

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

FORM 10-K

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

For the fiscal year ended September 30, 2015

or

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

For the transition period from _____ to _____

Commission file number 033-80655

MOHEGAN TRIBAL GAMING AUTHORITY

(Exact name of registrant as specified in its charter)

Not Applicable

(State or other jurisdiction of incorporation or organization)

06-1436334

(I.R.S. Employer Identification No.)

One Mohegan Sun Boulevard, Uncasville, CT

(Address of principal executive offices)

06382

(Zip Code)

(860) 862-8000

(Registrant's telephone number, including area code)

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

None

(Title of each class)

None

(Name of each exchange on which registered)

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

None

(Title of Class)

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

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

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

PART I

Item 1. Business.

Overview

The Tribe and the Authority

The Mohegan Tribe of Indians of Connecticut, or the Mohegan Tribe or the Tribe, is a federally-recognized Indian tribe with an approximately 595-acre reservation situated in Southeastern Connecticut, adjacent to Uncasville, Connecticut. Under the Indian Gaming Regulatory Act of 1988, or IGRA, federally-recognized Indian tribes are permitted to conduct full-scale casino gaming operations on tribal lands, subject to, among other things, the negotiation of a compact with the affected state. The Tribe and the State of Connecticut entered into a compact, the Mohegan Compact, which was approved by the United States Secretary of the Interior. We were established as an instrumentality of the Tribe, with the exclusive authority to conduct and regulate gaming activities for the Tribe on Tribal lands and the non-exclusive authority to conduct such activities elsewhere. Our gaming operation at Mohegan Sun is one of only two legally authorized gaming operations in southern New England offering traditional slot machines and table games. Through our subsidiary, Downs Racing, L.P., or Downs Racing, we also own and operate Mohegan Sun Pocono, a gaming and entertainment facility located in Plains Township, Pennsylvania, and several off-track wagering facilities, or OTW facilities, located elsewhere in Pennsylvania, collectively the Pennsylvania facilities. We are governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Tribe. Any change in the composition of the Mohegan Tribal Council results in a corresponding change in our Management Board.

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

Mohegan Sun

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

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

Casino of the Earth

As of September 30, 2015, Casino of the Earth offered:

- approximately 188,000 square feet of gaming space;
- approximately 2,605 slot machines and 135 table games, including blackjack, roulette and craps;
- Sunrise Square, a 9,800-square-foot Asian-themed gaming area;
- an approximately 9,000-square-foot simulcasting Racebook facility;
- food and beverage amenities, including: Seasons Buffet, a 784-seat multi-station buffet with live cooking stations, Bobby Flay's Bobby's Burger Palace, Bow & Arrow Sports Bar and multiple service bars, all operated by us, as well as Ballo Italian Restaurant & Social Club, Sunrise Square Food Court, a Hong Kong-style food outlet offering authentic Southeast Asian cuisine, Frank Pepe Pizzeria Napoletana, Hash House a Go Go, Fidelia's Market, an approximately 290-seat multi-station food court, and Carlo's Bakery operated by third-parties, for a total restaurant seating of approximately 2,155;
- four Mohegan Sun-owned retail shops, offering products ranging from Mohegan Sun logo souvenirs to cigars; and
- the Wolf Den, an approximately 10,000-square-foot, 275-seat lounge featuring live entertainment seven days a week.

Casino of the Sky

As of September 30, 2015, Casino of the Sky offered:

- approximately 119,000 square feet of gaming space;
- approximately 2,015 slot machines and 115 table games, including blackjack, roulette and craps;

- food and beverage amenities, including: Todd English's Tuscany, Bobby Flay's Bar Americain, a 24-hour coffee shop and three lounges and bars, all operated by us, as well as four full-service restaurants, three quick-service restaurants and a multi-station food court operated by third-parties, for a total restaurant seating of approximately 1,865;
- The Shops at Mohegan Sun containing 29 retail shops, six of which we own;
- the Mohegan Sun Arena with seating for up to 10,000;
- a 350-seat Cabaret theatre;
- an approximately 1,200-room luxury Sky Hotel Tower, including a private high-limit table games suite;
- Lansdowne Irish Pub and Music House with restaurant seating of approximately 205, Avalon Nightclub and Vista Lounge, all operated by a third-party;
- an approximately 20,000-square-foot spa operated by a third-party;
- approximately 100,000 square feet of convention space; and
- a child care facility and an arcade-style entertainment area operated by a third-party.

Casino of the Wind

As of September 30, 2015, Casino of the Wind offered:

- approximately 45,000 square feet of gaming space;
- approximately 520 slot machines, 25 table games, including blackjack, roulette and craps, and a 42-table themed poker room;
- food and beverage amenities, including: a two-level, 16,000-square-foot Jimmy Buffett's Margaritaville Restaurant and a casual dining restaurant operated by third-parties, for a total restaurant seating of approximately 475;
- Mist, a nightlife entertainment venue operated by us; and
- a retail shop operated by a third-party.

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

Connecticut Sun

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

New England Black Wolves

Through Mohegan Lacrosse, LLC, we have partnered with an unrelated third-party to own and operate the New England Black Wolves franchise, a professional lacrosse team in the National Lacrosse League. The team plays its home games in the Mohegan Sun Arena.

Mohegan Sun Golf Club

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

Mohegan Sun Pocono

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

Mohegan Sun Pocono currently operates in an approximately 400,000-square-foot facility, which includes the following as of September 30, 2015:

- approximately 94,000 square feet of gaming space;
- approximately 2,330 slot machines, 75 table games, including blackjack, roulette and craps, and an 18-table poker room;
- live harness racing and simulcast and off-track wagering;
- a 238-room hotel, including a spa and fitness center;

- approximately 20,000 square feet of convention space;
- food and beverage amenities, including: Ruth's Chris Steakhouse, Rustic Kitchen Bistro and Bar, which features dining and a live cooking show, Bar Louie, a casual bar and restaurant, Timbers Buffet, a 300-seat Mohegan Indian cultural heritage themed multi-station buffet, and a food court, including: Johnny Rockets, Wok 8, Puck Express by Wolfgang Puck and Ben & Jerry's Ice Cream, for a total seating of approximately 1,800;
- five retail shops, one of which we own, offering products ranging from Mohegan Sun Pocono logo souvenirs to fine apparel; and
- three bars/lounges: Sunburst Bar, featured in the center of the gaming floor, Breakers Night Club and Pearl Sushi Bar.

Strategy

Our overall strategy is to profit from gaming in our core markets, as well as to diversify the Tribe's business interests within the gaming industry. Mohegan Sun primarily receives patronage from guests residing within 100 miles of Mohegan Sun, which represents our primary market. Mohegan Sun also receives patronage from guests residing within a 100 to 200 mile radius, which represents our secondary market. With the completion of Project Sunburst in 2002, we have developed Mohegan Sun into a full-scale entertainment and destination resort. The addition of Casino of the Wind and Sunrise Square further strengthens our presence in the Northeast United States gaming market. We have also taken significant steps in our diversification efforts with the addition of our Mohegan Sun Pocono operations and joint venture and management arrangement with the owner of Resorts Casino Hotel in Atlantic City, New Jersey, as well as our development and management agreements with the Cowlitz Indian Tribe for the Cowlitz casino project in Clark County, Washington.

Seasonality

The gaming market in the Northeastern United States is seasonal in nature, with peak gaming activities often occurring at Mohegan Sun and Mohegan Sun Pocono during the months of May through August.

Diversification

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

Management of Resorts Casino Hotel

In 2012, we formed Mohegan Gaming Advisors, LLC, or Mohegan Gaming Advisors, as our wholly-owned unrestricted subsidiary, to pursue gaming opportunities outside the State of Connecticut, including management contracts and consulting agreements for casino and entertainment properties in the United States. Mohegan Gaming Advisors holds 100% membership interests in MGA Holding NJ, LLC and MGA Gaming NJ, LLC, or collectively, the Mohegan NJ entities. The Mohegan NJ entities were formed to pursue management contracts and consulting agreements in the State of New Jersey. In October 2012, Mohegan Gaming Advisors, through the Mohegan NJ entities, entered into a joint venture and management arrangement with the owner of Resorts Casino Hotel in Atlantic City, New Jersey, pursuant to which it manages the facility and owns 10% of the facility and affiliated on-line gaming businesses.

Cowlitz Project

In July 2004, we formed Mohegan Ventures-Northwest, LLC, or Mohegan Ventures-NW, as our wholly-owned unrestricted subsidiary. Mohegan Ventures-NW is one of three current members in Salishan-Mohegan, LLC, or Salishan-Mohegan, which was formed to participate in the Cowlitz Project, a proposed casino to be owned by the Cowlitz Tribe and to be located on the Cowlitz reservation in Clark County, Washington. Mohegan Ventures-NW, Salishan Company, LLC, an unrelated entity, and a subsidiary of the Tribe hold membership interests in Salishan-Mohegan of 49.15%, 40% and 10.85%, respectively. Salishan-Mohegan holds a 100% membership interest in Salishan-Mohegan Two, LLC and Interchange Development Group, LLC, both of which were formed to acquire certain property related to the Cowlitz Project.

In September 2004, Salishan-Mohegan entered into development and management agreements with the Cowlitz Tribe in connection with the Cowlitz Project, which agreements have been amended from time to time.

Under the terms of the development agreement, Salishan-Mohegan assists in securing financing, as well as administration and oversight of the planning, designing, development, construction and furnishing of the proposed casino. The development agreement provides for development fees of 3% of total project costs, as defined under the development agreement. Under the

terms of Salishan-Mohegan's operating agreement, development fees will be distributed to Mohegan Ventures-NW. In 2006, pursuant to the development agreement, Salishan-Mohegan purchased an approximately 152-acre site for the proposed casino.

Under the terms of the management agreement, Salishan-Mohegan will manage, operate and maintain the proposed casino for a period of seven years following its opening. The management agreement provides for management fees of 24% of net revenues, as defined under the management agreement, which approximates net income earned from the Cowlitz Project. Under the terms of Salishan-Mohegan's operating agreement, management fees will be allocated to the members of Salishan-Mohegan based on their respective membership interests. The management agreement is subject to approval by the National Indian Gaming Commission, or the NIGC. In August 2014, the Cowlitz Tribe's Class III Tribal-State gaming compact with the State of Washington became effective with notice of federal approval published in the Federal Register. According to the notice, the compact allows for two gaming facilities, allocates 975 gaming machines for leasing, authorizes the operation of up to 3,000 gaming machines and 125 table games, and is in effect until terminated by written agreement of both parties.

Under the terms of the development agreement, certain receivables contributed to Salishan-Mohegan and amounts advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe are reimbursable to Salishan-Mohegan by the Cowlitz Tribe, subject to appropriate approvals defined under the development agreement. As of September 30, 2015, reimbursements are contingent and are to be distributed upon: (1) the related property being taken into trust by the United States Department of the Interior and (2) the receipt of necessary financing for the development of the proposed casino. As of September 30, 2015, the Authority accrued interest on the Salishan-Mohegan receivables at an annual rate of 10.0%.

In March 2013, two lawsuits challenging a December 2010 decision of the Assistant Secretary - Indian Affairs of the Department of the Interior to take the Cowlitz Project site into trust were dismissed on procedural grounds. In April 2013, pursuant to judicial directive, the Department of the Interior issued a new Record of Decision to take the Cowlitz Project site into trust, determining for a second time that the site will serve as the initial reservation of the Cowlitz Tribe and that the tribe may conduct gaming on such lands under the Indian Gaming Regulatory Act. In June 2013, the plaintiffs in the earlier litigation filed two new lawsuits challenging the new Record of Decision, and, in July 2013, those lawsuits were consolidated. By Notice of Trust Acquisition filed with the court in October 2014, while motions for summary judgment filed by the plaintiffs and the defendants were pending, the defendants provided the court notice of the United States Department of the Interior's planned trust acquisition of the Cowlitz Project site, which was the subject of the litigation, on the earlier of: (1) January 21, 2015 and (2) 30 days after a court order granting summary judgment in favor of the defendants. On December 12, 2014, a U.S. District Court for the District of Columbia judge entered an order granting summary judgment in favor of the defendants, thereby upholding the Record of Decision and denying the plaintiffs' motion. The plaintiffs subsequently appealed and such appeals remain pending before the Court of Appeals for the District of Columbia Circuit. We can provide no assurance as to the outcome of these appeals or any future litigation.

In March 2015, the Cowlitz Project site was taken into trust by the United States Department of the Interior for the benefit of the Cowlitz Tribe. In connection with this event, the Cowlitz Tribe leased a substantial portion of the Cowlitz Project site back to Salishan-Mohegan for a nominal rental fee.

Construction of the Cowlitz Project commenced on September 18, 2015. We can provide no assurance that remaining permits or approvals related to construction and opening or other remaining steps and conditions for the Cowlitz Project site to be approved for gaming will be satisfied. Furthermore, we can provide no assurance as to the outcome of the pending federal court appeal or any future litigation relating to the Cowlitz Project.

On December 4, 2015, the Cowlitz Tribal Gaming Authority, or the CTGA, closed on its financing for the Cowlitz Project. The financing provides funding for construction of the Cowlitz Project and a partial repayment of reimbursable costs and expenses advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe for the Cowlitz Project, or the Salishan-Mohegan receivables. In connection with this transaction, Salishan-Mohegan was repaid \$19.4 million of the Salishan-Mohegan receivables, a portion of which was used to repay certain outstanding debt of Salishan-Mohegan. In accordance with the terms of the development agreement, as amended, the remaining outstanding Salishan-Mohegan receivables are to be repaid in equal monthly installments over a seven-year period beginning in the first month following the opening of the Cowlitz Project, plus accrued interest at a rate equal to 1.0% above the Cowlitz Project financing rate, or 12.5%. Pursuant to the development agreement, repayment of the Salishan-Mohegan receivables may accelerate depending on the level of available cash at the end of each fiscal year, subject to certain conditions as set forth in the development agreement, including conditions of the Cowlitz financing. Also in connection with the Cowlitz financing, Salishan-Mohegan assigned the lease for the Cowlitz Project site to CTGA.

Korea

In April 2015, we entered into a memorandum of understanding with the Incheon International Airport Corporation, the owner and operator of the Incheon International Airport in South Korea, near Seoul, for the long-term lease of land for the development of an integrated resort and casino. In June 2015, Mohegan Gaming Advisors formed Inspire Integrated Resort Co.,

Ltd., or Inspire Integrated Resort, under the laws of the Republic of Korea (South) to pursue the licensing for the project. In June 2015, Inspire Integrated Resort responded to a request for concepts issued by the Ministry of Culture, Sports and Tourism of South Korea, and, in November 2015, Inspire Integrated Resort submitted a proposal in response to a request for proposals issued by the same agency, pursuant to which up to two new integrated resort licenses may be issued, with casinos that would cater to foreigners under Korean law.

Connecticut

MMCT Venture, LLC, or MMCT, our new joint venture with the Mashantucket Pequot Tribe, or the MPT, has proposed to develop and operate an off-reservation casino in northern Connecticut. In October 2015, MMCT issued a Request For Proposals for sites to locate the proposed casino and received five proposals. MMCT is currently in the process of evaluating the proposals and plans to seek approval by the State of Connecticut to pursue the proposed off-reservation casino during the 2016 legislative session.

Market and Competition from Other Gaming Operations

Our gaming operation at Mohegan Sun is one of only two current gaming operations in southern New England offering traditional slot machines and live table games, with the other operation being our sole gaming competitor in the State of Connecticut, Foxwoods Resort Casino, or Foxwoods. Foxwoods is owned by the MPT. As required by each tribe's separate Memorandum of Understanding, or MOU, with the State of Connecticut, the Tribe and the MPT make monthly contribution payments to the state based on a portion of revenues earned on slot machines. Pursuant to the terms of an exclusivity clause in each MOU, contribution payments to the state will terminate if there is any change in state law that permits operation of slot machines or other commercial casino games or if any other person lawfully operates slot machines or other commercial casino games within the State of Connecticut, except those consented to by the Tribe and the MPT. We also face competition from gaming facilities in Massachusetts, Rhode Island, New York and New Jersey. In addition, we face competition in and from the Northeastern Pennsylvania gaming market.

We also face potential competition from the expansion of state-licensed gaming in the Northeastern United States, as well as prospective gaming projects under consideration by Indian tribes, including federally-recognized tribes in the State of New York. With the addition of traditional table gaming in Rhode Island, Maine, Pennsylvania and Delaware, and additional gaming licenses authorized or issued in Massachusetts, New York and Pennsylvania, commercial casino gaming has expanded in the Northeastern United States and is poised to expand further. In the Commonwealth of Massachusetts, the single slot-only facility which also offers electronic table games is now open, while two commercial casino gaming licenses have been awarded and a third is under consideration. In the State of New York, three commercial casinos are under development, while a fourth is under consideration, along with the expansion of video lottery terminals, or VLTs, at off-track wagering facilities in Nassau and Suffolk counties as authorized under New York's expanded gaming law. Tribal gaming projects being pursued by the Mashpee Wampanoag Tribe, which has entered into a tribal-state gaming compact, and the Aquinnah Wampanoag Tribe, both located in the Commonwealth of Massachusetts, and the Shinnecock Indian Nation of New York, also increase the possibility of new tribal gaming in the Northeastern United States in the future. In addition, other federally-recognized Indian tribes continue to pursue new gaming projects elsewhere in the Northeastern United States. Additionally, groups seeking federal recognition as Indian tribes, as well as federally-recognized Indian tribes, continue efforts to establish or expand reservation lands with an interest in commercial casino gaming on such lands.

We are unable to predict the impact additional commercial casino gaming operations in the Northeastern United States will have on our operations. We are also unable to predict whether changes in federal recognition rules or efforts by federally-recognized Indian tribes or groups seeking federal recognition as Indian tribes will lead to the establishment of additional tribal casino gaming operations in the Northeastern United States.

Mohegan Sun

The following is a summary of competition affecting Mohegan Sun:

Connecticut

Mohegan Sun and Foxwoods are the only two legally authorized gaming operations in southern New England offering traditional slot machines and table games. Foxwoods is located approximately 10 miles from Mohegan Sun and reportedly offers approximately 4,600 slot machines and 250 table games, including poker. Foxwoods recently added a new retail outlet mall to its amenities which could impact competition in the State of Connecticut. In addition, in July 2013, the MPT reportedly completed a planned restructuring of approximately \$2.3 billion of its debt obligations, with approximately \$550 million in debt reportedly eliminated. In August 2014, it was reported that the MPT had violated then-current debt covenants, and it has recently been reported that the MPT has extended a forbearance agreement with its lenders through December 31, 2016.

The Connecticut State Lottery was also recently authorized to conduct Keno gaming in the State of Connecticut pursuant to revenue-sharing memoranda of understanding between the State of Connecticut and the Tribe and the MPT.

Furthermore, MMCT, our new joint venture with the MPT, has proposed to develop and operate an off-reservation casino in northern Connecticut, and is currently in the process of evaluating proposals for site locations and plans to seek approval by the State of Connecticut to pursue the proposed off-reservation casino during the 2016 legislative session.

Rhode Island

The state's two pari-mutuel facilities, Twin River Casino in Lincoln, or Twin River, and Newport Grand Casino in Newport, or Newport Grand, located approximately 60 miles and 55 miles from Mohegan Sun, respectively, reportedly offer approximately 5,400 VLTs and 80 table games. In November 2014, a ballot measure to allow table games at Newport Grand passed state-wide, but a required companion measure failed in the City of Newport, thereby defeating the proposed addition of table gaming at Newport Grand.

