September 2009. Option payment amounts not reimbursed are recorded as receivables from the Menominee Tribe, to be reimbursed upon financing of the project. In November 2009, the Option Agreement was amended a third time and the Option payments were adjusted, subject to various conditions. Pursuant to that third amendment, WTG consented also to the cessation of operations at Dairyland Greyhound Park, and the current operators have announced the closing of the facility in January 2010.

**NOTE 6—COMMITMENTS AND CONTINGENCIES**

As of September 30, 2009, WTG has provided a full and unconditional guarantee of certain debt issued by the Authority, including the Authority's \$250.0 million 2005 6 1/8% senior notes due 2013, \$250.0 million 2002 8% senior subordinated notes due 2012, \$225.0 million 2004 7 1/8% senior subordinated notes due 2014 and \$150.0 million 2005 6 7/8% senior subordinated notes due 2015, as well as the Authority's \$850.0 million bank credit facility. Based on the current financial condition of the Authority, WTG considers the likelihood of it incurring a liability resulting from the guarantee to be remote. The total amount of the Authority's debt guaranteed by WTG is \$1.6 billion and \$1.5 billion as of September 30, 2009 and 2008, respectively. On October 26, 2009, the Authority issued \$200.0 million 11 1/2% second lien senior secured notes due 2017 which are also fully guaranteed, on a second lien senior secured basis, by WTG. The Authority used the net proceeds from the issuance to, among other things, repay its existing term loan under its bank credit facility in the aggregate principal amount of \$147 million and to repay \$41 million of revolving loans under its bank credit facility, including a \$25 million permanent reduction in the commitment. Subsequent to this transaction, the total amount of the Authority's debt guaranteed by WTG is \$1.6 billion.

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**MOHEGAN TRIBAL GAMING AUTHORITY**  
**SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2009, 2008 and 2007**  
(in thousands)

Description:	<u>Column A</u> <u>Balances at</u> <u>Beginning</u> <u>of Year</u>	<u>Column B</u> <u>Charges to</u> <u>Costs and</u> <u>Expenses</u>	<u>Column C</u> <u>Deductions</u> <u>from</u> <u>Reserves (1)</u>	<u>Column D</u> <u>Balances</u> <u>at End</u> <u>of Year</u>
Fiscal Year Ended September 30, 2009				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 28,566	\$ 9,937	\$ 623	\$37,880
Fiscal Year Ended September 30, 2008				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 11,214	\$ 18,338	\$ 986	\$28,566
Fiscal Year Ended September 30, 2007				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 8,116	\$ 3,396	\$ 298	\$11,214

(1) Deductions from reserves include write-off of uncollectible accounts, net of recoveries of accounts previously written-off.

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<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 the Authority's 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 Senior Subordinated 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 Senior Subordinated 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 Senior Subordinated 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 Senior Subordinated 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 Senior Subordinated 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 Senior Subordinated 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 Senior Subordinated 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 Senior Subordinated 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 Senior Subordinated 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 Senior Subordinated Form S-4, and incorporated by reference herein).

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<u>Exhibit No.</u>	<u>Description</u>
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 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 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 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 10-Q"), and incorporated by reference herein).
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 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, filed with the SEC on December 21, 2007 (the "2007 10-K"), 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 February 7, 1998, by and among 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).
4.2	Indenture, dated as of July 26, 2001, among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut and State Street Bank and Trust Company, as Trustee, relating to the 8 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2011 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.9 to the Authority's Registration Statement on Form S-4, File No. 333-69472, filed with the SEC on September 14, 2001 (the "2001 Form S-4"), and incorporated by reference herein).
4.3	Supplemental Indenture, dated as of January 27, 2003, among the Mohegan Tribal Gaming Authority, the Mohegan Basketball Club LLC, the other Subsidiary Guarantors (as defined in the Indenture) and the State Street Bank and Trust Company, as Trustee, relating to the 8 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2011 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.12 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003, filed with the SEC on August 7, 2003 (the "June 2003 10-Q"), and incorporated by reference herein).
4.4	Second Supplemental Indenture, dated as of July 28, 2004, among the Mohegan Tribal Gaming Authority, the Mohegan Basketball Club LLC and U.S. Bank National Association (as successor to State Street Bank and Trust Company), as Trustee, relating to the 8 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2011 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.9 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 10-Q"), and incorporated by reference herein).
4.5	Form of Global 8 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2011 of the Mohegan Tribal Gaming Authority (contained in the Indenture filed as Exhibit 4.9 to the 2001 Form S-4, and incorporated by reference herein).