Massachusetts

In 2011, the Commonwealth of Massachusetts enacted legislation which authorized one slot-only license limited to 1,250 slot machines and up to three casino resort licenses. Penn National Gaming, Inc. was awarded the slot-only license and opened Plainridge Park Casino in Plainville in June 2015, with temporary authority for electronic table games. Each of the up to three casino resort licenses is restricted to one of three geographic regions of the state: eastern or Boston region, western Massachusetts and the southeast region. In November 2014, two of the three casino resort licenses were awarded to affiliates of MGM Resorts International and Wynn Resorts Limited. Development and site preparation for those two projects in Springfield and Everett are proceeding, according to published reports. A single applicant applied for the third available casino resort license for a casino project in Brockton. In addition, the Mashpee Wampanoag Tribe recently received notice that its proposed casino site in Taunton has been approved to be taken into trust for gaming.

Maine

Hollywood Casino Bangor in Bangor and Oxford Casino in Oxford are the only two gaming operations in the State of Maine. These two facilities reportedly offer approximately 1,600 slot machines and 40 table games.

New York

Racinos in Yonkers, Queens, Batavia, Hamburg, Nichols, Vernon, Monticello, Saratoga Springs and Farmington reportedly offer an aggregate of approximately 18,000 VLTs, including electronic table games. Approximately 10,400 of these VLTs are operated at the two racinos located in or close to New York City - Empire City Casino at Yonkers Raceway in Yonkers, or Empire City, and Resorts World New York in Queens, or Resorts World. Given Empire City's and Resorts World's location in or near New York City, each has a distinct advantage over Mohegan Sun in competing for patrons from the New York metropolitan region.

There are eight federally-recognized Indian tribes in the State of New York. Only three of these federally-recognized Indian tribes, the Oneida Nation of New York, the Seneca Nation of New York and the St. Regis Band of Mohawk Indians of New York currently engage in commercial casino gaming.

In November 2013, the State of New York's constitution was amended to permit up to seven casinos state-wide as authorized and prescribed by the state legislature. As a result, the state's Gaming Commission continues to implement the Upstate New York Gaming Economic Development Act, which was adopted in June 2013. Pursuant to this act, the Gaming Commission is responsible for licensing up to four casinos in three designated upstate New York regions, excluding New York City and nearby counties for the first seven years. Under existing statute, after seven years, three additional casinos may be licensed within the state, excluding New York City, Westchester, Rockland, Nassau or Suffolk counties. In addition, two OTW facilities in Nassau and Suffolk counties are each allowed to add up to 1,000 VLTs.

In December 2014, the New York Gaming Facility Location Board, which was responsible for making licensing recommendations to the state's Gaming Commission for the four casinos in three designated upstate New York regions, made its recommendation for a total of three casinos, one in each of the designated regions. The New York Gaming Facility Location Board recommended the licensing of Montreign Resort Casino in Thompson for the Catskill/Hudson Valley region, Rivers Casino and Resort in Schenectady for the Capital region and Lago Resort and Casino in Tyre for the Eastern Southern Tier region. In October 2015, Tioga Downs Casino in Nichols was also recommended for licensing for the Eastern Southern Tier region. On December 21, 2015, the Gaming Commission approved the casino licenses for the Montreign Resort Casino, Rivers Casino and Resort and Lago Resort and Casino. The fourth recommended license for Tioga Downs Casino remains pending.

New Jersey

The Atlantic City gaming market consists of eight gaming properties which reportedly offer approximately 16,700 slot machines and 1,200 table games. The State of New Jersey and the Atlantic City gaming market continue to implement legislative reforms adopted in 2011 and public-private initiatives to revitalize gaming in the state. In November 2013, five of the state's casino operators and an Internet gaming licensee on behalf of a sixth casino operator commenced Internet gaming for patrons located within the State of New Jersey. The state has also passed legislation related to sports wagering and is involved in litigation challenging the federal law which restricts legalized sports wagering to certain states.

Mohegan Sun Pocono

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

In 2004, the Commonwealth of Pennsylvania passed the Pennsylvania Race Horse Development and Gaming Act, or the Pennsylvania Gaming Act, which permitted the operation of up to 61,000 slot machines at 14 locations throughout the state, 12 of which have commenced operations. In November 2014, the 13th casino license which permits the operation of 5,000 slot machines and 250 table games was awarded to Live! Hotel and Casino, a joint venture between Cordish Cos. and Greenwood Gaming and Entertainment Inc. Live! Hotel and Casino will be located in the City of Philadelphia's stadium district.

In addition, the Pennsylvania Gaming Act authorized the operation of up to 500 slot machines at two resort facilities, one of which has commenced operations. The Pennsylvania Gaming Act also includes prohibitions against locating facilities within close proximity to other operations, which, among other things, effectively prohibits locating a slot machine facility within twenty miles of Mohegan Sun Pocono or a resort facility within fifteen miles of Mohegan Sun Pocono. In 2010, the Pennsylvania Gaming Act was amended to allow slot machine operators in the Commonwealth of Pennsylvania to operate table games. The amendment also authorized that the second resort facility license be awarded by 2017 and prohibits the facility from being located within thirty miles of Mohegan Sun Pocono. In addition, the amendment increased the number of slot machines permitted at the two resort facilities from 500 to 600 and restricted the number of table games at such facilities to 50. All slot machine facilities in operation in the state have added table game operations.

Mohegan Sun Pocono faces competition from several facilities in the Commonwealth of Pennsylvania, as well as neighboring states. However, its most immediate competitors are Mount Airy Casino Resort which is located approximately 40 miles from Mohegan Sun Pocono and reportedly offers approximately 1,900 slot machines and 80 table games and Sands Casino Resort Bethlehem which is located approximately 70 miles from Mohegan Sun Pocono and reportedly offers approximately 3,000 slot machines and 200 table games.

In addition to existing slot machine and table game operations in the Commonwealth of Pennsylvania, Mohegan Sun Pocono faces existing competition from a VLT facility at the Monticello Raceway in Monticello, New York, approximately 90 miles from Mohegan Sun Pocono, as well as future competition from the proposed Montreign Resort Casino in Thompson, New York, which will be owned and operated by the same operator of the VLT facility at the Monticello Raceway and located approximately 175 miles from Mohegan Sun Pocono. Mohegan Sun Pocono also faces competition from Tioga Downs Casino in Nichols, New York, approximately 100 miles from Mohegan Sun Pocono.

Mohegan Tribe of Indians of Connecticut

General

The Tribe has lived in a cohesive community for hundreds of years in what is today southeastern Connecticut. The Tribe became a federally-recognized Indian tribe in 1994 and currently has approximately 2,070 members, of which approximately 1,300 are of voting age. The Tribe historically has cooperated with the United States and is proud of the fact that members of the Tribe have fought on the side of the United States in every war from the Revolutionary War to the wars in Iraq and Afghanistan. The Tribe believes that this philosophy of cooperation exemplifies its approach of developing Mohegan Sun and pursuing diversification of its business interests.

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

Governance of the Tribe

The Tribe's Constitution provides for the governance of the Tribe by a Tribal Council, consisting of nine members, and a Council of Elders, consisting of seven members. The registered voters of the Tribe elect all members of the Council of Elders and the Mohegan Tribal Council. Pursuant to an amendment to the Tribe's Constitution in September 2003, the members of both the Council of Elders and the Mohegan Tribal Council are elected on a four-year staggered term basis. The terms for four members of the Council of Elders expire in October 2016, while the terms for the remaining three members expire in October 2018. The terms for five members of the Mohegan Tribal Council expire in October 2017, while the terms for the remaining four members expire in October 2019. Members of the Council of Elders must be at least 55 years of age when elected, while members of the Mohegan Tribal Council must be at least 21 years of age when elected. The members of the Mohegan Tribal Council also serve as members and officers on our Management Board.

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

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

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

Gaming Disputes Court

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

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

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

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

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

Paul M. Guernsey, Chief Judge. Age: 65. Judge Guernsey has served on the Gaming Disputes Court since 1996. He was appointed Acting Chief Judge in November 1999 and Chief Judge in January 2000. Judge Guernsey also served as Fact Finder for the New London Judicial District from 1990 to 1992 and as State of Connecticut Attorney Trial Referee, Judicial District of New London, since 1992.

F. Owen Eagan, Judge. Age: 85. Judge Eagan was appointed to the Gaming Disputes Court in 1996. He served as United States Magistrate Judge from 1975 to 1996 and was formerly Assistant United States Attorney for the District of Connecticut and United States Attorney for the District of Connecticut. He also served as an adjunct law faculty member at Western New England College School of Law.

Frank A. Manfredi, Judge. Age: 64. Judge Manfredi was appointed to the Gaming Disputes Court in 2001. He has been a partner at Cotter, Greenfield, Manfredi & Lanes, P.C., since 1983. Judge Manfredi has also served as State of Connecticut Attorney Trial Referee since 1993, State of Connecticut Attorney Fact Finder since 1992 and Town Attorney for the Town of Preston since 1988.

Jeffrey A. McNamara, Judge. Age: 56. Judge McNamara was appointed to the Gaming Disputes Court in 2012. He has served as a Probate Judge for the Niantic Regional Probate Court since 2010 and had been a Probate Judge for the District of East Lyme from 1988 to 2010. Judge McNamara has also served as a State of Connecticut Attorney Trial Referee for the Judicial District of New London since 2011. Judge McNamara has been a member of the Executive Committee for Probate Administration since 2009.

Matthew E. Auger, Judge. Age: 57. Judge Auger was appointed to the Gaming Disputes Court in 2015. He has served as a United States Navy JAGC officer since 1984 and as a partner at Suisman, Shapiro, Wool, Brennan, Gray & Greenberg, P.C. since 1988. Judge Auger has also served as a State of Connecticut Superior Court Special Master and Attorney Trial Referee since 1999 and as a Special Master for the United States District Court for the District of Connecticut from 1999 to 2007.

Workers' Compensation Department

Effective September 1, 2004, the Mohegan Tribal Council established a Workers' Compensation Department to oversee a self-administered workers' compensation program for employees of the Tribe and us, excluding employees of Mohegan Sun Pocono. Prior to the formation of this department, we participated in the State of Connecticut workers' compensation program. Duties of the Workers' Compensation Department, including judgment on claims, are performed by two commissioners retained by the Tribe.

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

Giancarlo Rossi, Chief Commissioner. Age: 66. Mr. Rossi was appointed Chief Commissioner of the Workers' Compensation Department in September 2004. Mr. Rossi is a practicing attorney with over 20 years of workers' compensation experience in the State of Connecticut.

Louis M. Pacelli, Commissioner. Age: 61. Mr. Pacelli was appointed Commissioner of the Workers' Compensation Department in September 2004. Mr. Pacelli is a partner in the law firm of Grillo and Pacelli, LLC and has practiced general law, including workers' compensation matters, for over 20 years in the State of Connecticut.

Mohegan Tribal Gaming Authority

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

We have three major functions. The first function is to direct the operation, management and promotion of gaming enterprises and all related activities on tribal lands. The second function is to regulate gaming activities on tribal lands. Our Management Board has appointed an independent Director of Regulation responsible for the regulation of gaming activities at Mohegan Sun. The Director of Regulation serves at the will of the Management Board and ensures the integrity of gaming operation through the promulgation and enforcement of appropriate regulations. The Director of Regulation and his staff are also responsible for performing background investigations and licensing of non-gaming employees, as well as vendors seeking to provide non-gaming products or services within the casino. Pursuant to the Mohegan Compact, the State of Connecticut is responsible for performing background investigations and licensing of gaming employees, as well as gaming vendors seeking to provide gaming

products or services within the casino. The third function is to identify and evaluate various diversification opportunities in conjunction with the Tribe. These opportunities primarily include the development and/or management, ownership or investment in other gaming enterprises through direct investments, acquisitions, joint venture arrangements and loan transactions.

Government Regulation

General

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

Tribal Law and Legal Systems

Applicability of State and Federal Law

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

Absent the consent of the Tribe or action of Congress, the laws of the State of Connecticut do not apply to us or the Tribe. Pursuant to the federal law that settled the Tribe's land claims in 1994, the United States and the Tribe consented to, among other things, the extension of Connecticut criminal law and Connecticut state traffic controls over Mohegan Sun.

Waiver of Sovereign Immunity; Jurisdiction; Exhaustion of Tribal Remedies

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

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

The Indian Gaming Regulatory Act of 1988

Regulatory Authority

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

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

Tribal Ordinances

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

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

Classes of Gaming

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

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

With the growth of the Internet and other modern advances, computers and other technology aids are increasingly used to conduct specific kinds of gaming, such as poker or wagering on horse racing. The states of Nevada and New Jersey have passed legislation to license and tax Internet poker and other on-line gaming conducted on an intra-state basis or with other states by compact, while new federal on-line gaming legislation has been introduced in Congress. To date, Congress has considered but not

passed amendments to the Unlawful Internet Gambling Enforcement Act of 2006 or new legislation to establish a licensing, taxing and enforcement framework for Internet gaming. The U.S. Department of Justice has brought indictments against various operators and payment processors involved in offshore on-line gaming transactions with persons located in the United States and also authored an opinion clarifying the department's view of permissible on-line activities by state lotteries under federal law.

Tribal-State Compacts

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

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

Tribal-state compacts have been the subject of litigation in a number of states, including Alabama, California, Florida, Kansas, Michigan, Mississippi, New Mexico, New York, Oklahoma, Oregon, South Dakota, Texas, Washington and Wisconsin. Tribes frequently seek to enforce the provision of IGRA which entitles tribes to bring suit in federal court against a state that fails to negotiate a tribal-state compact in good faith. The U.S. Supreme Court resolved this issue by holding that the Indian Commerce Clause does not grant Congress authority to abrogate sovereign immunity granted to the states under the Eleventh Amendment. Accordingly, IGRA does not grant jurisdiction over a state that did not consent to be sued.

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

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

Possible Changes in Federal Law

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

Pennsylvania Racing Regulations

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

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

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

Pennsylvania Gaming Regulations

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

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

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

Material Agreements

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

Gaming Compact with the State of Connecticut

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

- (1) The Tribe is authorized to conduct on its reservation those Class III Gaming activities specifically enumerated in the Mohegan Compact or amendments thereto. The forms of Class III Gaming authorized under the Mohegan Compact include: (a) specific types of games of chance, (b) video facsimiles of such authorized games of chance (i.e., slot machines), (c) off-track pari-mutuel betting on animal races, (d) pari-mutuel betting, through simulcasting, on animal races and (e) certain other types of pari-mutuel betting on games and races conducted at the gaming facility (some types currently are together with off-track pari-mutuel telephone betting on animal races, under a moratorium).
- (2) The Tribe must establish standards of operations and management of all gaming operations in order to protect the public interest, ensure the fair and honest operation of gaming activities and maintain the integrity of all Class III Gaming activities conducted on the Tribe's land. The first of these standards was set forth in the Mohegan Compact and approved by the State of Connecticut gaming agency. State of Connecticut gaming agency approval is required

for any revision to such standards affecting gaming. The Tribe must supervise the implementation of these standards by regulation through a Tribal gaming agency.

- (3) Criminal law enforcement matters relating to Class III Gaming activities are under the concurrent jurisdiction of the State of Connecticut and the Tribe.
- (4) All gaming employees must obtain and maintain a gaming employee license issued by the State of Connecticut gaming agency.
- (5) Any enterprise providing gaming services or gaming equipment to the Tribe is required to hold a valid and current gaming services registration issued by the State of Connecticut gaming agency.
- (6) The State of Connecticut annually assesses the Tribe for the costs attributable to its regulation of the Tribe's gaming operations and for the provision of law enforcement at the Tribe's gaming facility.
- (7) Net revenues from the Tribe's gaming operations may be applied only for purposes related to Tribal government operations and general welfare, Tribal economic development, charitable contributions and payments to local governmental agencies.
- (8) Tribal ordinances and regulations governing health and safety standards at the gaming facility shall be no less rigorous than certain State of Connecticut standards.
- (9) Service of alcoholic beverages within the gaming facility is subject to regulation by the State of Connecticut.
- (10) The Tribe waives any defense which it may have by virtue of sovereign immunity with respect to any action brought by the State of Connecticut to enforce the Mohegan Compact in the United States District Court for the District of Connecticut.

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

Priority Distribution Agreement

In August 2001, we and the Tribe entered into an agreement, or the priority distribution agreement, which stipulates that we must make monthly payments to the Tribe to the extent of our net cash flow as defined under the priority distribution agreement. The priority distribution agreement was amended as of December 31, 2014. As amended, the priority distribution agreement, which has a perpetual term, limits the minimum aggregate priority distribution payments in each calendar year to \$40.0 million. Payments under the priority distribution agreement: (1) do not reduce our obligations to reimburse the Tribe for governmental and administrative services provided by the Tribe or to make payments under any other agreements with the Tribe, (2) are limited obligations and are payable only to the extent of our net cash flow as defined under the priority distribution agreement and (3) are not secured by a lien or encumbrance on any of our assets or properties. We pay additional priority distributions to the Tribe in compliance with restrictive financial covenants under our senior secured credit facilities, line of credit and note indentures, and exclusive of priority distributions under the priority distribution agreement, as described in this Annual Report on Form 10-K under "Part III. Item 13. Certain Relationships and Related Transactions, and Director Independence. Transactions between the Authority and the Authority's Subsidiaries and the Tribe."

Town of Montville Agreement

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

Land Lease Agreement

The land upon which Mohegan Sun is located is held in trust for the Tribe by the United States. We entered into a land lease agreement with the Tribe to lease the property and improvements and related facilities constructed or installed on the property. In March 2007, the agreement was amended to update the legal description of the property, and, in April 2007, the amended agreement was approved by the Secretary of the Interior. In February 2015, the agreement was again amended to update the legal description of the property, which amendment was approved by the Secretary of the Interior in March 2015. The following summarizes the key provisions of the land lease agreement.

Term

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

Rent and Other Operating Costs and Expenses

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

Use of Property

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

Permitted Mortgages and Rights of Permitted Mortgagees

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

Default Remedies

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

Cowlitz Project Agreements

In September 2004, Salishan-Mohegan entered into development and management agreements with the Cowlitz Tribe in connection with the Cowlitz Project, which agreements have been amended from time to time.

Under the terms of the development agreement, Salishan-Mohegan assists in securing financing, as well as administration and oversight of the planning, designing, development, construction and furnishing of the proposed casino. The development agreement provides for development fees of 3% of total project costs, as defined under the development agreement. Under the terms of Salishan-Mohegan's operating agreement, development fees will be distributed to Mohegan Ventures-NW.

Under the terms of the management agreement, Salishan-Mohegan will manage, operate and maintain the proposed casino for a period of seven years following its opening. The management agreement provides for management fees of 24% of net revenues, as defined under the management agreement, which approximates net income earned from the Cowlitz Project. Under the terms of Salishan-Mohegan's operating agreement, management fees will be allocated to the members of Salishan-Mohegan based on their respective membership interests. The management agreement is subject to approval by the NIGC.

Under the terms of the development agreement, certain receivables contributed to Salishan-Mohegan and amounts advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe are reimbursable to Salishan-Mohegan by the Cowlitz Tribe, subject to appropriate approvals defined under the development agreement. As of September 30, 2015, reimbursements are contingent and are to be distributed upon: (1) the related property being taken into trust by the United States Department of the Interior and

(2) the receipt of necessary financing for the development of the proposed casino. As of September 30, 2015, the Authority accrued interest on the Salishan-Mohegan receivables at an annual rate of 10.0%.

On December 4, 2015, the CTGA closed on its financing for the Cowlitz Project. The financing provides funding for construction of the Cowlitz Project and a partial repayment of reimbursable costs and expenses advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe for the Cowlitz Project, or the Salishan-Mohegan receivables. In connection with this transaction, Salishan-Mohegan was repaid \$19.4 million of the Salishan-Mohegan receivables, a portion of which was used to repay certain outstanding debt of Salishan-Mohegan. In accordance with the terms of the development agreement, as amended, the remaining outstanding Salishan-Mohegan receivables are to be repaid in equal monthly installments over a seven-year period beginning in the first month following the opening of the Cowlitz Project, plus accrued interest at a rate equal to 1.0% above the Cowlitz Project financing rate, or 12.5%. Pursuant to the development agreement, repayment of the Salishan-Mohegan receivables may accelerate depending on the level of available cash at the end of each fiscal year, subject to certain conditions as set forth in the development agreement, including conditions of the Cowlitz financing. Also in connection with the Cowlitz financing, Salishan-Mohegan assigned the lease for the Cowlitz Project site to CTGA.