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<u>Exhibit No.</u>	<u>Description</u>
4.6	Indenture, dated as of February 20, 2002, among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut and State Street Bank and Trust Company, as Trustee, relating to the 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.12 to the Authority's Registration Statement on Form S-4, filed with the SEC on March 27, 2002 (the "2002 Form S-4"), and incorporated by reference herein).
4.7	Supplemental Indenture, dated as of January 27, 2003, among the Mohegan Tribal Gaming Authority, the Mohegan Basketball Club LLC, the other Subsidiary Guarantors (as defined in the Indenture) and the State Street Bank and Trust Company, as Trustee, relating to the 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.16 to the June 2003 10-Q, and incorporated by reference herein).
4.8	Amended and Restated Supplemental Indenture, dated as of January 25, 2005, among the Mohegan Tribal Gaming Authority, Mohegan Basketball Club LLC and U.S. Bank National Association (as successor to State Street Bank and Trust Company), as Trustee, relating to the 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.14 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 10-Q"), and incorporated by reference herein).
4.9	Supplemental Indenture No. 2, dated as of January 25, 2005, among the Mohegan Tribal Gaming Authority, Mohegan Basketball Club LLC and U.S. Bank National Association (as successor to State Street Bank and Trust Company), as Trustee, relating to the 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.15 to the December 2004 10-Q, and incorporated by reference herein).
4.10	Supplemental Indenture No. 3, dated as of January 25, 2005, among the Mohegan Tribal Gaming Authority, the Subsidiary Guarantors (as defined in the Indenture), and U.S. Bank National Association (as successor to State Street Bank and Trust Company), as Trustee, relating to the 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.16 to the December 2004 10-Q, and incorporated by reference herein).
4.11	Supplemental Indenture No. 4, dated as of August 4, 2006, among the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in the Indenture) and U.S. Bank National Association (as successor to State Street Bank and Trust Company), as Trustee, relating to the 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.11 to the June 2006 10-Q and incorporated by reference herein).
4.12	Supplemental Indenture No. 5, dated as of December 18, 2006, among the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in the Indenture) and U.S. Bank National Association (as successor to State Street Bank and Trust Company), as Trustee, relating to the 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.12 to the 2006 10-K, and incorporated by reference herein).
4.13	Supplemental Indenture No. 6, dated as of March 28, 2007, among the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in the Indenture) and U.S. Bank National Association (as successor to State Street Bank and Trust Company), as Trustee, relating to the 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.13 to the March 2007 10-Q, and incorporated by reference herein).
4.14	Supplemental Indenture No. 7, dated as of August 27, 2007, among the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in the Indenture) and U.S. Bank National Association (as successor to State Street Bank and Trust Company), as Trustee, relating to the 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.14 to the 2007 10-K, and incorporated by reference herein).

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<u>Exhibit No.</u>	<u>Description</u>
4.15	Form of Global 8% Senior Subordinated Notes Due 2012 of the Mohegan Tribal Gaming Authority (contained in the Indenture filed as Exhibit 4.12 to the 2002 Form S-4, and incorporated by reference herein).
4.16	Indenture, dated as of July 9, 2003, among 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 6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2009 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.19 to the June 2003 10-Q, and incorporated by reference herein).
4.17	Supplemental Indenture No. 1, dated as of January 25, 2005, among the Mohegan Tribal Gaming Authority, Mohegan Basketball Club LLC and U.S. Bank National Association, as Trustee, relating to the 6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2009 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.20 to the December 2004 10-Q, and incorporated by reference herein).
4.18	Supplemental Indenture No. 2, dated as of January 25, 2005, among the Mohegan Tribal Gaming Authority, the Subsidiary Guarantors (as defined in the Indenture), and U.S. Bank National Association, as Trustee, relating to the 6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2009 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.21 to the December 2004 10-Q, and incorporated by reference herein).
4.19	Supplemental Indenture No. 3, dated as of August 4, 2006, among the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2009 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.16 to the June 2006 10-Q, and incorporated by reference herein).
4.20	Supplemental Indenture No. 4, dated as of December 18, 2006, among the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2009 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.18 to the 2006 10-K, and incorporated by reference herein).
4.21	Supplemental Indenture No. 5, dated as of March 28, 2007, among the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2009 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.20 to the March 2007 10-Q, and incorporated by reference herein).
4.22	Supplemental Indenture No. 6, dated as of August 27, 2007, among the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2009 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.22 to the 2007 10-K, and incorporated by reference herein).
4.23	Form of Global 6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes Due 2009 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.20 to the June 2003 10-Q, and incorporated by reference herein).
4.24	Indenture, dated as of August 3, 2004, among 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 June 2004 10-Q, and incorporated by reference herein).
4.25	Supplemental Indenture No. 1, dated as of January 25, 2005, among the Mohegan Tribal Gaming Authority, the Subsidiary Guarantors (as defined in 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 December 2004 10-Q, and incorporated by reference herein).

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<u>Exhibit No.</u>	<u>Description</u>
4.26	Supplemental Indenture No. 2, dated as of August 4, 2006, among the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-Q and incorporated by reference herein).
4.27	Supplemental Indenture No. 3, dated as of December 18, 2006, among the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-K, filed with the SEC on December 21, 2006, and incorporated by reference herein).
4.28	Supplemental Indenture No. 4, dated as of March 28, 2007, among the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-Q, and incorporated by reference herein).
4.29	Supplemental Indenture No. 5, dated as of August 27, 2007, among the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-K, and incorporated by reference herein).
4.30	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 10-Q, and incorporated by reference herein).
4.31	Indenture, dated as of February 8, 2005, among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined in 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 10-Q, and incorporated by reference herein).
4.32	Supplemental Indenture No. 1, dated as of August 4, 2006, among the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-Q, and incorporated by reference herein).
4.33	Supplemental Indenture No. 2, dated as of December 18, 2006, among the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-K, filed with the SEC on December 21, 2006, and incorporated by reference herein).
4.34	Supplemental Indenture No. 3, dated as of March 28, 2007, among the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-Q, and incorporated by reference herein).

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<u>Exhibit No.</u>	<u>Description</u>
4.35	Supplemental Indenture No. 4, dated as of August 27, 2007, among the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-K, and incorporated by reference herein).
4.36	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 10-Q, and incorporated by reference herein).
4.37	Indenture, dated as of February 8, 2005, among the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined in 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 10-Q, and incorporated by reference herein).
4.38	Supplemental Indenture No. 1, dated as of August 4, 2006, among the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-Q and incorporated by reference herein).
4.39	Supplemental Indenture No. 2, dated as of December 18, 2006, among the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-K, and incorporated by reference herein).
4.40	Supplemental Indenture No. 3, dated as of March 28, 2007, among the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-Q, and incorporated by reference herein).
4.41	Supplemental Indenture No. 4, dated as of August 27, 2007, among the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined in 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 10-K, and incorporated by reference herein).
4.42	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 10-Q, and incorporated by reference herein).
4.43	Indenture, dated as of October 26, 2009, among the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined in the Indenture) and U.S. Bank National Association, as Trustee, relating to the 11 1/2% Second Lien Senior Secured Notes Due 2017 (filed herewith).
4.44	Form of Global 11 1/2% Second Lien Senior Secured Notes Due 2017 of the Mohegan Tribal Gaming Authority (filed herewith).
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).