Certain Indebtedness

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

Senior Secured Credit Facilities

In November 2013, we entered into a loan agreement among us, the Tribe, the guarantors as defined below, RBS Citizens, N.A., as administrative and collateral agent and the other lenders and financial institutions party thereto, providing for \$955.0 million in aggregate principal amount of senior secured credit facilities, or the senior secured credit facilities, comprised of a \$100.0 million senior secured revolving credit facility, or the revolving facility, a \$125.0 million senior secured term loan A facility, or the term loan A facility, and a \$730.0 million senior secured term loan B facility, or the term loan B facility. The senior secured credit facilities mature on June 15, 2018, subject to extension based on the satisfaction of certain conditions to November 19, 2018 (in the case of the revolving facility and the term loan A facility) and November 19, 2019 (in the case of the term loan B facility).

On August 11, 2015, we entered into an increase joinder and amendment agreement among us, the Tribe, the guarantors as defined below, Citizens Bank, N.A., as administrative agent, and the lenders party thereto, amending the senior secured credit facilities. Pursuant to the amendment, we borrowed \$90.0 million of increase term B loans on the same terms as the existing term B loans under term loan B facility. The net proceeds from this transaction were used to redeem outstanding 2012 senior subordinated notes (further discussed below).

The term loan A facility amortizes in equal quarterly installments in an aggregate annual amount equal to 5.0% of the original principal amount for the first year after the closing date, 7.5% of the original principal amount for the second year after the closing date and 10.0% of the original principal amount in each year thereafter, with the balance payable on the maturity date of the term loan A facility. The term loan B facility amortizes in equal quarterly installments in an aggregate annual amount equal to 1.0% of the original principal amount. Amortization of the term loan A facility and term loan B facility began with the first full fiscal quarter after the closing date.

As of September 30, 2015, amounts outstanding under the revolving facility, term loan A facility and term loan B facility totaled \$21.0 million, \$111.7 million and \$807.0 million, respectively. As of September 30, 2015, letters of credit issued under the revolving facility totaled \$3.0 million, of which no amount was drawn. Inclusive of letters of credit, which reduce borrowing availability under the revolving facility, and after taking into account restrictive financial covenant requirements, we had approximately \$76.0 million of borrowing capacity under the revolving facility and line of credit as of September 30, 2015.

Borrowings under the senior secured credit facilities incur interest as follows: (i) for base rate loans under the revolving facility and term loan A facility, a base rate equal to the highest of (a) the prime rate, (b) the federal funds rate plus 50 basis points and (c) the one-month LIBOR rate plus 100 basis points (the highest of (a), (b) and (c), the “base rate”), plus a leverage-based margin of 250 to 350 basis points; (ii) for Eurodollar rate loans under the revolving facility and term loan A facility, the applicable LIBOR rate plus a leverage-based margin of 350 to 450 basis points; (iii) for base rate loans under the term loan B facility, the base rate (subject to a 2.0% floor) plus 350 basis points; and (iv) for Eurodollar rate loans under the term loan B facility, the applicable LIBOR rate (subject to a 1.0% floor) plus 450 basis points. We are also required to pay a leverage-based commitment

fee of between 37.5 and 50 basis points for unused commitments under the revolving facility. Interest on base rate loans is payable quarterly in arrears. Interest on Eurodollar rate loans of three months or less is payable at the end of each applicable interest period and for Eurodollar rate loans of more than three months, interest is payable at intervals of three months duration after the beginning of such interest period.

Our obligations under the senior secured credit facilities are fully and unconditionally guaranteed, jointly and severally, by the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming, or collectively, the guarantors. The senior secured credit facilities are collateralized by a first priority lien on substantially all of our property and assets and those of the guarantors (other than MBC), including the assets that comprise Mohegan Sun Pocono and a leasehold mortgage on the land and improvements that comprise Mohegan Sun (we and the guarantors, other than MBC, are collectively referred to herein as the grantors). The grantors are also required to pledge additional assets as collateral for the senior secured credit facilities as they and future guarantor subsidiaries acquire them.

The senior secured credit facilities contain customary covenants applicable to us and our restricted subsidiaries, including covenants governing: incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions, mergers or consolidations and capital expenditures. Additionally, the senior secured credit facilities include financial maintenance covenants pertaining to total leverage, secured leverage and minimum fixed charge coverage.

Senior Unsecured Notes

2013 9³/₄% Senior Unsecured Notes

In August 2013, we issued \$500.0 million senior unsecured notes with fixed interest payable at a rate of 9.75% *per annum*, or the initial 2013 senior unsecured notes. On August 11, 2015, we issued an additional \$85.0 million of senior unsecured notes under the initial 2013 senior unsecured notes indenture, or the additional 2013 senior unsecured notes, and, together with the initial 2013 senior unsecured notes, the 2013 senior unsecured notes. Subsequent to this transaction, an aggregate principal amount of \$585.0 million 2013 senior unsecured notes is outstanding. The net proceeds from the additional 2013 senior unsecured notes were used to redeem outstanding 2012 senior subordinated notes (further discussed below).

The 2013 senior unsecured notes mature on September 1, 2021. We may redeem the 2013 senior unsecured notes, in whole or in part, at any time prior to September 1, 2016 at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest (and additional interest in the case of the additional 2013 senior unsecured notes, if any, pursuant to the registration rights agreement described below) to the date of redemption. On or after September 1, 2016, we may redeem the 2013 senior unsecured notes, in whole or in part, at specified redemption prices, together with accrued interest (and additional interest in the case of the additional 2013 senior unsecured notes, if any) to the date of redemption. If we experience specific kinds of change of control triggering events, we must offer to repurchase the 2013 senior unsecured notes at a price equal to 101% of the principal amount thereof, plus accrued interest (and additional interest in the case of the additional 2013 senior unsecured notes, if any) to the purchase date. In addition, if we undertake certain types of asset sales and do not use the related sale proceeds for specified purposes, we may be required to offer to repurchase the 2013 senior unsecured notes at a price equal to 100% of the principal amount, plus accrued interest (and additional interest in the case of the additional 2013 senior unsecured notes, if any). Interest on the 2013 senior unsecured notes is payable semi-annually on March 1st and September 1st.

In March 2014, we completed an offer to exchange the initial 2013 senior unsecured notes for a new issue of substantially identical debt securities registered under the Securities Act of 1933, with all outstanding notes being exchanged.

The 2013 senior unsecured notes are uncollateralized general obligations and are effectively subordinated to all of our and the guarantors' and future guarantor subsidiaries' senior secured indebtedness, including the senior secured credit facilities, to the extent of the value of the collateral securing such indebtedness. The 2013 senior unsecured notes are also effectively subordinated to any indebtedness and other liabilities (including trade payables) of our subsidiaries that do not guarantee the 2013 senior unsecured notes. The 2013 senior unsecured notes rank equally in right of payment with our other unsecured, unsubordinated indebtedness, including trade payables. The 2013 senior unsecured notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The 2013 senior unsecured notes indenture contains certain covenants that, subject to certain significant exceptions, limit, among other things, our and the guarantors' ability to incur additional debt, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company or transfer and sell assets. The 2013 senior unsecured notes indenture includes customary events of default, including, but not limited to, failure to make required payments, failure to comply with certain agreements or covenants, failure to pay certain other indebtedness, the occurrence of which is caused by a failure to pay principal, premium or interest or results in the acceleration of such indebtedness, certain events of bankruptcy and insolvency and certain judgment defaults.

Registration Rights Agreement

On August 11, 2015, we and the guarantors of the additional 2013 senior unsecured notes entered into a registration rights agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBS Securities Inc., as representatives of the several initial purchasers of the additional 2013 senior unsecured notes. Upon the terms and subject to the conditions of this agreement, we agreed to offer to exchange the additional 2013 senior unsecured notes, pursuant to a registration statement effective within 270 days of issuance, for a new issue of substantially identical debt securities registered under the Securities Act of 1933, as amended. Under certain circumstances set forth in the registration rights agreement, we may also be obligated to file a shelf registration statement with respect to the additional 2013 senior unsecured notes.

Facility Agreement for Senior Unsecured Notes

On November 18, 2015, we entered into an agreement, or the facility agreement, by and among us, the Tribe and UBS AG, London Branch, or UBS. Pursuant to the facility agreement, we may issue, from time to time, to UBS or its designee, senior unsecured notes in an aggregate principal amount of up to \$200.0 million, with varying amounts, borrowing dates, maturities and interest rates, as may be agreed with UBS or its designee.

On November 20, 2015, pursuant to the facility agreement, we entered into a note purchase agreement, or the note purchase agreement, by and among us, the Tribe and the purchaser named therein, or the purchaser. In accordance with the note purchase agreement, we issued floating rate senior notes due 2017 in an aggregate principal amount of \$100.0 million, or the 2015 senior unsecured notes, to the purchaser in a private offering that closed on November 20, 2015. The 2015 senior unsecured notes are senior unsecured obligations. Pursuant to a guarantee agreement dated November 20, 2015, certain of our subsidiaries, which are the same guarantors that guarantee our senior secured credit facilities and other senior unsecured and senior subordinated notes, have guaranteed the 2015 senior unsecured notes. The 2015 senior unsecured notes bear interest at a rate per annum equal to LIBOR plus 4.45%, payable quarterly. The 2015 senior unsecured notes mature on December 15, 2017. We used the net proceeds from the 2015 senior unsecured notes to refinance existing indebtedness and to finance new development opportunities.

We may redeem the 2015 senior unsecured notes at any time, in whole or in part, at a price equal to 100% of the principal amount of the notes redeemed plus accrued interest to the date of redemption, customary breakage costs, a “make-whole amount,” and, if redeemed within one year of the date of issuance, a premium of 0.25%. If we experience specific kinds of change of control events, undertake certain types of asset sales or experience certain swap-related credit determinations, we will be required to make an offer to purchase the 2015 senior unsecured notes at the purchase prices set forth in the note purchase agreement. In addition, if any gaming regulatory authority requires a holder of the 2015 senior unsecured notes to be licensed, qualified or found suitable under applicable gaming laws, and such holder does not obtain such license, qualification or finding of suitability within a specified time, we can call for redemption of the 2015 senior unsecured notes held by such holder.

The 2015 senior unsecured notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

The 2015 senior unsecured notes are uncollateralized general obligations and are effectively subordinated to all of our and the guarantors’ and future guarantor subsidiaries’ senior secured indebtedness, including the senior secured credit facilities, to the extent of the value of the collateral securing such indebtedness. The 2015 senior unsecured notes are also effectively subordinated to any indebtedness and other liabilities (including trade payables) of our subsidiaries that do not guarantee the 2015 senior unsecured notes. The 2015 senior unsecured notes rank equally in right of payment with our other unsecured, unsubordinated indebtedness, including trade payables. The 2015 senior unsecured notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The note purchase agreement contains certain covenants that, subject to certain significant exceptions, limit, among other things, our and the guarantors’ ability to incur additional debt, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company or transfer and sell assets. The note purchase agreement includes customary events of default, including, but not limited to, failure to make required payments, failure to comply with certain agreements or covenants, certain cross-defaults, certain events of bankruptcy and insolvency and certain judgment defaults.

Senior Subordinated Notes

2012 11% Senior Subordinated Notes

In March 2012, we issued \$344.2 million senior subordinated toggle notes with fixed interest payable at a rate of 11% *per annum*, or the 2012 senior subordinated notes, in exchange for \$203.8 million of our then outstanding 2004 7 1/8% senior subordinated notes and \$140.3 million of 2005 senior subordinated notes. The 2012 senior subordinated notes mature on September

15, 2018. We may redeem the 2012 senior subordinated notes, in whole or in part, at any time, at a price equal to 100% of the principal amount plus accrued interest. If a change of control occurs, we must offer to repurchase the 2012 senior subordinated notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if we undertake certain types of asset sales or suffer events of loss, and we do not use the related sale or insurance proceeds for specified purposes, we may be required to offer to repurchase the 2012 senior subordinated notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 senior subordinated notes is payable semi-annually on March 15th and September 15th. The initial interest payment on the 2012 senior subordinated notes was payable entirely in cash. For any subsequent interest payment period through March 15, 2018, we may, at our option, elect to pay interest on the 2012 senior subordinated notes either entirely in cash or by paying up to 2% in 2012 senior subordinated notes, or PIK interest. If we elect to pay PIK interest, such election will increase the principal amount of the 2012 senior subordinated notes in an amount equal to the amount of PIK interest for the applicable interest payment period to holders of 2012 senior subordinated notes on the relevant record date.

In August 2013, we repurchased an aggregate principal amount of \$69.0 million 2012 senior subordinated notes. On September 10, 2015, we redeemed an additional aggregate principal amount of \$175.0 million of 2012 senior subordinated notes. An aggregate principal amount of approximately \$100.2 million 2012 senior subordinated notes remains outstanding as of September 30, 2015.

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

The 2012 senior subordinated notes are uncollateralized general obligations and are subordinated to borrowings under the senior secured credit facilities and 2013 senior unsecured notes. The 2012 senior subordinated notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The 2012 senior subordinated notes indenture contains certain non-financial and financial covenant requirements with which we and the Tribe must comply. The non-financial covenant requirements include, among other things, reporting obligations, compliance with laws and regulations, maintenance of licenses and insurances and our continued existence. The financial covenant requirements include, among other things, subject to certain exceptions, limitations on our and the guarantors' ability to incur additional indebtedness, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company, transfer or sell assets or impair assets constituting collateral.

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

Line of Credit

In November 2013, we entered into a \$16.5 million revolving credit facility with Bank of America, N.A., or the line of credit. The line of credit is coterminous with the senior secured credit facilities. Pursuant to provisions of the senior secured credit facilities, under certain circumstances, the line of credit may be converted into loans under the senior secured credit facilities. Under the line of credit, each advance accrues interest on the basis of a one-month LIBOR rate plus an applicable margin based on our total leverage ratio, as each term is defined under the line of credit. As of September 30, 2015, no amount was drawn on the line of credit. Borrowings under the line of credit are uncollateralized obligations. The line of credit contains negative covenants and financial maintenance covenants that are substantially the same as those contained in the senior secured credit facilities.

2012 Mohegan Tribe Minor's Trust Promissory Note

In March 2012, Comerica Bank & Trust, N.A., Trustee f/b/o The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan, referred to herein as the 2012 Mohegan Tribe Minor's Trust promissory note. The 2012 Mohegan Tribe Minor's Trust promissory note was amended in June 2014 to extend the maturity date to March 31, 2017. As of September 30, 2015, the 2012 Mohegan Tribe Minor's Trust promissory note accrued interest at an annual rate of 10.0% and accrued interest was payable as follows: (i) quarterly, commencing June 30, 2012 through March 31, 2014, (ii) on July 1, 2014 on the unpaid balance for the period April 1, 2014 through June 30, 2014, (iii) \$800,000 per quarter, commencing September 30, 2015 through March 31, 2016 and (iv) quarterly, thereafter on the unpaid balance. As of September 30, 2015, principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note amortized as follows: (i) \$500,000 per quarter, commencing December 31, 2012 through March 31, 2014, (ii) \$500,000 on July 1, 2014 and September 30, 2015, (iii) \$1.5 million per quarter, commencing December 31, 2015 through September 30, 2016 and (iv) \$10.0 million at maturity.

The 2012 Mohegan Tribe Minor's Trust promissory note was further amended on December 4, 2015, pursuant to which the interest rate was adjusted to an annual rate of 12.5% and accrued interest was adjusted to be payable quarterly commencing

March 31, 2016. In addition, principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note will now amortize in an amount equal to \$1.5 million per quarter commencing March 31, 2016 through December 31, 2016, with the remaining principal amount due at maturity. On December 4, 2015, the Cowlitz Tribe repaid \$6.0 million of principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note on behalf of Salishan-Mohegan, leaving a remaining principal amount of \$10.0 million.

2013 Mohegan Tribe Promissory Note

In March 2013, Mohegan Gaming & Hospitality, LLC, or MG&H, purchased and acquired all of the Tribe's membership interest in MG&H in exchange for a promissory note in the principal amount of \$7.4 million, or the 2013 Mohegan Tribe promissory note. The 2013 Mohegan Tribe promissory note matures on December 31, 2018. The 2013 Mohegan Tribe promissory note accrues interest at an annual rate of 4.0% payable quarterly.

2015 Mohegan Tribe Promissory Note

On November 16, 2015, the Tribe made a \$22.5 million loan to Mohegan Gaming Advisors, or the 2015 Mohegan Tribe promissory note. The 2015 Mohegan Tribe promissory note matures on April 15, 2016. The 2015 Mohegan Tribe promissory note accrues interest at an annual rate of 5.0% and requires a principal payment of \$8.5 million, plus accrued interest, on January 15, 2016, with the remaining principal amount, plus accrued interest, due at maturity.

Downs Lodging Credit Facility

In July 2012, Downs Lodging, a single purpose entity and wholly-owned unrestricted subsidiary, entered into a credit agreement providing for a \$45.0 million term loan from a third-party lender, or the Downs Lodging credit facility. The proceeds from the Downs Lodging credit facility were used by Downs Lodging to fund Project Sunlight, a hotel and convention center expansion project at Mohegan Sun Pocono. The Downs Lodging credit facility matures on July 12, 2016 and accrues interest at an annual rate of 13.0%, with accrued interest of 10.0% payable monthly in cash during the term of the loan and the remaining 3.0% due at maturity. In addition, a 3.0% exit fee is payable upon repayment of the loan principal. On July 16, 2015, Downs Lodging prepaid approximately \$4.5 million of the Downs Lodging credit facility, plus accrued interest and fees. As of September 30, 2015, approximately \$40.5 million remained outstanding under the Downs Lodging credit facility.

On November 25, 2015, Downs Lodging repaid and terminated the Downs Lodging credit facility with proceeds from a new credit agreement providing for a \$25.0 million term loan from a third-party lender, or the new Downs Lodging credit facility, and a cash payment of the remaining principal amount outstanding under the Downs Lodging credit facility, plus accrued interest and fees. The new Downs Lodging credit facility matures on November 24, 2019, subject to earlier maturity in the event that 5.0% or more of our total funded indebtedness matures prior to that date, in which case the new Downs Lodging credit facility matures six months prior to such date. Principal outstanding under the new Downs Lodging credit facility amortizes in equal monthly amounts of approximately \$260,000 commencing January 1, 2016, with the remaining balance due at maturity. The new Downs Lodging credit facility accrues interest as follows: (i) for base rate loans, at a base rate equal to the greater of (a) the prime rate and (b) the federal funds rate plus 50 basis points (the greater of (a) and (b), the "base rate"), plus 250 basis points and (ii) for Eurodollar rate loans, at the applicable LIBOR rate plus 350 basis points. Interest on base rate loans is payable monthly. Interest on Eurodollar rate loans is payable at the end of each applicable interest period.

The new Downs Lodging credit facility is a senior secured obligation of Downs Lodging, collateralized by all existing and future assets of Downs Lodging. The new Downs Lodging credit facility subjects Downs Lodging to certain covenant requirements customarily found in loan agreements for similar transactions. Additionally, the new Downs Lodging credit facility includes a financial maintenance covenant pertaining to minimum debt service coverage.