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<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
10.2	Agreement, dated 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 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 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 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).
10.6	Amendment to the Land Lease, dated 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 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 September 1, 1998, between the Mohegan Tribal Gaming Authority and Merrill Lynch Trust (filed as Exhibit 10.16 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 1998, filed with the SEC on December 29, 1998, and incorporated by reference herein).*
10.9	Priority Distribution Agreement between the Mohegan Tribal Gaming Authority and the Mohegan Tribe of Indians of Connecticut, dated August 1, 2001 (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 October 4, 2001, by and between the Mohegan Tribal Gaming Authority and Robert Soper (filed as Exhibit 10.23 to Amendment No. 1 to the Authority's 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 January 28, 2003, by and among 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 Form 8-K filed with the SEC on January 30, 2003, and incorporated by reference herein).
10.12	Loan Agreement, dated June 27, 2003, between Mohegan Tribal Gaming Authority and Fleet National Bank (filed as Exhibit 10.2 to the June 2003 10-Q, and incorporated by reference herein).
10.13	Revolving Loan Note, dated June 27, 2003, between Mohegan Tribal Gaming Authority and Fleet National Bank (filed as Exhibit 10.3 to the June 2003 10-Q, and incorporated by reference herein).
10.14	First Amendment to Loan Agreement, dated June 11, 2004, between Mohegan Tribal Gaming Authority and Fleet National Bank (filed as Exhibit 10.1 to the June 2004 10-Q, and incorporated by reference herein).
10.15	Second Amendment to Loan Agreement, dated June 22, 2004, between Mohegan Tribal Gaming Authority and Fleet National Bank (filed as Exhibit 10.2 to the June 2004 10-Q, and incorporated by reference herein).

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<u>Exhibit No.</u>	<u>Description</u>
10.16	Management Agreement between The Cowlitz Indian Tribe and Salishan-Mohegan, LLC, dated September 21, 2004 (filed as Exhibit 10.30 to the 2004 Form S-4, and incorporated by reference herein).
10.17	Development Agreement between The Cowlitz Indian Tribe and Salishan-Mohegan, LLC, dated September 21, 2004 (filed as Exhibit 10.31 to the 2004 Form S-4, and incorporated by reference herein).
10.18	Purchase Agreement by and among PNGI Pocono Corp., PNGI, LLC, and Mohegan Tribal Gaming Authority as of October 14, 2004 (filed as Exhibit 10.2 to the Form 8-K filed with the SEC on October 18, 2004, and incorporated by reference herein).
10.19	Third Amendment to Loan Agreement, dated August 31, 2004, between Mohegan Tribal Gaming Authority and Fleet National Bank (filed as Exhibit 10.34 to the 2004 Form S-4, and incorporated by reference herein).
10.20	Management Agreement by and among the Menominee Indian Tribe of Wisconsin, the Menominee Kenosha Gaming Authority and the Mohegan Tribal Gaming Authority, dated October 21, 2004 (filed as Exhibit 10.35 to the 2004 Form S-4, and incorporated by reference herein).
10.21	Trust Agreement under The Mohegan Retirement and 401(k) Plan dated July 1, 2005 between the Mohegan Tribe of Indians of Connecticut and Merrill Lynch Trust Company, FSB (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).*
10.22	Employment Agreement, executed July 28, 2006, by and between the Mohegan Tribal Gaming Authority and Mitchell Grossinger Etes (filed as Exhibit 10.1 to the Form 8-K filed with the SEC on August 3, 2006, and incorporated by reference herein).*
10.23	Employment Agreement, executed July 28, 2006, by and between the Mohegan Tribal Gaming Authority and Jeffrey E. Hartmann (filed as Exhibit 10.2 to the Form 8-K filed with the SEC on August 3, 2006, and incorporated by reference herein).*
10.24	Employment Agreement, executed July 28, 2006, by and between the Mohegan Tribal Gaming Authority and Leo M. Chupaska (filed as Exhibit 10.3 to the Form 8-K filed with the SEC on August 3, 2006, and incorporated by reference herein).*
10.25	Second Amendment to Purchase Agreement and Release of Claims dated as of August 7, 2006 by and among PNGI Pocono, Inc. (as successor to PNGI Pocono, Corp. and PNGI, LLC) and the Mohegan Tribal Gaming Authority, and is joined in by Penn National Gaming, Inc. for limited purposes described in the agreement (filed as Exhibit 10.4 to the June 2006 10-Q, and incorporated by reference herein).
10.26	Employment Agreement, executed December 20, 2006, by and between the Mohegan Tribal Gaming Authority and Anthony Patrone (filed as Exhibit 10.32 to the 2006 10-K, and incorporated by reference herein).*
10.27	Second Amended and Restated Loan Agreement, dated as of March 9, 2007, by and among the Mohegan Tribe of Indians of Connecticut, the Mohegan Tribal Gaming Authority, the Lenders named therein and Bank of America, N.A., as Administrative Agent (filed as Exhibit 10.1 to the Authority's Form 8-K filed with the SEC on March 15, 2007, and incorporated by reference herein).
10.28	Amendment No. 1 to the Second Amended and Restated Loan Agreement, dated as of February 13, 2008, by and among the Mohegan Tribe of Indians of Connecticut, the Mohegan Tribal Gaming Authority, the Lenders named therein and Bank of America, N.A., as Administrative Agent (filed as Exhibit 10.1 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2007, filed with the SEC on February 14, 2008, and incorporated by reference herein).