Environmental Matters

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

From 1991 through 1993, United Nuclear Corporation commissioned environmental audits and soil sampling programs which detected, among other things, volatile organic chemicals, heavy metals and fuel hydrocarbons in the soil and groundwater. The Connecticut Department of Energy and Environmental Protection, or the DEEP, reviewed the environmental audits and reports and established cleanup requirements for the site. In December 1994, the DEEP approved United Nuclear Corporation's remedial plan, which determined that groundwater remediation was unnecessary because although the groundwater beneath the site was

contaminated, it met the applicable groundwater criteria given the classification of the groundwater under the site. In addition, extensive remediation of contaminated soil and additional investigation were completed to achieve the DEEP's cleanup criteria and demonstrate that the remaining soil complied with applicable cleanup criteria. Initial construction at the site also involved extensive soil excavation. According to data gathered in a 1995 environmental report commissioned by United Nuclear Corporation, remediation is complete and is consistent with the applicable Connecticut cleanup requirements. The DEEP has reviewed and approved the cleanup activities at the site, and, as part of the DEEP's approval, United Nuclear Corporation was required to perform post-closure groundwater monitoring at the site to ensure the adequacy of the cleanup. In addition, under the terms of United Nuclear Corporation's environmental certification and indemnity agreement with the Department of the Interior (which took the former United Nuclear Corporation land into trust for the Tribe), United Nuclear Corporation agreed to indemnify the Department of the Interior for environmental actions and expenses based on acts or conditions existing or occurring as a result of United Nuclear Corporation's activities on the property.

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

We did not incur any material costs related to the above environmental matters for the fiscal years ended September 30, 2015, 2014 and 2013. Notwithstanding the foregoing, no assurance can be given that existing environmental studies revealed all environmental liabilities, or that future laws, ordinances or regulations will not impose any material environmental liability or that a material environmental condition does not otherwise currently exist.

Employees and Labor Relations

As of September 30, 2015, the Connecticut facilities employed approximately 4,875 full-time employees and 1,920 seasonal, part-time and on-call employees. Pursuant to the Tribal Employment Rights Ordinance, when recruiting and hiring personnel, except key personnel, the Connecticut facilities are obligated to give first preference to qualified members of the Tribe and then to enrolled members of other Indian tribes. See "Certain Relationships and Related Transactions." None of the Connecticut facilities' employees are covered by collective bargaining agreements.

As of September 30, 2015, Mohegan Sun Pocono employed approximately 985 full-time employees and 735 seasonal, part-time and on-call employees. Certain of our Mohegan Sun Pocono' employees are represented under collective bargaining agreements between Downs Racing and either, the International Union of Operating Engineers Local Union 542C, or Local Union 542C, or Teamsters Local No. 401, or Local No. 401. The agreement with Local Union 542C expires on March 31, 2018 and relates to equipment and heavy equipment operators. The agreement with Local No. 401 expires on January 31, 2017 and relates to truck drivers and maintenance employees.

Item 1A. Risk Factors.

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

Risks Related to Our Indebtedness

Our substantial indebtedness could adversely affect our financial condition.

We currently have and will continue to have a substantial amount of indebtedness. As of September 30, 2015, our debt totaled approximately \$1.7 billion.

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

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

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

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

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

Risks Related to Our Business

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

Although we, the Tribe, MBC, Mohegan Ventures-NW, Mohegan Golf, MVW, WTG and to the extent applicable, the Pocono subsidiaries and MTGA Gaming, or collectively, the Tribal entities, each have sovereign immunity and generally may not be sued without our and their respective consents, a limited waiver of sovereign immunity and consent to suit has been granted in connection with substantially all of our outstanding indebtedness. Each such waiver includes suits against us to enforce our

obligation to repay certain outstanding indebtedness. Generally, waivers of sovereign immunity have been held to be enforceable against Indian tribes. In the event that any waiver of sovereign immunity is held to be ineffective, a claimant could be precluded from judicially enforcing its rights and remedies. With limited exceptions, the Tribal entities have not waived sovereign immunity from private civil suits, including violations of the federal securities laws. For this reason, a claimant may not have any remedy against any of the Tribal entities for violations of federal securities laws.

If an entity that has sovereign immunity waives its immunity and consents to suit in federal and/or state court, disputes may be brought in a federal or state court that has jurisdiction over the matter. However, federal courts may not exercise jurisdiction over disputes not arising under federal law or between litigants that are not citizens of different states, and some courts have ruled that an Indian tribe is not a citizen of any state for purposes of obtaining federal diversity jurisdiction. The extent to which state courts will assume jurisdiction over disputes involving Indian tribes varies from state to state. In addition, the Tribe's Constitution has established a special court, the Gaming Disputes Court, to rule on disputes with respect to Mohegan Sun. The federal and state courts, under the doctrines of comity and exhaustion of tribal remedies, may (1) defer to the jurisdiction of the Gaming Disputes Court or (2) require that any plaintiff exhaust its remedies in the Gaming Disputes Court before bringing any action in federal or state court. Thus, there may be no available federal or state court forum for adjudication of a dispute with an entity that has sovereign immunity.

The limited waiver of sovereign immunity that has been granted in connection with our outstanding indebtedness additionally provides that in the event that none of the specified federal or state courts accept or exercise jurisdiction over a dispute, claims may be brought in arbitration proceedings with enforcement of arbitration awards in courts of competent jurisdiction. Such a dispute would not be decided by a judge, but by an arbitrator appointed in accordance with the commercial arbitration rules of the American Arbitration Association. The scope of a party's ability to conduct discovery with respect to such a dispute, and the time in which the party is permitted to do so, are more limited than in a judicial proceeding. If any party does not prevail in a dispute before an arbitrator, that party's ability to appeal the arbitrator's decision will be limited. Federal and state courts typically are required to enforce a proper arbitration award without a re-examination of the merits of the decision. Enforcement of arbitration awards in the Gaming Disputes Court may not be subject to the same limitations on such re-examination.

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

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

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

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

Our ability to make payments on and to refinance our indebtedness will depend upon our ability to generate cash flows from operations in the future and current and future economic and credit market conditions. Our ability to generate cash flows is subject to financial, economic, political, competitive, regulatory and other factors beyond our control. We continue to monitor revenues and manage expenses and enhance operating efficiencies to ensure continued compliance with our financial covenant requirements under both our senior secured credit facilities and note indentures. While we anticipate that we will remain in compliance with all covenant requirements for all periods prior to maturity, we may need to increase revenues or offset any future declines in revenues by implementing cost saving and other initiatives to ensure compliance with these financial covenant requirements. If we are unable to satisfy our financial covenant requirements, we would need to obtain waivers or consents; however, we can provide no assurance that we would be able to obtain such waivers or consents. If we are unable to obtain such waivers or consents, we would be in default under our debt documents, which may result in cross-defaults under our other outstanding indebtedness and allow our lenders and creditors to exercise their rights and remedies as defined under their respective agreements, including their right to accelerate the repayment of our outstanding indebtedness. If such acceleration were to occur, we can provide no assurance that we would be able to obtain the financing necessary to repay such accelerated indebtedness. There

is also a risk that the banks that participate in our senior secured credit facilities may not be able to perform when we request additional funds to be advanced to us under such facilities. If funds are not available to be drawn under the terms of our senior secured credit facilities, we may not be able to secure additional financing.

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

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

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

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

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

In addition, our indentures place certain limitations on our ability to incur indebtedness. Under these indentures, we are generally able to incur indebtedness that otherwise may be restricted, provided we meet a minimum fixed charge coverage ratio, as defined. If we were to fall below the minimum fixed charge coverage ratio, our ability to incur additional debt would be limited and subject to other applicable exceptions contained in the indentures, and the options available to us to refinance our existing indebtedness would be restricted. In such event, we may need to obtain waivers or consents from our lenders in order to obtain additional debt or refinance our existing debt on satisfactory terms; however, we cannot assure you that we would be able to obtain such waivers or consents. In such event, it may not be possible for us to borrow additional funds to meet our obligations or refinance our maturities. At September 30, 2015, we were above the minimum fixed charge coverage ratio.

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

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

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

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

Our diversification efforts may not be successful.

We receive and evaluate various opportunities to diversify our business interests. These opportunities primarily include the development and/or management of, investment in, or ownership of other gaming enterprises through direct investments, acquisitions, joint venture arrangements and loan transactions. We are currently pursuing and evaluating opportunities in various jurisdictions. These efforts may require various levels of regulatory or legislative approval, and may require the commitment of

financial and capital resources, and a failure to achieve any such approval or to obtain or generate sufficient funds to meet such financial or capital requirements may result in the termination of the respective project. Additionally, there can be no assurance that we will continue to pursue any of these opportunities or that any of them will be consummated.

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

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

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

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

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

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

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

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

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

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

Notwithstanding the foregoing, we cannot assure you that:

- any environmental reports or studies prepared with respect to these sites or any other properties owned or operated by us revealed all environmental liabilities;
- prior owners or tenants did not create any material environmental condition not presently known to us that may be discovered in the future;

- future laws, ordinances or regulations will not impose any material environmental liability with regard to existing conditions or operations; or
- a material environmental condition does not otherwise exist on any site.

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

Our business could be affected by weather-related factors.

Our results of operations could be adversely affected by weather-related factors, such as the effects of Hurricane Sandy in September 2012 and unfavorable winter weather conditions experienced during the Blizzards of 2013 and 2015. Severe weather conditions may discourage potential patrons from traveling, or may deter or prevent patrons from reaching our facilities. If this occurs, it could have a material adverse effect on our future operating results and ability to meet our debt service obligations.

Our table games business is subject to volatility which could adversely affect our financial condition.

Table gaming, especially high-end table gaming, is more volatile than other forms of gaming, and variances in table games hold percentage may have a positive or negative impact on our quarterly revenues and operating results. Negative variations in quarterly revenues and operating results could adversely affect our financial condition.

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

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

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

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

An impairment of our goodwill or other intangible assets could adversely affect our financial condition.

In accordance with authoritative guidance issued by the Financial Accounting Standards Board pertaining to goodwill and other intangible assets, we assess the goodwill associated with our acquisition of the Pennsylvania Facilities and certain other intangible assets at least annually for impairment by comparing the fair value of the goodwill or such intangible asset to its carrying value. In the event the carrying value of the goodwill or intangible asset exceeds its fair value, the goodwill or other intangible asset would be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on our financial condition. We describe the process for testing goodwill and other intangible assets for impairment and the results of our testing for fiscal 2015 and 2014 more thoroughly in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations. Critical Accounting Policies and Estimates” of this Annual Report on Form 10-K under the headings “Goodwill” and “Other Intangible Assets” and in Note 2 to our consolidated financial statements, under the headings “Goodwill” and “Other Intangible Assets.”

Risks Related to Mohegan Sun

We face intense competition in our primary market from Foxwoods.

The existing gaming industry in our primary market is highly competitive. We primarily compete with Foxwoods which is located approximately 10 miles from Mohegan Sun and is reportedly one of the largest gaming facilities in the United States in

terms of total gaming positions. Foxwoods has been in operation for more than 23 years and recently added a new retail outlet mall to its amenities which could impact competition in our primary market.

In addition to Foxwoods, we also face competition from gaming facilities elsewhere in our market areas.

While Mohegan Sun and Foxwoods are the only two current gaming operations in southern New England offering traditional slot machines and table games, we also face competition from gaming facilities in Massachusetts, Rhode Island, New York and New Jersey. In addition, we face competition in and from the Northeastern Pennsylvania gaming market. Racinos in Yonkers, Queens, Batavia, Hamburg, Nichols, Vernon, Monticello, Saratoga Springs and Farmington, New York, reportedly operate approximately 18,000 VLTs, including electronic table games. While Twin River and Newport Grand in the State of Rhode Island reportedly offer approximately 5,400 VLTs and 80 table games. Given the geographic proximity of Empire City and Resorts World to New York City and Twin River and Newport Grand to Boston, these facilities may have a distinct advantage over Mohegan Sun in competing for patrons from the New York and Boston metropolitan regions. We also compete for patrons with casinos in Atlantic City, New Jersey. Many of these casinos may have greater resources, operating experience and name recognition than Mohegan Sun. In addition, the State of New Jersey and the Atlantic City gaming market continue to implement legislative reforms adopted in 2011 and public-private initiatives to revitalize gaming in the state.

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

With the addition of table gaming in Rhode Island, Maine, Pennsylvania and Delaware, commercial casino gaming has expanded in the Northeastern United States and is poised to expand further. In the Commonwealth of Massachusetts, the single slot-only facility is now open, while two commercial casino gaming licenses have been awarded and a third is under consideration. In the State of New York, three commercial casinos are under development, while a fourth is under consideration, along with the expansion of VLTs at off-track wagering facilities in Nassau and Suffolk counties.

Tribal gaming projects being pursued by the Mashpee Wampanoag Tribe, which has entered into a tribal-state gaming compact, and the Aquinnah Wampanoag Tribe, both located in the Commonwealth of Massachusetts, and the Shinnecock Indian Nation of New York also increase the possibility of new tribal gaming in the Northeastern United States in the future. In addition, other federally-recognized Indian tribes continue to pursue new gaming projects elsewhere in the Northeastern United States, while, groups seeking federal recognition as Indian tribes, as well as federally-recognized Indian tribes, continue efforts to establish or expand reservation lands with an interest in commercial casino gaming on such lands. Additionally, Indian tribal groups from the State of Connecticut whose petitions have been rejected in recent years by the BIA may be successful with appeals or reconsiderations of those petitions.

Furthermore, the states of Nevada, New Jersey and Delaware have passed legislation to license and tax Internet poker and other on-line gaming conducted on an intra-state basis or with other states by compact, while new federal on-line gaming legislation has been introduced in Congress. State lotteries in the states of New York and Illinois have also sought and received favorable opinions from the U.S. Department of Justice on their ability to conduct certain activities on-line under federal law. In addition, the State of New Jersey has passed legislation related to sports wagering and is involved in litigation challenging the federal law which restricts legalized sports wagering to certain states.

Based on our analysis of existing and potential gaming in our market areas, we believe that competition will continue to increase in the future. We are unable to predict whether any of the efforts discussed above by commercial casino gaming operators, federally-recognized Indian tribes or groups seeking federal recognition as Indian tribes will be successful. We are also unable to predict whether on-line gaming legislation will be adopted on a federal basis, an intra-state basis in one or more states, other than the states of Nevada, New Jersey and Delaware, or among more than one state under a multi-state compact. In addition, we are unable to predict the impact of the Nevada, New Jersey and Delaware Internet gaming legislation or any such additional legislation on our business. Additionally, we are unable to predict whether on-line gaming or sports wagering will be expanded under existing law on an intra-state or national basis. If new gaming operations are established or existing gaming operations are expanded, we are uncertain of the impact that such gaming operations will have on our operations and our ability to meet our financial obligations.

Because the gaming industry in the northeastern United States has experienced seasonal fluctuations in the past, we may also experience seasonal variations in our revenues and operating results that could adversely affect our cash flows.

The gaming industry in the northeastern United States is seasonal in nature, with peak gaming activities often occurring during the months of May through August. Similarly, peak gaming activities at Mohegan Sun often occur during the months of May through August. As a result of these seasonal fluctuations, we likely will continue to experience seasonal variations in our quarterly revenues and operating results that could result in decreased cash flows during periods in which gaming activity is not at peak levels. These variations in quarterly revenues and operating results could adversely affect our financial condition.

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

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

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

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

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

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

- escalation of construction costs above anticipated amounts;
- shortage of material and skilled labor;
- weather interference;
- engineering problems;
- environmental problems;
- fire, flood and other natural disasters;
- labor disputes; and
- geological, construction, demolition, excavation and/or equipment problems.

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

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

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

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

We may expand our facilities from time to time. We can provide no assurance that we will be successful in integrating the new amenities from such expansions into Mohegan Sun's current operations or in managing the expanded resort. Failure to

successfully integrate and manage new services and amenities could have a material adverse effect on our results of operations and our ability to meet our financial obligations.

Risks Related to the Indian Gaming Industry

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

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

Currently, the operation of gaming on Indian tribal lands is subject to IGRA. Legislation has been introduced in Congress from time to time with the intent of modifying a variety of perceived deficiencies with IGRA or the Indian Reorganization Act of 1934 under which land can be acquired for tribes for various purposes, including gaming. Certain proposals that have been considered would be prospective in effect and contain clauses that would grandfather existing Indian tribal gaming operations such as Mohegan Sun. However, legislation has also been proposed from time to time which would have the effect of repealing many of the key provisions of IGRA and prohibiting the continued operation of particular classes of gaming on Indian tribal reservations in states where such gaming is not otherwise allowed on a commercial basis. While none of the substantive proposed amendments to IGRA have been enacted, we cannot predict the effects of future legislative acts. In the event that Congress passes prohibitory legislation that does not include any grandfathering exemption for existing Indian tribal gaming operations, and if such legislation is sustained in the courts against tribal challenge, our ability to meet our financial obligations would be materially and adversely affected.

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

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

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

Risks Related to Mohegan Sun Pocono

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

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

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

Mohegan Sun Pocono faces competition from several gaming facilities in the Commonwealth of Pennsylvania, as well as neighboring states. Our closest competitors are Mount Airy Resort Casino and Sands Casino Resort Bethlehem, both of which are located in Northeastern Pennsylvania, approximately 40 miles and 70 miles from Mohegan Sun Pocono, respectively. The development of other gaming facilities in the Commonwealth of Pennsylvania may also impact the competitive environment for Mohegan Sun Pocono.

In addition to existing slot machine and table game operations in the Commonwealth of Pennsylvania, Mohegan Sun Pocono faces competition from the VLT facility at the Monticello Raceway in Monticello, New York, approximately 90 miles from Mohegan Sun Pocono, as well as future competition from the proposed Montreign Resort Casino in Thompson, New York, which will be owned and operated by the same operator of the VLT facility at the Monticello Raceway and located approximately 175 miles from Mohegan Sun Pocono. Additionally, Mohegan Sun Pocono faces competition from Tioga Downs Casino in Nichols,

New York, approximately 100 miles from Mohegan Sun Pocono. Expanded gaming in the states of Maryland, Ohio, New Jersey, Delaware and West Virginia may affect overall gaming in the Commonwealth of Pennsylvania, the OTW facilities and other gaming facilities with which Mohegan Sun Pocono compete for patrons.

We are unable to predict the impact of existing and potential competition in our market area and its impact on our operations and ability to meet our financial obligations.

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

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

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

Under the Pennsylvania Gaming Act, the PGCB has extensive authority to regulate gaming activities. Casino gaming is still a relatively new industry in the Commonwealth of Pennsylvania and many of the rules and regulations governing casino gaming are still evolving. New or changing regulations could adversely affect our gaming operations at Mohegan Sun Pocono.

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

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

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

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

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

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

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

Item 3. Legal Proceedings.

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

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

We have not issued or sold any equity securities.

Item 6. Selected Financial Data.

	As of or for the Fiscal Years Ended September 30,				
	2015	2014	2013	2012	2011
Operating Results:					
Gross revenues	\$ 1,388,966	\$ 1,391,662	\$ 1,435,885	\$ 1,498,510	\$ 1,527,188
Promotional allowances	(97,346)	(98,944)	(95,857)	(99,197)	(108,809)
Net revenues	\$ 1,291,620	\$ 1,292,718	\$ 1,340,028	\$ 1,399,313	\$ 1,418,379
Income from operations (1)	\$ 233,175	\$ 181,408	\$ 229,506	\$ 225,424	\$ 238,404
Other expenses, net (2)	(141,036)	(205,966)	(181,964)	(164,183)	(126,561)
Net income (loss)	92,139	(24,558)	47,542	61,241	111,843
Loss attributable to non-controlling interests	2,255	380	2,784	2,019	2,134
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 94,394	\$ (24,178)	\$ 50,326	\$ 63,260	\$ 113,977
Other Data:					
Interest expense, net of capitalized interest	\$ 143,876	\$ 147,933	\$ 170,150	\$ 146,057	\$ 117,710
Capital expenditures incurred	\$ 30,024	\$ 32,628	\$ 66,053	\$ 43,642	\$ 46,477
Net cash flows provided by operating activities	\$ 169,418	\$ 73,016	\$ 102,951	\$ 176,997	\$ 194,278
Balance Sheet Data:					
Total assets	\$ 2,020,133	\$ 2,035,531	\$ 2,109,963	\$ 2,211,063	\$ 2,195,634
Long-term debt and capital leases, net of current portions	\$ 1,612,671	\$ 1,681,300	\$ 1,628,544	\$ 1,630,860	\$ 816,636

- (1) Operating costs and expenses, included in income from operations, include non-cash relinquishment liability reassessment credits of \$243,000, \$1.9 million, \$249,000, \$11.4 million and \$8.8 million in fiscal 2015, 2014, 2013, 2012 and 2011, respectively. A discussion of the relinquishment liability may be found in Note 11 to our consolidated financial statements, beginning on page F-1 of this Annual Report on Form 10-K. Operating costs and expenses also include impairment charges of \$2.5 million and \$5.0 million in fiscal 2015 and 2014, respectively. A discussion of these impairment charges may be found in Note 4 to our consolidated financial statements, beginning on page F-1 of this Annual Report on Form 10-K.
- (2) Other expenses, net, include accretion of discount to the relinquishment liability of \$227,000, \$2.2 million, \$5.0 million, \$8.2 million and \$11.4 million in fiscal 2015, 2014, 2013, 2012 and 2011, respectively. A discussion of the accretion of discount to the relinquishment liability may be found in Note 11 to our consolidated financial statements, beginning on page F-1 of this Annual Report on Form 10-K. Other expenses, net, also include losses on early extinguishment of debt of \$4.0 million, \$62.0 million, \$11.5 million and \$14.3 million in fiscal 2015, 2014, 2013 and 2012, respectively. In addition, other expenses, net, include interest expense, net of capitalized interest.

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

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

Explanation of Key Financial Statement Captions

Gross Revenues

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

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

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

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

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

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

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

Promotional Allowances

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

In addition, we offer ongoing promotional coupons to patrons for the purchase of food and beverage, hotel and retail amenities offered at Mohegan Sun and Mohegan Sun Pocono. The retail value of coupons redeemed at facilities operated by us is included in gross revenues and then 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 included in gaming costs and expenses.

Gaming Costs and Expenses

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

Income from Operations

Income from operations represents net revenues less total operating costs and expenses. Income from operations excludes accretion of discount to the relinquishment liability, interest income and expense, loss on early extinguishment of debt, other non-operating income and expense and loss attributable to non-controlling interests.

Reassessment and Accretion of Discount to the Relinquishment Liability

In February 1998, we entered into a relinquishment agreement with Trading Cove Associates, or TCA. The relinquishment agreement provided, among other things, that we made certain payments to TCA out of, and determined as a percentage of, revenues, as defined under the relinquishment agreement, generated by Mohegan Sun over a 15-year period. We recorded a relinquishment liability based on the estimated present value of our obligations under the relinquishment agreement. The relinquishment agreement expired on December 31, 2014. As of September 30, 2015, no amount was outstanding under the relinquishment agreement.

Results of Operations

Summary Operating Results

As of September 30, 2015, we own and operate, either directly or through wholly-owned subsidiaries, Mohegan Sun, the Connecticut Sun franchise and the Mohegan Sun Golf Club, and have partnered with an unrelated third-party to own and operate the New England Black Wolves franchise, or collectively, the Connecticut facilities, and the Pennsylvania facilities. Substantially all of our revenues are derived from these operations. The Connecticut Sun franchise, the Mohegan Sun Golf Club and the New England Black Wolves franchise are aggregated with the Mohegan Sun operating segment because these operations all share similar economic characteristics, which is to generate gaming and entertainment revenues by attracting patrons to Mohegan Sun. Our executive officers review and assess the performance and operating results and determine the proper allocation of resources to the Connecticut facilities and the Pennsylvania facilities on a separate basis. Accordingly, we have two separate reportable segments: (1) Mohegan Sun, which includes the operations of the Connecticut facilities and (2) Mohegan Sun Pocono, which includes the operations of the Pennsylvania facilities. Our operations related to investments in unconsolidated affiliates and certain other Corporate and management operations have not been identified as separate reportable segments; therefore, these operations are included in Corporate and other in the following segment disclosures to reconcile to consolidated results.

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

	For the Fiscal Years Ended September 30,						
	2015	2014	2013	Variance		Percentage Variance	
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13
Net revenues:							
Mohegan Sun	\$ 994,010	\$ 995,100	\$ 1,042,078	\$ (1,090)	\$ (46,978)	(0.1)%	(4.5)%
Mohegan Sun Pocono	295,135	296,578	296,648	(1,443)	(70)	(0.5)%	— %
Corporate and other	7,567	5,391	1,302	2,176	4,089	40.4 %	314.1 %
Inter-segment revenues	(5,092)	(4,351)	—	(741)	(4,351)	(17.0)%	(100.0)%
Total	\$ 1,291,620	\$ 1,292,718	\$ 1,340,028	\$ (1,098)	\$ (47,310)	(0.1)%	(3.5)%
Income (loss) from operations:							
Mohegan Sun	\$ 212,211	\$ 181,325	\$ 212,680	\$ 30,886	\$ (31,355)	17.0 %	(14.7)%
Mohegan Sun Pocono	45,817	36,956	43,763	8,861	(6,807)	24.0 %	(15.6)%
Corporate and other	(24,853)	(36,873)	(26,937)	12,020	(9,936)	32.6 %	(36.9)%
Total	\$ 233,175	\$ 181,408	\$ 229,506	\$ 51,767	\$ (48,098)	28.5 %	(21.0)%
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 94,394	\$ (24,178)	\$ 50,326	\$ 118,572	\$ (74,504)	N.M.	N.M.
Operating margin:							
Mohegan Sun	21.3%	18.2%	20.4%	3.1%	(2.2)%	17.0 %	(10.8)%
Mohegan Sun Pocono	15.5%	12.5%	14.8%	3.0%	(2.3)%	24.0 %	(15.5)%
Total	18.1%	14.0%	17.1%	4.1%	(3.1)%	29.3 %	(18.1)%

N.M. - Not Meaningful.

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

- various strategic operational and marketing and promotional changes designed to lower operating costs and expenses, enhance operating efficiency and improve profitability;

- relatively flat net revenues at both Mohegan Sun and Mohegan Sun Pocono;
- the continued ramp-up of hotel and convention center operations at Mohegan Sun Pocono;
- the lingering effects of the most recent economic recession and its impact on consumer discretionary spending; and
- competitive gaming markets.

Other factors that affected our financial performance were as follows:

- expiration of relinquishment payments in fiscal 2015;
- lower Corporate expenses in fiscal 2015;
- lower interest expense in fiscal 2015 and 2014;
- higher Corporate expenses in fiscal 2014; and
- losses on early extinguishment of debt of \$4.0 million, \$62.0 million and \$11.5 million in fiscal 2015, 2014 and 2013, respectively.

Net revenues for the fiscal year ended September 30, 2015 compared to the prior fiscal year were relatively flat.

Net revenues for the fiscal year ended September 30, 2014 compared to the prior fiscal year declined primarily due to lower gaming revenues at Mohegan Sun.

Income from operations for the fiscal year ended September 30, 2015 compared to the prior fiscal year increased primarily as a result of lower operating costs and expenses at both Mohegan Sun and Mohegan Sun Pocono, combined with reduced Corporate expenses.

Income from operations for the fiscal year ended September 30, 2014 compared to the prior fiscal year declined primarily due to the reduction in net revenues, combined with higher Corporate expenses.

Net income attributable to the Authority for the fiscal year ended September 30, 2015 compared to the prior fiscal year increased primarily as a result of the growth in income from operations and reduced non-operating loss on early extinguishment of debt. The increase in net income attributable to the Authority also reflected lower interest expense.

Net income attributable to the Authority for the fiscal year ended September 30, 2014 compared to the prior fiscal year declined primarily due to the non-operating loss on early extinguishment of debt, combined with the reduction in income from operations.

Mohegan Sun

Revenues

Revenues consisted of the following (in thousands):

	For the Fiscal Years Ended September 30,							
	2015	2014	2013	Variance		Percentage Variance		
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13	
Gaming	\$ 861,919	\$ 858,780	\$ 911,180	\$ 3,139	\$ (52,400)	0.4 %	(5.8)%	
Food and beverage	61,538	62,940	60,026	(1,402)	2,914	(2.2)%	4.9 %	
Hotel	44,836	42,921	40,873	1,915	2,048	4.5 %	5.0 %	
Retail, entertainment and other	102,901	108,776	108,508	(5,875)	268	(5.4)%	0.2 %	
Gross revenues	1,071,194	1,073,417	1,120,587	(2,223)	(47,170)	(0.2)%	(4.2)%	
Less-Promotional allowances	77,184	78,317	78,509	(1,133)	(192)	(1.4)%	(0.2)%	
Net revenues	\$ 994,010	\$ 995,100	\$ 1,042,078	\$ (1,090)	\$ (46,978)	(0.1)%	(4.5)%	

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

	For the Fiscal Years Ended September 30,		
	2015	2014	2013
Gaming	80.5%	80.0%	81.3%
Food and beverage	5.7%	5.9%	5.4%
Hotel	4.2%	4.0%	3.6%
Retail, entertainment and other	9.6%	10.1%	9.7%
Total	100.0%	100.0%	100.0%

Promotional Allowances

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

	For the Fiscal Years Ended September 30,							
	2015	2014	2013	Variance		Percentage Variance		
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13	
Food and beverage	\$ 26,039	\$ 26,330	\$ 22,747	\$ (291)	\$ 3,583	(1.1)%	15.8 %	
Hotel	13,429	13,301	13,798	128	(497)	1.0 %	(3.6)%	
Retail, entertainment and other	37,716	38,686	41,964	(970)	(3,278)	(2.5)%	(7.8)%	
Total	\$ 77,184	\$ 78,317	\$ 78,509	\$ (1,133)	\$ (192)	(1.4)%	(0.2)%	

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

	For the Fiscal Years Ended September 30,							
	2015	2014	2013	Variance		Percentage Variance		
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13	
Food and beverage	\$ 24,263	\$ 26,143	\$ 22,893	\$ (1,880)	\$ 3,250	(7.2)%	14.2 %	
Hotel	5,931	6,789	7,215	(858)	(426)	(12.6)%	(5.9)%	
Retail, entertainment and other	33,191	34,601	38,346	(1,410)	(3,745)	(4.1)%	(9.8)%	
Total	\$ 63,385	\$ 67,533	\$ 68,454	\$ (4,148)	\$ (921)	(6.1)%	(1.3)%	

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

	For the Fiscal Years Ended September 30,						
	2015	2014	2013	Variance		Percentage Variance	
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13
Slots:							
Handle	\$ 7,049,990	\$ 7,158,030	\$ 7,527,822	\$ (108,040)	\$ (369,792)	(1.5)%	(4.9)%
Gross revenues	\$ 582,521	\$ 582,103	\$ 618,680	\$ 418	\$ (36,577)	0.1 %	(5.9)%
Net revenues	\$ 560,643	\$ 561,601	\$ 595,302	\$ (958)	\$ (33,701)	(0.2)%	(5.7)%
Free promotional slot plays (1)	\$ 57,222	\$ 65,185	\$ 66,261	\$ (7,963)	\$ (1,076)	(12.2)%	(1.6)%
Weighted average number of machines (in units)	5,268	5,470	5,553	(202)	(83)	(3.7)%	(1.5)%
Hold percentage (gross)	8.3%	8.1%	8.2%	0.2%	(0.1)%	2.5 %	(1.2)%
Win per unit per day (gross) (in dollars)	\$ 303	\$ 292	\$ 305	\$ 11	\$ (13)	3.8 %	(4.3)%
Table games:							
Drop	\$ 1,763,419	\$ 1,844,191	\$ 1,859,821	\$ (80,772)	\$ (15,630)	(4.4)%	(0.8)%
Revenues	\$ 287,426	\$ 283,413	\$ 300,099	\$ 4,013	\$ (16,686)	1.4 %	(5.6)%
Weighted average number of games (in units)	283	288	285	(5)	3	(1.7)%	1.1 %
Hold percentage (2)	16.3%	15.4%	16.1%	0.9%	(0.7)%	5.8 %	(4.3)%
Win per unit per day (in dollars)	\$ 2,781	\$ 2,692	\$ 2,886	\$ 89	\$ (194)	3.3 %	(6.7)%
Poker:							
Revenues	\$ 9,772	\$ 9,838	\$ 9,867	\$ (66)	\$ (29)	(0.7)%	(0.3)%
Weighted average number of tables (in units)	42	42	42	—	—	—	—
Revenue per unit per day (in dollars)	\$ 637	\$ 643	\$ 644	\$ (6)	\$ (1)	(0.9)%	(0.2)%

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

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

Gaming revenues for the fiscal year ended September 30, 2015 compared to the prior fiscal year were relatively flat. Gaming revenues for the fiscal year ended September 30, 2015 benefited from increased table game revenues due to higher year-over-year hold percentage, partially offset by lower slot revenues.

Gaming revenues for the fiscal year ended September 30, 2014 compared to the prior fiscal year declined primarily as a result of lower slot revenues which we believe was primarily due to the lingering effects of the most recent economic recession and a competitive gaming market. The decline in gaming revenues also reflected lower table game revenues primarily driven by lower year-over-year hold percentage.

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

	For the Fiscal Years Ended September 30,						
	2015	2014	2013	Variance		Percentage Variance	
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13
Meals served	2,881	2,951	2,798	(70)	153	(2.4)%	5.5 %
Average price per meal served (in dollars)	\$ 15.92	\$ 16.03	\$ 16.15	\$ (0.11)	\$ (0.12)	(0.7)%	(0.7)%

Food and beverage revenues for the fiscal year ended September 30, 2015 compared to the prior fiscal year declined primarily as a result of the decrease in meals served. The decrease in meals served primarily reflected the replacement of a Mohegan Sun-owned food and beverage outlet with a third-party operator.

Food and beverage revenues for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased primarily due to the increase in meals served. The increase in meals served resulted from changes in our promotional programs.

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

	For the Fiscal Years Ended September 30,							
	2015	2014	2013	Variance		Percentage Variance		
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13	
Rooms occupied	420	418	415	2	3	0.5%	0.7%	
Occupancy rate	98.0%	97.4%	96.8%	0.6%	0.6%	0.6%	0.6%	
Average daily room rate (in dollars)	\$ 100	\$ 97	\$ 94	\$ 3	\$ 3	3.1%	3.2%	
Revenue per available room (in dollars)	\$ 98	\$ 95	\$ 91	\$ 3	\$ 4	3.2%	4.4%	

Hotel revenues for the fiscal year ended September 30, 2015 compared to the prior fiscal year increased primarily as a result of an increase in hotel occupancy by higher paying transient guests.

Hotel revenues for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased primarily due to an increase in hotel occupancy by higher paying transient and group guests.

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

	For the Fiscal Years Ended September 30,							
	2015	2014	2013	Variance		Percentage Variance		
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13	
Arena events (in events)	120	109	108	11	1	10.1 %	0.9%	
Arena tickets	691	684	675	7	9	1.0 %	1.3%	
Average price per arena ticket (in dollars)	\$ 50.60	\$ 54.88	\$ 53.58	\$ (4.28)	\$ 1.30	(7.8)%	2.4%	

Retail, entertainment and other revenues for the fiscal year ended September 30, 2015 compared to the prior fiscal year decreased primarily as a result of lower gasoline revenues driven by a decline in average price per gallon of gasoline sold at both our patron and employee gasoline and convenience centers. The decrease in retail, entertainment and other revenues also reflected lower entertainment revenues primarily due to a reduction in the number of headliner shows held at the Mohegan Sun Arena.

Retail, entertainment and other revenues for the fiscal year ended September 30, 2014 compared to the prior fiscal year were relatively flat.

Operating Costs and Expenses

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

	For the Fiscal Years Ended September 30,							
	2015	2014	2013	Variance		Percentage Variance		
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13	
Gaming	\$ 457,948	\$ 488,293	\$ 507,069	\$ (30,345)	\$ (18,776)	(6.2)%	(3.7)%	
Food and beverage	33,358	32,737	33,668	621	(931)	1.9 %	(2.8)%	
Hotel	14,062	15,287	14,339	(1,225)	948	(8.0)%	6.6 %	
Retail, entertainment and other	43,993	48,406	42,713	(4,413)	5,693	(9.1)%	13.3 %	
Advertising, general and administrative	161,393	159,300	163,440	2,093	(4,140)	1.3 %	(2.5)%	
Depreciation and amortization	64,520	66,686	68,342	(2,166)	(1,656)	(3.2)%	(2.4)%	
(Gain) loss on disposition of assets	1,022	(10)	222	1,032	(232)	N.M.	N.M.	
Severance	3,244	—	(146)	3,244	146	100.0 %	100.0 %	
Impairment of Project Horizon	2,502	4,981	—	(2,479)	4,981	49.8 %	100.0 %	
Relinquishment liability reassessment	(243)	(1,905)	(249)	1,662	(1,656)	87.2 %	N.M.	
Total	\$ 781,799	\$ 813,775	\$ 829,398	\$ (31,976)	\$ (15,623)	(3.9)%	(1.9)%	

N.M. - Not Meaningful.

Gaming costs and expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year declined primarily as a result of continued strategic operational and marketing and promotional changes designed to enhance operating efficiency and improve profitability. These initiatives resulted in lower payroll costs and reduced casino marketing and promotional expenses. The reduction in gaming costs and expenses also resulted from lower costs related to coupon and Momentum Dollar redemptions at both Mohegan Sun-owned and third-party outlets. Expenses associated with the combined slot win and free

promotional slot play contributions totaled \$145.6 million and \$146.5 million for the fiscal years ended September 30, 2015 and 2014, respectively. Gaming costs and expenses as a percentage of gaming revenues were 53.1% and 56.9% for the fiscal years ended September 30, 2015 and 2014, respectively.

Gaming costs and expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year declined primarily due to lower combined slot win and free promotional slot play contribution expenses commensurate with the decline in slot revenues. The reduction in gaming costs and expenses also reflected reduced payroll costs and lower costs related to Momentum Dollar redemptions at third-party outlets. These results were partially offset by higher costs related to coupon redemptions at third-party outlets. Expenses associated with the combined slot win and free promotional slot play contributions totaled \$146.5 million and \$155.8 million for the fiscal years ended September 30, 2014 and 2013, respectively. Gaming costs and expenses as a percentage of gaming revenues were 56.9% and 55.6% for the fiscal years ended September 30, 2014 and 2013, respectively.

Food and beverage costs and expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year increased primarily as a result of lower amounts of food and beverage complimentary related costs being allocated to gaming costs and expenses. These results were partially offset by lower payroll costs.

Food and beverage costs and expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year declined primarily due to higher amounts of food and beverage complimentary related costs being allocated to gaming costs and expenses. The reduction in food and beverage costs and expenses also resulted from lower payroll costs.

Hotel costs and expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year declined primarily as a result of lower payroll costs, partially offset by lower amounts of hotel complimentary related costs being allocated to gaming costs and expenses.

Hotel costs and expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased primarily due to higher payroll costs, combined with lower amounts of hotel complimentary related costs being allocated to gaming costs and expenses.

Retail, entertainment and other costs and expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year decreased primarily as a result of lower gasoline cost of goods sold commensurate with the decline in gasoline revenues. The decline in retail, entertainment and other costs and expenses also reflected lower entertainment costs. These results were partially offset by lower amounts of retail, entertainment and other complimentary related costs being allocated to gaming costs and expenses.

Retail, entertainment and other costs and expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased primarily due to higher entertainment costs, combined with lower amounts of retail, entertainment and other complimentary related costs being allocated to gaming costs and expenses. These results were partially offset by lower payroll costs and gasoline and retail cost of goods sold.

Advertising, general and administrative costs and expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year increased primarily as a result of higher payroll costs. These results were partially offset by lower utility costs, combined with our overall focus on managing expenses, including expenditures associated with services provided by third-party providers.