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<u>Exhibit No.</u>	<u>Description</u>
10.29	Amendment to Employment Agreement, dated February 4, 2008, by and between the Mohegan Tribal Gaming Authority and Leo M. Chupaska (filed as Exhibit 10.1 to the Authority's Form 8-K filed with the SEC on February 8, 2008, and incorporated by reference herein).*
10.30	Third Amended and Restated Loan Agreement, dated as of December 10, 2008, by and among 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 Form 8-K filed with the SEC on December 15, 2008, and incorporated by reference herein).
10.31	Amended Employment Agreement, executed February 23, 2009, by and between the Mohegan Tribal Gaming Authority and Mitchell Grossinger Etes (filed as Exhibit 10.1 to the Form 8-K filed with the SEC on February 27, 2009).*
10.32	Amended Employment Agreement, executed February 23, 2009, by and between the Mohegan Tribal Gaming Authority and Jeffrey E. Hartmann (filed as Exhibit 10.2 to the Form 8-K filed with the SEC on February 27, 2009).*
10.33	Amended Employment Agreement, executed February 23, 2009, by and between the Mohegan Tribal Gaming Authority and Leo M. Chupaska (filed as Exhibit 10.3 to the Form 8-K filed with the SEC on February 27, 2009).*
10.34	Employment Agreement, dated April 2, 2009, by and between Downs Racing, L.P. and Robert 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).*
10.35	Collateral Agency and Intercreditor Agreement, dated as of October 26, 2009, by and among the Mohegan Tribal Gaming Authority, the Guarantors (as defined therein), Bank of America, N.A., as administrative agent for the first lien secured parties, U.S. Bank National Association, as trustee under the Indenture and U.S. Bank National Association, as collateral agent for the second lien secured parties (filed herewith).
10.36	Amendment No. 1 to the Third Amended and Restated Loan Agreement, dated as of October 26, 2009, by and among 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 herewith).
10.37	Employment Agreement, dated as of April 28, 2008, by and between the Mohegan Tribal Gaming Authority and Toby A. Arnheim (filed herewith).*
10.38	Amendment to Employment Agreement, dated as of April 9, 2009, by and between the Mohegan Tribal Gaming Authority and Toby A. Arnheim (filed herewith).*
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).

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\* Management contract or compensatory plan or arrangement.