Advertising, general and administrative costs and expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year declined primarily due to reductions in payroll and insurance costs, as well as expenses associated with services provided by the State of Connecticut. These results were partially offset by higher utility costs.

Depreciation and amortization expenses for the fiscal years ended September 30, 2015 and 2014 compared to the prior fiscal years decreased due to assets becoming fully depreciated.

Severance for the fiscal year ended September 30, 2015 reflected charges related to a February 2015 workforce reduction to better align certain staffing levels with current business volumes. The costs associated with related post-employment severance benefits were expensed at the time the termination was communicated to the employees. Cash payments commenced in March 2015 and were completed in November 2015.

Impairment of Project Horizon for the fiscal year ended September 30, 2015 resulted from a re-evaluation of our plans with respect to the development of the planned third-party developed and owned retail center following an agreement with an instrumentality of the Tribe to develop the planned hotel. Based on our re-evaluation, we determined that the retail element, including master planning costs, was no longer feasible. Accordingly, the related assets did not have any future benefit to us, and, we recognized the related \$2.5 million impairment charge.

Impairment of Project Horizon for the fiscal year ended September 30, 2014 resulted from a further re-evaluation of our plans with respect to the development of the new hotel element of the project, including the final location of the planned hotel. Based on our re-evaluation and new design plans, which then included a hotel to be developed and owned by an instrumentality of the Tribe, as well as a third-party developed and owned retail center, we determined that certain design and earthwork related assets did not have any future benefit to us, and, accordingly, we recognized the related \$5.0 million impairment charge.

Relinquishment liability reassessments for the fiscal years ended September 30, 2015 and 2014 had the effect of reducing operating costs and expenses. The relinquishment liability reassessment credits resulted from reductions in Mohegan Sun revenues and revenue projections as of the end of each respective fiscal year compared to projections as of the end of the related prior fiscal year. The relinquishment agreement expired on December 31, 2014. As of September 30, 2015, no amount was outstanding under the relinquishment agreement.

Mohegan Sun Pocono

Revenues

Revenues consisted of the following (in thousands):

	For the Fiscal Years Ended September 30,							
	2015	2014	2013	Variance		Percentage Variance		
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13	
Gaming	\$ 271,801	\$ 274,783	\$ 279,022	\$ (2,982)	\$ (4,239)	(1.1)%	(1.5)%	
Food and beverage	28,182	28,715	26,225	(533)	2,490	(1.9)%	9.5 %	
Hotel (1)	5,660	4,389	—	1,271	4,389	29.0 %	100.0 %	
Retail, entertainment and other	9,581	9,219	8,661	362	558	3.9 %	6.4 %	
Gross revenues	315,224	317,106	313,908	(1,882)	3,198	(0.6)%	1.0 %	
Less-Promotional allowances	20,089	20,528	17,260	(439)	3,268	(2.1)%	18.9 %	
Net revenues	\$ 295,135	\$ 296,578	\$ 296,648	\$ (1,443)	\$ (70)	(0.5)%	— %	

(1) Hotel operations commenced on November 15, 2013.

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

	For the Fiscal Years Ended September 30,		
	2015	2014	2013
Gaming	86.2%	86.6%	88.9%
Food and beverage	9.0%	9.1%	8.3%
Hotel	1.8%	1.4%	—
Retail, entertainment and other	3.0%	2.9%	2.8%
Total	100.0%	100.0%	100.0%

Promotional Allowances

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

	For the Fiscal Years Ended September 30,							
	2015	2014	2013	Variance		Percentage Variance		
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13	
Food and beverage	\$ 16,094	\$ 16,864	\$ 15,576	\$ (770)	\$ 1,288	(4.6)%	8.3%	
Hotel	1,711	1,419	—	292	1,419	20.6 %	100.0%	
Retail, entertainment and other	2,284	2,245	1,684	39	561	1.7 %	33.3%	
Total	\$ 20,089	\$ 20,528	\$ 17,260	\$ (439)	\$ 3,268	(2.1)%	18.9%	

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

	For the Fiscal Years Ended September 30,							
	2015	2014	2013	Variance		Percentage Variance		
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13	
Food and beverage	\$ 10,859	\$ 11,793	\$ 11,232	\$ (934)	\$ 561	(7.9)%	5.0%	
Hotel	2,467	2,190	—	277	2,190	12.6 %	100.0%	
Retail, entertainment and other	2,368	2,171	1,808	197	363	9.1 %	20.1%	
Total	\$ 15,694	\$ 16,154	\$ 13,040	\$ (460)	\$ 3,114	(2.8)%	23.9%	

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

	For the Fiscal Years Ended September 30,							
	2015	2014	2013	Variance		Percentage Variance		
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13	
Slots:								
Handle	\$ 2,603,006	\$ 2,631,689	\$ 2,897,095	\$ (28,683)	\$ (265,406)	(1.1)%	(9.2)%	
Gross revenues	\$ 213,854	\$ 218,181	\$ 220,127	\$ (4,327)	\$ (1,946)	(2.0)%	(0.9)%	
Net revenues	\$ 213,490	\$ 218,175	\$ 220,151	\$ (4,685)	\$ (1,976)	(2.1)%	(0.9)%	
Free promotional slot plays (1)	\$ 46,488	\$ 48,848	\$ 76,736	\$ (2,360)	\$ (27,888)	(4.8)%	(36.3)%	
Weighted average number of machines (in units)	2,331	2,331	2,332	—	(1)	—	— %	
Hold percentage (gross)	8.2%	8.3%	7.6%	(0.1)%	0.7 %	(1.2)%	9.2 %	
Win per unit per day (gross) (in dollars)	\$ 251	\$ 256	\$ 259	\$ (5)	\$ (3)	(2.0)%	(1.2)%	
Table games:								
Drop	\$ 228,640	\$ 213,736	\$ 197,173	\$ 14,904	\$ 16,563	7.0 %	8.4 %	
Revenues	\$ 45,143	\$ 41,557	\$ 39,547	\$ 3,586	\$ 2,010	8.6 %	5.1 %	
Weighted average number of games (in units)	73	68	66	5	2	7.4 %	3.0 %	
Hold percentage (2)	19.7%	19.4%	20.1%	0.3 %	(0.7)%	1.5 %	(3.5)%	
Win per unit per day (in dollars)	\$ 1,699	\$ 1,684	\$ 1,642	\$ 15	\$ 42	0.9 %	2.6 %	
Poker:								
Revenues	\$ 3,033	\$ 3,404	\$ 3,957	\$ (371)	\$ (553)	(10.9)%	(14.0)%	
Weighted average number of tables (in units)	18	18	18	—	—	—	—	
Revenue per unit per day (in dollars)	\$ 462	\$ 518	\$ 602	\$ (56)	\$ (84)	(10.8)%	(14.0)%	

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

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

Gaming revenues for the fiscal year ended September 30, 2015 compared to the prior fiscal year declined primarily as a result of lower slot revenues, partially offset by increased table game revenues. We believe slot revenues continued to be pressured by the lingering effects of the most recent economic recession, while table game revenues benefited from increased volumes driven by the addition of our hotel and convention center.

Gaming revenues for the fiscal year ended September 30, 2014 compared to the prior fiscal year declined primarily due to lower slot revenues which we believe was driven by the lingering effects of the most recent economic recession. We believe the decline in slot revenues also reflected changes in operations designed to improve profitability. These results were partially offset by higher table game revenues which benefited from the addition of our new hotel and convention center.

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

	For the Fiscal Years Ended September 30,							
	2015	2014	2013	Variance		Percentage Variance		
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13	
Meals served	695	768	731	(73)	37	(9.5)%	5.1%	
Average price per meal served (in dollars)	\$ 17.94	\$ 17.21	\$ 16.41	\$ 0.73	\$ 0.80	4.2 %	4.9%	

Food and beverage revenues for the fiscal year ended September 30, 2015 compared to the prior fiscal year decreased primarily as a result of the reduction in meals served due, in part, to changes in the hours of operation of a Mohegan Sun Pocono-owned food and beverage outlet.

Food and beverage revenues for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased primarily due to the addition of our new hotel and convention center, combined with changes in our promotional programs.

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

	For the Fiscal Years Ended September 30,						
	2015	2014	2013	Variance		Percentage Variance	
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13
Rooms occupied	82	68	—	14	68	20.6%	100.0%
Occupancy rate	95.2%	91.7%	—	3.5%	91.7%	3.8%	100.0%
Average daily room rate (in dollars)	\$ 64	\$ 61	—	\$ 3	61	4.9%	100.0%
Revenue per available room (in dollars)	\$ 61	\$ 56	—	\$ 5	56	8.9%	100.0%

Hotel revenues for the fiscal year ended September 30, 2015 compared to the prior fiscal year increased primarily as a result of a full year of hotel operations.

Hotel operations commenced on November 15, 2013.

Retail, entertainment and other revenues for the fiscal year ended September 30, 2015 compared to the prior fiscal year increased primarily as a result of higher retail revenues resulting from changes in our promotional programs.

Retail, entertainment and other revenues for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased primarily due to additional entertainment revenues driven by our new hotel and convention center, which includes a 1,500-seat entertainment venue. Retail, entertainment and other revenues also benefited from higher retail revenues resulting from changes in promotional programs.

Operating Costs and Expenses

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

	For the Fiscal Years Ended September 30,						
	2015	2014	2013	Variance		Percentage Variance	
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13
Gaming	\$ 193,952	\$ 198,728	\$ 201,860	\$ (4,776)	\$ (3,132)	(2.4)%	(1.6)%
Food and beverage	8,196	8,745	7,907	(549)	838	(6.3)%	10.6 %
Hotel (1)	5,724	4,631	—	1,093	4,631	23.6 %	100.0 %
Retail, entertainment and other	1,786	2,539	1,146	(753)	1,393	(29.7)%	121.6 %
Advertising, general and administrative	27,531	31,339	29,233	(3,808)	2,106	(12.2)%	7.2 %
Depreciation and amortization	12,007	12,452	11,858	(445)	594	(3.6)%	5.0 %
(Gain) loss on disposition of assets	(4)	1	19	(5)	(18)	N.M.	(94.7)%
Severance	126	—	175	126	(175)	100.0 %	(100.0)%
Pre-opening	—	1,187	687	(1,187)	500	(100.0)%	72.8 %
Total	<u>\$ 249,318</u>	<u>\$ 259,622</u>	<u>\$ 252,885</u>	<u>\$ (10,304)</u>	<u>\$ 6,737</u>	<u>(4.0)%</u>	<u>2.7 %</u>

(1) Hotel operations commenced on November 15, 2013.
N.M. - Not Meaningful.

Gaming costs and expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year declined primarily as a result of lower Pennsylvania slot machine tax expenses commensurate with the reduction in slot revenues and reduced payroll costs. Expenses associated with the Pennsylvania slot machine tax totaled \$119.6 million and \$122.3 million for the fiscal years ended September 30, 2015 and 2014, respectively. Expenses associated with the Pennsylvania table game tax totaled \$6.7 million and \$6.3 million for the fiscal years ended September 30, 2015 and 2014, respectively. Gaming costs and expenses as a percentage of gaming revenues were 71.4% and 72.3% for the fiscal years ended September 30, 2015 and 2014, respectively.

Gaming costs and expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year declined primarily due to lower Pennsylvania slot machine tax expenses commensurate with the reduction in slot revenues. The decline in gaming costs and expenses also reflected lower costs related to coupon redemptions at third-party outlets and reduced payroll costs. These results were partially offset by higher costs related to Momentum Dollar redemptions at Mohegan Sun Pocono-owned outlets and increased Pennsylvania regulatory fee assessments which were temporarily suspended in May and June 2013. Expenses associated with the Pennsylvania slot machine tax totaled \$122.3 million and \$124.0 million for the fiscal years ended September 30, 2014 and 2013, respectively. Expenses associated with the Pennsylvania table game tax totaled \$6.3 million and \$6.1 million for the fiscal years ended September 30, 2014 and 2013, respectively. Gaming costs and expenses as a percentage of gaming revenues were 72.3% for each of the fiscal years ended September 30, 2014 and 2013.

Food and beverage costs and expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year decreased primarily as a result of lower payroll costs and cost of goods sold commensurate with the decline in food and beverage revenues. These results were partially offset by lower amounts of food and beverage complimentary related costs being allocated to gaming costs and expenses.

Food and beverage costs and expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased primarily due to higher payroll costs and cost of goods sold commensurate with the increase in food and beverage revenues. These results were partially offset by higher amounts of food and beverage complimentary related costs being allocated to gaming costs and expenses.

Hotel costs and expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year increased primarily as a result of a full year of hotel operations.

Hotel operations commenced on November 15, 2013.

Retail, entertainment and other costs and expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year declined primarily as a result of lower entertainment costs driven by a reduction in the number of shows held at our 1,500-seat entertainment venue and non-recurring costs associated with the January 2014 grand opening festivities for our hotel.

Retail, entertainment and other costs and expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased primarily due to additional costs and expenses necessary to support our new 1,500-seat entertainment venue. These results were partially offset by higher amounts of retail, entertainment and other complimentary related costs being allocated to gaming costs and expenses.

Advertising, general and administrative costs and expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year declined primarily as a result of lower expenses associated with property taxes and reduced advertising and utility costs.

Advertising, general and administrative costs and expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased primarily due to higher payroll costs and other additional administrative costs and expenses necessary to support our new hotel and convention center.

Depreciation and amortization expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year decreased as a result of assets becoming fully depreciated.

Depreciation and amortization expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased due to the placement of furniture and equipment related to our new hotel and convention center into service in fiscal 2014.

Pre-opening costs and expenses for the fiscal years ended September 30, 2014 and 2013 were comprised of personnel costs associated with preparation for the opening of our new hotel and convention center.

Corporate and Other

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

	For the Fiscal Years Ended September 30,						
	2015	2014	2013	Variance		Percentage Variance	
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13
Gross revenues (1)	\$ 7,640	\$ 5,490	\$ 1,390	\$ 2,150	\$ 4,100	39.2 %	295.0%
Less-Promotional allowances	73	99	88	(26)	11	(26.3)%	12.5%
Net revenues	\$ 7,567	\$ 5,391	\$ 1,302	\$ 2,176	\$ 4,089	40.4 %	314.1%
Expenses	\$ 31,367	\$ 41,276	\$ 28,122	\$ (9,909)	\$ 13,154	(24.0)%	46.8%
Depreciation and amortization	1,053	988	117	65	871	6.6 %	744.4%
Total expenses	\$ 32,420	\$ 42,264	\$ 28,239	\$ (9,844)	\$ 14,025	(23.3)%	49.7%

(1) Primarily represented inter-segment revenues which are eliminated in consolidation.

Corporate and other revenues for the fiscal year ended September 30, 2015 compared to the prior fiscal year increased primarily due to higher management fees earned in connection with our joint venture and management arrangement with Resorts Casino Hotel. The increase in Corporate and other revenues also reflected higher inter-segment lease revenues which are eliminated in consolidation.

Corporate and other revenues for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased primarily as a result of inter-segment lease revenues earned by Downs Lodging, LLC, or Downs Lodging, a wholly-owned unrestricted subsidiary, which developed, financed and built Project Sunlight, our new hotel and convention center located at Mohegan Sun Pocono. All inter-segment revenues are eliminated in consolidation.

Corporate and other expenses for the fiscal year ended September 30, 2015 compared to the prior fiscal year declined primarily due to reduced expenditures associated with our pursuit of a Massachusetts casino license, partially offset by additional expenditures related to our pursuit of a casino license in South Korea and higher payroll costs.

Corporate and other expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased primarily as a result of higher professional and development related expenditures associated with our unsuccessful pursuit of a Massachusetts casino license.

Depreciation and amortization expenses for the fiscal year ended September 30, 2014 compared to the prior fiscal year increased due to the placement of our new hotel and convention center into service in fiscal 2014.

Other Income (Expense)

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

	For the Fiscal Years Ended September 30,						
	2015	2014	2013	Variance		Percentage Variance	
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13
Accretion of discount to the relinquishment liability (1)	\$ (227)	\$ (2,205)	\$ (4,974)	\$ 1,978	\$ 2,769	89.7 %	55.7 %
Interest income (2)	7,983	7,066	6,271	917	795	13.0 %	12.7 %
Interest expense, net of capitalized interest	(143,876)	(147,933)	(170,150)	4,057	22,217	2.7 %	13.1 %
Loss on early extinguishment of debt	(3,987)	(62,041)	(11,516)	58,054	(50,525)	93.6 %	(438.7)%
Other expense, net (3)	(929)	(853)	(1,595)	(76)	742	(8.9)%	46.5 %
Total other expense	\$ (141,036)	\$ (205,966)	\$ (181,964)	\$ 64,930	\$ (24,002)	31.5 %	(13.2)%

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

(2) Primarily represented interest earned on long-term receivables.

(3) Primarily represented loss from unconsolidated affiliates.

Interest expense for the fiscal year ended September 30, 2015 compared to the prior fiscal year declined as a result of lower weighted average outstanding debt and rate. Weighted average outstanding debt was \$1.73 billion for the fiscal year ended September 30, 2015 compared to \$1.75 billion in the prior fiscal year. Weighted average interest rate was 8.3% for the fiscal year ended September 30, 2015 compared to 8.5% in the prior fiscal year.

Interest expense for the fiscal year ended September 30, 2014 compared to the prior fiscal year decreased due to lower weighted average interest rate driven by our August and November 2013 refinancing transactions. Weighted average interest rate was 8.5% for the fiscal year ended September 30, 2014 compared to 10.1% in the prior fiscal year. Weighted average outstanding debt was \$1.75 billion for the fiscal year ended September 30, 2014 compared to \$1.70 billion in the prior fiscal year.

Loss on early extinguishment of debt for the fiscal year ended September 30, 2015 represented financing fees expensed in connection with our August 2015 refinancing transactions.

We incurred approximately \$6.6 million in costs in connection with these refinancing transactions, consisting primarily of consulting, legal, advisory and amendment fees. Previously deferred debt discounts and debt issuance costs totaling \$2.3 million, as well as \$1.7 million in new transaction costs, were expensed and recorded as a loss on early extinguishment of debt. Of the remaining \$4.9 million in new transaction costs, \$4.7 million was recorded as a reduction to the carrying amount of the related debt and will be amortized over the term of the related debt. The remaining \$219,000 in new costs was capitalized and will be amortized over the term of the related debt.

Loss on early extinguishment of debt for the fiscal year ended September 30, 2014 represented financing fees expensed in connection with our November 2013 refinancing transactions. We incurred approximately \$60.8 million in costs in connection with these refinancing transactions, consisting primarily of consulting, legal and tender and consent fees. Previously deferred debt discounts and debt issuance costs totaling \$22.4 million, as well as \$39.6 million in new transaction costs, were expensed and recorded as a loss on early extinguishment of debt. Of the remaining \$21.2 million in new transaction costs, \$19.0 million was recorded as a reduction to the carrying amount of the related debt and will be amortized over the term of the related debt. The remaining \$2.2 million in new costs was capitalized and will be amortized over the term of the related debt.

Seasonality

The gaming market in the Northeastern United States is seasonal in nature, with peak gaming activities often occurring at Mohegan Sun and Mohegan Sun Pocono during the months of May through August. Accordingly, our operating results for the fiscal year ended September 30, 2015 are not necessarily indicative of operating results for interim periods.

Liquidity and Capital Resources

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

	For the Fiscal Years Ended September 30,						
	2015	2014	2013	Variance		Percentage Variance	
				15 vs. 14	14 vs. 13	15 vs. 14	14 vs. 13
Net cash provided by operating activities	\$ 169,418	\$ 73,016	\$ 102,951	\$ 96,402	\$ (29,935)	132.0 %	(29.1)%
Net cash used in investing activities	(26,794)	(22,455)	(33,168)	(4,339)	10,713	(19.3)%	32.3 %
Net cash used in financing activities	(125,978)	(65,077)	(120,243)	(60,901)	55,166	(93.6)%	45.9 %
Net increase (decrease) in cash and cash equivalents	\$ 16,646	\$ (14,516)	\$ (50,460)	\$ 31,162	\$ 35,944	214.7 %	71.2 %

As of September 30, 2015 and 2014, we held cash and cash equivalents of \$65.8 million and \$49.1 million, respectively. As a result of the cash-based nature of our business, operating cash flow levels tend to follow trends in our operating income, excluding the effects of non-cash charges, such as depreciation and amortization, accretion of discounts and gains and losses on early extinguishment of debt.

The increase in cash provided by operating activities for the fiscal year ended September 30, 2015 compared to the prior fiscal year primarily resulted from increased net income, partially offset by slightly higher working capital requirements. The decline in cash provided by operating activities for the fiscal year ended September 30, 2014 compared to the prior fiscal year primarily resulted from a reduction in net income. Cash provided by operating activities for the fiscal year ended September 30, 2014 were negatively impacted by approximately \$52.0 million as a result of our November 2013 refinancing transactions, including the payment of tender and consent fees. These results were partially offset by lower working capital requirements.

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

- reduced discretionary spending by patrons on activities such as gaming, leisure and hospitality;

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

The increase in cash used in investing activities for the fiscal year ended September 30, 2015 compared to the prior fiscal year was primarily due to increased capital expenditures after factoring in related restricted cash and higher reimbursable costs and expenses advanced on behalf of the Cowlitz Indian Tribe for the Cowlitz Project, a proposed casino to be owned by the Cowlitz Indian Tribe and developed and managed by us. The decline in cash used in investing activities for the fiscal year ended September 30, 2014 compared to the prior fiscal year was primarily due to our October 2012 acquisition of a 10% ownership interest in Resorts Atlantic City, combined with lower capital expenditures after factoring in related restricted cash.

The increase in cash used in financing activities for the fiscal year ended September 30, 2015 compared to the prior fiscal year was driven by debt repayments, partially offset by reduced relinquishment and financing fee payments. The decrease in cash used in financing activities for the fiscal year ended September 30, 2014 compared to the prior fiscal year was primarily attributable to increased borrowings to fund financing fees associated with our November 2013 refinancing transactions.

External Sources of Liquidity

On August 11, 2015, we completed a series of refinancing transactions including the redemption of \$175.0 million of our 2012 senior subordinated notes with proceeds from the issuance of an additional \$90.0 million of loans under our term loan B facility and an additional \$85.0 million of 2013 senior unsecured notes (all further discussed below).

Senior Secured Credit Facilities

In November 2013, we entered into a loan agreement among us, the Tribe, the guarantors as defined below, RBS Citizens, N.A., as administrative and collateral agent and the other lenders and financial institutions party thereto, providing for \$955.0 million in aggregate principal amount of senior secured credit facilities, or the senior secured credit facilities, comprised of a \$100.0 million senior secured revolving credit facility, or the revolving facility, a \$125.0 million senior secured term loan A facility, or the term loan A facility, and a \$730.0 million senior secured term loan B facility, or the term loan B facility. The senior secured credit facilities mature on June 15, 2018, subject to extension based on the satisfaction of certain conditions to November 19, 2018 (in the case of the revolving facility and the term loan A facility) and November 19, 2019 (in the case of the term loan B facility).

On August 11, 2015, we entered into an increase joinder and amendment agreement among us, the Tribe, the guarantors as defined below, Citizens Bank, N.A., as administrative agent, and the lenders party thereto, amending the senior secured credit facilities. Pursuant to the amendment, we borrowed \$90.0 million of increase term B loans on the same terms as the existing term B loans under term loan B facility. The net proceeds from this transaction were used to redeem outstanding 2012 senior subordinated notes (further discussed below).

The term loan A facility amortizes in equal quarterly installments in an aggregate annual amount equal to 5.0% of the original principal amount for the first year after the closing date, 7.5% of the original principal amount for the second year after the closing date and 10.0% of the original principal amount in each year thereafter, with the balance payable on the maturity date of the term loan A facility. The term loan B facility amortizes in equal quarterly installments in an aggregate annual amount equal to 1.0% of the original principal amount. Amortization of the term loan A facility and term loan B facility began with the first full fiscal quarter after the closing date.

As of September 30, 2015, amounts outstanding under the revolving facility, term loan A facility and term loan B facility totaled \$21.0 million, \$111.7 million and \$807.0 million, respectively. As of September 30, 2015, letters of credit issued under the revolving facility totaled \$3.0 million, of which no amount was drawn. Inclusive of letters of credit, which reduce borrowing availability under the revolving facility, and after taking into account restrictive financial covenant requirements, we had approximately \$76.0 million of borrowing capacity under the revolving facility and line of credit as of September 30, 2015.

Borrowings under the senior secured credit facilities incur interest as follows: (i) for base rate loans under the revolving facility and term loan A facility, a base rate equal to the highest of (a) the prime rate, (b) the federal funds rate plus 50 basis points and (c) the one-month LIBOR rate plus 100 basis points (the highest of (a), (b) and (c), the “base rate”), plus a leverage-based margin of 250 to 350 basis points; (ii) for Eurodollar rate loans under the revolving facility and term loan A facility, the applicable LIBOR rate plus a leverage-based margin of 350 to 450 basis points; (iii) for base rate loans under the term loan B facility, the

base rate (subject to a 2.0% floor) plus 350 basis points; and (iv) for Eurodollar rate loans under the term loan B facility, the applicable LIBOR rate (subject to a 1.0% floor) plus 450 basis points. We are also required to pay a leverage-based commitment fee of between 37.5 and 50 basis points for unused commitments under the revolving facility. Interest on base rate loans is payable quarterly in arrears. Interest on Eurodollar rate loans of three months or less is payable at the end of each applicable interest period and for Eurodollar rate loans of more than three months, interest is payable at intervals of three months duration after the beginning of such interest period.

As of September 30, 2015, the \$21.0 million outstanding under the revolving facility was comprised of an \$11.0 million base rate loan based on a base rate of 3.25% plus 300 basis points and \$10.0 million in Eurodollar rate loans based on a Eurodollar rate of 0.20% plus 400 basis points. The commitment fee was 0.50% as of September 30, 2015. As of September 30, 2015, the \$111.7 million outstanding under the term loan A facility was based on a Eurodollar rate of 0.33% plus 400 basis points. As of September 30, 2015, the \$807.0 million outstanding under the term loan B facility was based on the Eurodollar rate floor of 1.0% plus 450 basis points. As of September 30, 2015, the effective interest rates of amounts outstanding under the term loan A facility and term loan B facility, after taking into account discounts and debt issuance costs, were 5.30% and 6.24%, respectively.

Our obligations under the senior secured credit facilities are fully and unconditionally guaranteed, jointly and severally, by Mohegan Commercial Ventures-PA, LLC, Downs Racing, L.P., Backside, L.P., Mill Creek Land, L.P., Northeast Concessions, L.P., Mohegan Basketball Club, LLC, or MBC, Mohegan Golf, LLC, Mohegan Ventures-NW, LLC, Mohegan Ventures Wisconsin, LLC, Wisconsin Tribal Gaming, LLC and MTGA Gaming, LLC, or collectively, the guarantors. The senior secured credit facilities are collateralized by a first priority lien on substantially all of our property and assets and those of the guarantors (other than MBC), including the assets that comprise Mohegan Sun Pocono and a leasehold mortgage on the land and improvements that comprise Mohegan Sun (we and the guarantors, other than MBC, are collectively referred to herein as the grantors). The grantors are also required to pledge additional assets as collateral for the senior secured credit facilities as they and future guarantor subsidiaries acquire them.

The senior secured credit facilities contain customary covenants applicable to us and our restricted subsidiaries, including covenants governing: incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions, mergers or consolidations and capital expenditures. Additionally, the senior secured credit facilities include financial maintenance covenants pertaining to total leverage, secured leverage and minimum fixed charge coverage.

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

Fiscal Quarters Ending:

September 30, 2015 and thereafter	6.00:1.00
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Maximum secured leverage ratio covenant, or ratio of secured debt to annualized EBITDA, as such terms are defined under the senior secured credit facilities:

Fiscal Quarters Ending:

September 30, 2015 through June 30, 2016	3.25:1.00
September 30, 2016 and thereafter	3.00:1.00

Minimum fixed charge coverage ratio covenant, as defined under the senior secured credit facilities:

Fiscal Quarters Ending:

September 30, 2015 and thereafter	1.05:1.00
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As of September 30, 2015, we and the Tribe were in compliance with all respective covenant requirements under the senior secured credit facilities.

We continue to monitor revenues and manage expenses and enhance operating efficiencies to ensure continued compliance with our financial covenant requirements under the senior secured credit facilities. While we anticipate that we will remain in compliance with all covenant requirements under the senior secured credit facilities for all periods prior to maturity, we may need to increase revenues or offset any future declines in revenues by implementing cost saving and other initiatives to ensure compliance with these financial covenant requirements. If we are unable to satisfy our financial covenant requirements, we would need to obtain waivers or consents under the senior secured credit facilities; however, we can provide no assurance that we would be able to obtain such waivers or consents. If we are unable to obtain such waivers or consents, we would be in default under the senior secured credit facilities, which may result in cross-defaults under our other outstanding indebtedness and allow our lenders and creditors to exercise their rights and remedies as defined under their respective agreements, including their right to accelerate the

repayment of our outstanding indebtedness. If such acceleration were to occur, we can provide no assurance that we would be able to obtain the financing necessary to repay such accelerated indebtedness.

Senior Unsecured Notes

2013 9³/₄% Senior Unsecured Notes

In August 2013, we issued \$500.0 million senior unsecured notes with fixed interest payable at a rate of 9.75% *per annum*, or the initial 2013 senior unsecured notes. On August 11, 2015, we issued an additional \$85.0 million of senior unsecured notes under the initial 2013 senior unsecured notes indenture, or the additional 2013 senior unsecured notes, and, together with the initial 2013 senior unsecured notes, the 2013 senior unsecured notes. Subsequent to this transaction, an aggregate principal amount of \$585.0 million 2013 senior unsecured notes is outstanding. As of September 30, 2015, the effective interest rate of the 2013 senior unsecured notes, after taking into account premiums, discounts and debt issuance costs, was 10.03%. The net proceeds from the additional 2013 senior unsecured notes were used to redeem outstanding 2012 senior subordinated notes (further discussed below).

The 2013 senior unsecured notes mature on September 1, 2021. We may redeem the 2013 senior unsecured notes, in whole or in part, at any time prior to September 1, 2016 at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest (and additional interest in the case of the additional 2013 senior unsecured notes, if any, pursuant to the registration rights agreement described below) to the date of redemption. On or after September 1, 2016, we may redeem the 2013 senior unsecured notes, in whole or in part, at specified redemption prices, together with accrued interest (and additional interest in the case of the additional 2013 senior unsecured notes, if any) to the date of redemption. If we experience specific kinds of change of control triggering events, we must offer to repurchase the 2013 senior unsecured notes at a price equal to 101% of the principal amount thereof, plus accrued interest (and additional interest in the case of the additional 2013 senior unsecured notes, if any) to the purchase date. In addition, if we undertake certain types of asset sales and do not use the related sale proceeds for specified purposes, we may be required to offer to repurchase the 2013 senior unsecured notes at a price equal to 100% of the principal amount, plus accrued interest (and additional interest in the case of the additional 2013 senior unsecured notes, if any). Interest on the 2013 senior unsecured notes is payable semi-annually on March 1st and September 1st.

In March 2014, we completed an offer to exchange the initial 2013 senior unsecured notes for a new issue of substantially identical debt securities registered under the Securities Act of 1933, with all outstanding notes being exchanged.

The 2013 senior unsecured notes are uncollateralized general obligations and are effectively subordinated to all of our and the guarantors' and future guarantor subsidiaries' senior secured indebtedness, including the senior secured credit facilities, to the extent of the value of the collateral securing such indebtedness. The 2013 senior unsecured notes are also effectively subordinated to any indebtedness and other liabilities (including trade payables) of our subsidiaries that do not guarantee the 2013 senior unsecured notes. The 2013 senior unsecured notes rank equally in right of payment with our other unsecured, unsubordinated indebtedness, including trade payables. The 2013 senior unsecured notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The 2013 senior unsecured notes indenture contains certain covenants that, subject to certain significant exceptions, limit, among other things, our and the guarantors' ability to incur additional debt, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company or transfer and sell assets. The 2013 senior unsecured notes indenture includes customary events of default, including, but not limited to, failure to make required payments, failure to comply with certain agreements or covenants, failure to pay certain other indebtedness, the occurrence of which is caused by a failure to pay principal, premium or interest or results in the acceleration of such indebtedness, certain events of bankruptcy and insolvency and certain judgment defaults.

Registration Rights Agreement

On August 11, 2015, we and the guarantors of the additional 2013 senior unsecured notes entered into a registration rights agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBS Securities Inc., as representatives of the several initial purchasers of the additional 2013 senior unsecured notes. Upon the terms and subject to the conditions of this agreement, we agreed to offer to exchange the additional 2013 senior unsecured notes, pursuant to a registration statement effective within 270 days of issuance, for a new issue of substantially identical debt securities registered under the Securities Act of 1933, as amended. Under certain circumstances set forth in the registration rights agreement, we may also be obligated to file a shelf registration statement with respect to the additional 2013 senior unsecured notes.

Facility Agreement for Senior Unsecured Notes

On November 18, 2015, we entered into an agreement, or the facility agreement, by and among us, the Tribe and UBS AG, London Branch, or UBS. Pursuant to the facility agreement, we may issue, from time to time, to UBS or its designee, senior

unsecured notes in an aggregate principal amount of up to \$200.0 million, with varying amounts, borrowing dates, maturities and interest rates, as may be agreed with UBS or its designee.

On November 20, 2015, pursuant to the facility agreement, we entered into a note purchase agreement, or the note purchase agreement, by and among us, the Tribe and the purchaser named therein, or the purchaser. In accordance with the note purchase agreement, we issued floating rate senior notes due 2017 in an aggregate principal amount of \$100.0 million, or the 2015 senior unsecured notes, to the purchaser in a private offering that closed on November 20, 2015. The 2015 senior unsecured notes are senior unsecured obligations. Pursuant to a guarantee agreement dated November 20, 2015, certain of our subsidiaries, which are the same guarantors that guarantee our senior secured credit facilities and other senior unsecured and senior subordinated notes, have guaranteed the 2015 senior unsecured notes. The 2015 senior unsecured notes bear interest at a rate per annum equal to LIBOR plus 4.45%, payable quarterly. The 2015 senior unsecured notes mature on December 15, 2017. We used the net proceeds from the 2015 senior unsecured notes to refinance existing indebtedness and to finance new development opportunities.

We may redeem the 2015 senior unsecured notes at any time, in whole or in part, at a price equal to 100% of the principal amount of the notes redeemed plus accrued interest to the date of redemption, customary breakage costs, a “make-whole amount,” and, if redeemed within one year of the date of issuance, a premium of 0.25%. If we experience specific kinds of change of control events, undertake certain types of asset sales or experience certain swap-related credit determinations, we will be required to make an offer to purchase the 2015 senior unsecured notes at the purchase prices set forth in the note purchase agreement. In addition, if any gaming regulatory authority requires a holder of the 2015 senior unsecured notes to be licensed, qualified or found suitable under applicable gaming laws, and such holder does not obtain such license, qualification or finding of suitability within a specified time, we can call for redemption of the 2015 senior unsecured notes held by such holder.

The 2015 senior unsecured notes and guarantees have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

The 2015 senior unsecured notes are uncollateralized general obligations and are effectively subordinated to all of our and the guarantors’ and future guarantor subsidiaries’ senior secured indebtedness, including the senior secured credit facilities, to the extent of the value of the collateral securing such indebtedness. The 2015 senior unsecured notes are also effectively subordinated to any indebtedness and other liabilities (including trade payables) of our subsidiaries that do not guarantee the 2015 senior unsecured notes. The 2015 senior unsecured notes rank equally in right of payment with our other unsecured, unsubordinated indebtedness, including trade payables. The 2015 senior unsecured notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The note purchase agreement contains certain covenants that, subject to certain significant exceptions, limit, among other things, our and the guarantors’ ability to incur additional debt, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company or transfer and sell assets. The note purchase agreement includes customary events of default, including, but not limited to, failure to make required payments, failure to comply with certain agreements or covenants, certain cross-defaults, certain events of bankruptcy and insolvency and certain judgment defaults.

Senior Subordinated Notes

2005 6⁷/₈% Senior Subordinated Notes

In February 2005, we issued \$150.0 million senior subordinated notes with fixed interest payable at a rate of 6.875% *per annum*, or the 2005 senior subordinated notes.

In March 2012, we completed a private exchange offer and consent solicitation for any or all of our outstanding 2005 senior subordinated notes. As part of the exchange offer, we solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 senior subordinated notes, which eliminated certain covenants under the notes and related indenture. The aggregate principal amount of 2005 senior subordinated notes tendered and exchanged was \$140.3 million. Subsequent to our March 2012 private exchange offer, \$9.7 million of the 2005 senior subordinated notes remained outstanding, which amount, plus accrued interest, was repaid at maturity on February 15, 2015 with cash on hand and drawings under the revolving facility.

2012 11% Senior Subordinated Notes

In March 2012, we issued \$344.2 million senior subordinated toggle notes with fixed interest payable at a rate of 11% *per annum*, or the 2012 senior subordinated notes, in exchange for \$203.8 million of our then outstanding 2004 7 1/8% senior subordinated notes and \$140.3 million of 2005 senior subordinated notes. The 2012 senior subordinated notes mature on September 15, 2018. We may redeem the 2012 senior subordinated notes, in whole or in part, at any time, at a price equal to 100% of the

principal amount plus accrued interest. If a change of control occurs, we must offer to repurchase the 2012 senior subordinated notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if we undertake certain types of asset sales or suffer events of loss, and we do not use the related sale or insurance proceeds for specified purposes, we may be required to offer to repurchase the 2012 senior subordinated notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 senior subordinated notes is payable semi-annually on March 15th and September 15th. The initial interest payment on the 2012 senior subordinated notes was payable entirely in cash. For any subsequent interest payment period through March 15, 2018, we may, at our option, elect to pay interest on the 2012 senior subordinated notes either entirely in cash or by paying up to 2% in 2012 senior subordinated notes, or PIK interest. If we elect to pay PIK interest, such election will increase the principal amount of the 2012 senior subordinated notes in an amount equal to the amount of PIK interest for the applicable interest payment period to holders of 2012 senior subordinated notes on the relevant record date.

In August 2013, we repurchased an aggregate principal amount of \$69.0 million 2012 senior subordinated notes. On September 10, 2015, we redeemed an additional aggregate principal amount of \$175.0 million of 2012 senior subordinated notes. An aggregate principal amount of approximately \$100.2 million 2012 senior subordinated notes remains outstanding as of September 30, 2015. As of September 30, 2015, the effective interest rate of the 2012 senior subordinated notes, after taking into account discounts and debt issuance costs, was 11.50%.

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

The 2012 senior subordinated notes are uncollateralized general obligations and are subordinated to borrowings under the senior secured credit facilities and 2013 senior unsecured notes. The 2012 senior subordinated notes are fully and unconditionally guaranteed, jointly and severally, by the guarantors.

The 2012 senior subordinated notes indenture contains certain non-financial and financial covenant requirements with which we and the Tribe must comply. The non-financial covenant requirements include, among other things, reporting obligations, compliance with laws and regulations, maintenance of licenses and insurances and our continued existence. The financial covenant requirements include, among other things, subject to certain exceptions, limitations on our and the guarantors' ability to incur additional indebtedness, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company, transfer or sell assets or impair assets constituting collateral.

As of September 30, 2015, we and the Tribe were in compliance with all respective covenant requirements under the senior and senior subordinated note indentures.

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

Line of Credit

In November 2013, we entered into a \$16.5 million revolving credit facility with Bank of America, N.A., or the line of credit. The line of credit is coterminous with the senior secured credit facilities. Pursuant to provisions of the senior secured credit facilities, under certain circumstances, the line of credit may be converted into loans under the senior secured credit facilities. Under the line of credit, each advance accrues interest on the basis of a one-month LIBOR rate plus an applicable margin based on our total leverage ratio, as each term is defined under the line of credit. As of September 30, 2015, no amount was drawn on the line of credit. Borrowings under the line of credit are uncollateralized obligations. The line of credit contains negative covenants and financial maintenance covenants that are substantially the same as those contained in the senior secured credit facilities. As of September 30, 2015, we were in compliance with all covenant requirements under the line of credit.

2009 Mohegan Tribe Promissory Note

In September 2009, the Tribe made a \$10.0 million loan to Salishan-Mohegan, LLC, or Salishan-Mohegan, referred to herein as the 2009 Mohegan Tribe promissory note. The 2009 Mohegan Tribe promissory note accrued interest at an annual rate of 10.0%. The 2009 Mohegan Tribe promissory note matured on September 30, 2015, at which time the remaining principal amount plus accrued interest was repaid.

2012 Mohegan Tribe Minor's Trust Promissory Note

In March 2012, Comerica Bank & Trust, N.A., Trustee f/b/o The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan, referred to herein as the 2012 Mohegan Tribe Minor's Trust promissory note.

The 2012 Mohegan Tribe Minor's Trust promissory note was amended in June 2014 to extend the maturity date to March 31, 2017. As of September 30, 2015, the 2012 Mohegan Tribe Minor's Trust promissory note accrued interest at an annual rate of 10.0% and accrued interest was payable as follows: (i) quarterly, commencing June 30, 2012 through March 31, 2014, (ii) on July 1, 2014 on the unpaid balance for the period April 1, 2014 through June 30, 2014, (iii) \$800,000 per quarter, commencing September 30, 2015 through March 31, 2016 and (iv) quarterly, thereafter on the unpaid balance. As of September 30, 2015, principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note amortized as follows: (i) \$500,000 per quarter, commencing December 31, 2012 through March 31, 2014, (ii) \$500,000 on July 1, 2014 and September 30, 2015, (iii) \$1.5 million per quarter, commencing December 31, 2015 through September 30, 2016 and (iv) \$10.0 million at maturity.

The 2012 Mohegan Tribe Minor's Trust promissory note was further amended on December 4, 2015, pursuant to which the interest rate was adjusted to an annual rate of 12.5% and accrued interest was adjusted to be payable quarterly commencing March 31, 2016. In addition, principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note will now amortize in an amount equal to \$1.5 million per quarter commencing March 31, 2016 through December 31, 2016, with the remaining principal amount due at maturity. On December 4, 2015, the Cowlitz Tribe repaid \$6.0 million of principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note on behalf of Salishan-Mohegan, leaving a remaining principal amount of \$10.0 million.

2013 Mohegan Tribe Promissory Note

In March 2013, Mohegan Gaming & Hospitality, LLC, or MG&H, purchased and acquired all of the Tribe's membership interest in MG&H in exchange for a promissory note in the principal amount of \$7.4 million, or the 2013 Mohegan Tribe promissory note. The 2013 Mohegan Tribe promissory note matures on December 31, 2018. The 2013 Mohegan Tribe promissory note accrues interest at an annual rate of 4.0% payable quarterly.

2015 Mohegan Tribe Promissory Note

On November 16, 2015, the Tribe made a \$22.5 million loan to Mohegan Gaming Advisors, LLC, or the 2015 Mohegan Tribe promissory note. The 2015 Mohegan Tribe promissory note matures on April 15, 2016. The 2015 Mohegan Tribe promissory note accrues interest at an annual rate of 5.0% and requires a principal payment of \$8.5 million, plus accrued interest, on January 15, 2016, with the remaining principal amount, plus accrued interest, due at maturity.

Downs Lodging Credit Facility

In July 2012, Downs Lodging, a single purpose entity and wholly-owned unrestricted subsidiary, entered into a credit agreement providing for a \$45.0 million term loan from a third-party lender, or the Downs Lodging credit facility. The proceeds from the Downs Lodging credit facility were used by Downs Lodging to fund Project Sunlight, a hotel and convention center expansion project at Mohegan Sun Pocono. The Downs Lodging credit facility matures on July 12, 2016 and accrues interest at an annual rate of 13.0%, with accrued interest of 10.0% payable monthly in cash during the term of the loan and the remaining 3.0% due at maturity. In addition, a 3.0% exit fee is payable upon repayment of the loan principal. On July 16, 2015, Downs Lodging prepaid approximately \$4.5 million of the Downs Lodging credit facility, plus accrued interest and fees. As of September 30, 2015, approximately \$40.5 million remained outstanding under the Downs Lodging credit facility. As of September 30, 2015, the effective interest rate of the Downs Lodging credit facility, after taking into account debt issuance costs, was 14.52%.

The Downs Lodging credit facility is a senior secured obligation of Downs Lodging, collateralized by all existing and future assets of Downs Lodging. The Downs Lodging credit facility subjects Downs Lodging to certain covenant requirements customarily found in loan agreements for similar transactions. As of September 30, 2015, Downs Lodging was in compliance with all covenant requirements under the Downs Lodging credit facility.

On November 25, 2015, Downs Lodging repaid and terminated the Downs Lodging credit facility with proceeds from a new credit agreement providing for a \$25.0 million term loan from a third-party lender, or the new Downs Lodging credit facility, and a cash payment of the remaining principal amount outstanding under the Downs Lodging credit facility, plus accrued interest and fees. The new Downs Lodging credit facility matures on November 24, 2019, subject to earlier maturity in the event that 5.0% or more of our total funded indebtedness matures prior to that date, in which case the new Downs Lodging credit facility matures six months prior to such date. Principal outstanding under the new Downs Lodging credit facility amortizes in equal monthly amounts of approximately \$260,000 commencing January 1, 2016, with the remaining balance due at maturity. The new Downs Lodging credit facility accrues interest as follows: (i) for base rate loans, at a base rate equal to the greater of (a) the prime rate and (b) the federal funds rate plus 50 basis points (the greater of (a) and (b), the "base rate"), plus 250 basis points and (ii) for Eurodollar rate loans, at the applicable LIBOR rate plus 350 basis points. Interest on base rate loans is payable monthly. Interest on Eurodollar rate loans is payable at the end of each applicable interest period.

The new Downs Lodging credit facility is a senior secured obligation of Downs Lodging, collateralized by all existing and future assets of Downs Lodging. The new Downs Lodging credit facility subjects Downs Lodging to certain covenant requirements customarily found in loan agreements for similar transactions. Additionally, the new Downs Lodging credit facility includes a financial maintenance covenant pertaining to minimum debt service coverage.

Capital Expenditures

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

	Capital Expenditures			
	Fiscal Year Ended September 30, 2015	Fiscal Year Ended September 30, 2014	Fiscal Year Ended September 30, 2013	Forecasted Fiscal Year 2016
Mohegan Sun:				
Maintenance	\$ 23.7	\$ 16.2	\$ 22.4	\$ 26.0
Development	0.8	3.3	5.3	18.8
Subtotal	24.5	19.5	27.7	44.8
Mohegan Sun Pocono:				
Maintenance	5.2	3.9	4.4	5.0
Development	0.2	—	—	1.9
Expansion	—	—	0.3	—
Subtotal	5.4	3.9	4.7	6.9
Corporate:				
Development	—	—	0.7	—
Expansion—Project Sunlight	0.1	9.2	33.0	0.3
Subtotal	0.1	9.2	33.7	0.3
Total	<u>\$ 30.0</u>	<u>\$ 32.6</u>	<u>\$ 66.1</u>	<u>\$ 52.0</u>

We primarily rely on cash flows provided by operating activities to fund maintenance capital expenditures at Mohegan Sun and Mohegan Sun Pocono. We plan to fund any development or expansion capital expenditures at Mohegan Sun and Mohegan Sun Pocono through a combination of existing cash, cash flows provided by operating activities and draws under our revolving facility.

Interest Expense

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

	For the Fiscal Years Ended September 30,		
	2015	2014	2013
Prior bank credit facility	\$ —	\$ 3,199	\$ 22,566
Prior term loan facility	—	3,755	27,427
Senior secured credit facility - revolving	1,862	1,365	—
Senior secured credit facility - term loan A	6,329	5,731	—
Senior secured credit facility - term loan B	45,351	38,711	—
2009 11 1/2% second lien senior secured notes	—	5	24
2012 11 1/2% second lien senior secured notes	—	3,368	25,043
2012 10 1/2% third lien senior secured notes	—	—	39,777
2005 6 1/8% senior unsecured notes	—	—	402
2013 9 3/4% senior unsecured notes	50,724	49,494	6,319
2004 7 1/8% senior subordinated notes	—	1,367	1,614
2005 6 7/8% senior subordinated notes	255	664	691
2012 11% senior subordinated notes	29,990	31,094	37,785
Line of credit	225	227	7
2009 Mohegan Tribe promissory note	152	240	752
2012 Mohegan Tribe Minor's Trust promissory note	1,650	1,725	1,922
Mohegan Tribe credit facility	—	—	135
2013 Mohegan Tribe promissory note	297	297	151
Downs Lodging credit facility	6,424	6,683	6,547
Capital leases	107	222	398
Amortization of net deferred gain on settlement of derivative instruments	—	—	(76)
Amortization of debt issuance costs on revolving credit facilities	510	521	642
Capitalized interest	—	(735)	(1,976)
Total interest expense, net of capitalized interest	\$ 143,876	\$ 147,933	\$ 170,150

Sufficiency of Resources

We believe that existing cash balances, financing arrangements and operating cash flows will provide us with sufficient resources to meet our existing debt obligations, distributions to the Tribe and foreseeable capital expenditures for at least the next twelve months; however, we can provide no assurance in this regard. Please refer to “Part I. Item 1A. Risk Factors” for further details regarding risks relating to our sufficiency of resources. Inclusive of letters of credit, which reduce borrowing availability under the revolving facility, and after taking into account restrictive financial covenant requirements, we had approximately \$76.0 million of borrowing capacity under the revolving facility and line of credit as of September 30, 2015. Distributions to the Tribe are anticipated to total approximately \$53 million for fiscal 2016.

Contractual Obligations and Commitments

The following table presents estimated future payment obligations related to our debt and certain other material contractual obligations and the timing of those payments as of September 30, 2015.

Contractual Obligations (in thousands)	Total	Payments due by period			
		Less than 1 year (1)	1-3 years	3-5 years	More than 5 years
Long-term debt	\$ 1,692,206	\$ 67,567	\$ 1,030,797	\$ 8,169	\$ 585,673
Capital and operating leases	253,430	2,533	17,333	15,942	217,622
Interest payments on long-term debt and capital leases	526,571	129,954	225,429	114,150	57,038
Procurement	73,505	19,510	33,058	15,751	5,186
Total	\$ 2,545,712	\$ 219,564	\$ 1,306,617	\$ 154,012	\$ 865,519

(1) Represents payment obligations from October 1, 2015 to September 30, 2016. Also inclusive of the Downs Lodging credit facility, due July 2016, which was refinanced in November 2015 on a long-term basis, and, accordingly, was primarily included in long-term debt, net of current portion, in our consolidated balance sheet as of September 30, 2015.

In addition to the above listed contractual obligations, we have certain other contractual commitments as of September 30, 2015. The calculation of estimated future payments related to these contractual commitments as presented in the following table is based, in large part, on revenue projections over an extended period of time, as well as other factors that are more fully described below. Given the high level of estimate and judgment utilized in the calculation of these liabilities, future events that affect such estimates and judgments may cause actual payments to materially differ from current estimates. The amounts presented in the following table are estimates, and, while certain agreements have perpetual terms, for the purposes of calculating these amounts, we have assumed that the table contains information for only ten years.

Contractual Commitments (in thousands)	Payments due by period			
	Less than 1 year (1)	1-3 years	3-5 years	5-10 years
Combined minimum slot win and free promotional slot play contributions (2)	\$ 146,991	\$ 293,561	\$ 245,594	\$ 658,276
Pennsylvania slot machine tax (3)	121,291	246,095	256,037	686,267
Pennsylvania table game tax (4)	7,057	14,520	15,088	40,440
Horsemen purses (5)	349	—	—	—
Priority distributions (6)	40,000	80,000	80,000	200,000
Town of Montville (7)	500	1,000	1,000	2,500
Total	\$ 316,188	\$ 635,176	\$ 597,719	\$ 1,587,483

- (1) Represents payment obligations from October 1, 2015 to September 30, 2016.
- (2) Represents portions of revenues earned on slot machines and free promotional slot plays that must be paid to the State of Connecticut. Slot win contribution payments are the lesser of: (1) 30% of gross revenues from slot machines at Mohegan Sun or (2) the greater of (a) 25% of gross revenues from slot machines at Mohegan Sun or (b) \$80.0 million. Free promotional slot play contribution payments are 25% of the face amount of free promotional slot plays in excess of 11% of monthly gross revenues from slot machines at Mohegan Sun.
- (3) Represents portion of revenues earned on slot machines that must be paid to the PGCB. Pennsylvania slot machine tax payments are 55% of gross revenues from slot machines at Mohegan Sun Pocono, 2% of which is subject to a \$10.0 million minimum annual threshold.
- (4) Represents portion of revenues earned on table games that must be paid to the PGCB. Pennsylvania Table Game Tax payments are 12%, plus 2% in local share assessments.
- (5) Represents portion of racing handle that must be paid in purses pursuant to an agreement with the Pennsylvania Harness Horsemen's Association. Payments consist of 2.5% of wagers on live races at Mohegan Sun Pocono that are simulcasted to other racetracks with the Commonwealth of Pennsylvania and 1.1% of wagers on races simulcasted to locations outside the Commonwealth of Pennsylvania.
- (6) Represents payment obligations to the Tribe pursuant to a priority distribution agreement. Priority distribution payments are calculated based on our net cash flows, as defined under the priority distribution agreement, and are limited to a minimum annual amount of \$40.0 million.
- (7) Represents payment obligations to the Town of Montville of \$500,000 per year to minimize the impact of Tribe's reservation being held in trust.

Critical Accounting Policies and Estimates

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

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

Revenue Recognition

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

Reserves for Doubtful Accounts

We maintain a reserve for doubtful collection of casino, hotel and other non-gaming receivables based on our estimate of the probability that these receivables will be collected. We assess the adequacy of this reserve by continuously evaluating historical experience, creditworthiness of the related patron and all other available information. Future business or economic trends could affect the collectability of these receivables and the related reserve.

We also maintain reserves for doubtful collection of reimbursable costs and expenses advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe for the Cowlitz Project and WTG on behalf of the Menominee Tribe for the Menominee Project

based on our estimate of the probability that the receivables will be collected. We assess the reserve for doubtful collection of the Salishan-Mohegan receivables for adequacy on a quarterly basis. Future developments in the construction of the proposed casino or other matters affecting the Cowlitz Project could affect the collectability of the Salishan-Mohegan receivables and the related reserve. The WTG receivables are fully reserved.

Unredeemed Momentum Dollars

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

Self-insurance Accruals

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

Property and Equipment

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

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

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

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

Goodwill

The fair value is determined utilizing an income approach based on projected discounted cash flows from the Pennsylvania facilities, exclusive of capital expenditures requirements. If the carrying value of the goodwill exceeds its fair value, an impairment loss will be recognized to the extent that the carrying value of the goodwill exceeds its implied fair value. The income approach requires us to make assumptions regarding future revenues and expenses, discount rates and the terminal value based on a market multiple of the Pennsylvania facilities. As of September 30, 2015 and 2014, we assessed the goodwill for impairment and determined that no impairment existed. If any of the following occurs, the goodwill may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on our consolidated financial statements: (1) if estimates of projected cash flows from the Pennsylvania facilities are not achieved, (2) if the discount rate increases, (3) if terminal growth rates decrease or (4) if market multiples decrease.

Other Intangible Assets

The slot machine license and table game certificate intangible assets are assessed as a single unit of accounting at least annually for impairment by comparing the fair value of the recorded assets to their carrying value. Their fair value is determined utilizing an income approach based on projected discounted cash flows from the Pennsylvania facilities, exclusive of a required rate of return of all other assets and exclusive of capital expenditures requirements. If the carrying value exceeds the fair value, an impairment loss will be recognized to the extent that the carrying value exceeds the fair value. The income approach requires us to make assumptions regarding future revenues and expenses, discount rates, royalty rate and the terminal value based on a perpetual growth rate of the Pennsylvania facilities. As of September 30, 2015 and 2014, we assessed the intangible assets for impairment and determined that no impairment existed. If any of the following occurs, the intangible assets may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on our consolidated financial statements: (1) if estimates of projected cash flows from the Pennsylvania facilities are not achieved, (2) if the discount rate increases or (3) if the terminal value decreases.

The Mohegan Sun trademark is assessed at least annually for impairment by comparing its fair value to its carrying value. The fair value is determined utilizing the income approach – relief from royalty method based on projected revenues from Mohegan Sun and Mohegan Sun Pocono. If the carrying value exceeds the fair value, an impairment loss will be recognized to the extent that the carrying value exceeds the fair value. The income approach requires us to make assumptions regarding future revenues, discount rates, royalty rate and the terminal value based on a perpetual growth rate of Mohegan Sun and Mohegan Sun Pocono. As of September 30, 2015 and 2014, we assessed the Mohegan Sun trademark for impairment and determined that no impairment existed. If any of the following occurs, the Mohegan Sun trademark may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on our consolidated financial statements: (1) if estimates of projected cash flows from Mohegan Sun and Mohegan Sun Pocono are not achieved, (2) if the discount rate increases or (3) if the perpetual growth rate decreases.

Litigation

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

Impact of Inflation

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

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

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. As of September 30, 2015, our primary exposure to market risk was interest rate risk associated with our senior secured credit facilities which accrued interest on the basis of a base rate formula or a Eurodollar rate formula, plus applicable rates, as defined under the respective facility.

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

The following table presents information about our debt obligations as of September 30, 2015 that were sensitive to changes in interest rates. The table presents principal payments and related weighted average interest rates by expected maturity dates. Weighted average variable interest rates were based on implied forward rates in respective yield curves, which should not be considered to be precise indicators of actual future interest rates. Fair values for our debt obligations were based on quoted market prices or prices of similar instruments as of September 30, 2015.

	Expected Maturity Date						Total	Fair Value
	2016 (1)	2017	2018	2019	2020	Thereafter		
Liabilities (in thousands)								
Long-term debt and capital lease obligations (including current portions):								
Fixed rate	\$ 48,459	\$ 11,269	\$ 101,266	\$ 7,832	\$ 337	\$ 585,673	\$ 754,836	\$ 769,793
Average interest rate	12.2%	9.2%	10.9%	3.8%	—	9.7%	10.0%	
Variable rate	\$ 19,932	\$ 20,714	\$ 899,069	\$ —	\$ —	\$ —	\$ 939,715	\$ 933,097
Average interest rate (2)	4.9%	5.2%	5.9%	—	—	—	5.6%	

(1) Includes the Downs Lodging credit facility, due July 2016, which was refinanced in November 2015 on a long-term basis, and, accordingly, was primarily included in long-term debt, net of current portion, in our consolidated balance sheet as of September 30, 2015.

(2) A 100 basis point change in average interest rate would impact annual interest expense by approximately \$9.4 million.

Item 8. Financial Statements and Supplementary Data.

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

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

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2015. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures. Management recognizes that controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on an evaluation of our disclosure controls and procedures as of September 30, 2015, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management Report on Internal Control Over Financial Reporting

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

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

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

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2015. In making this assessment, our management used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in “2013 Internal Control-Integrated Framework.”

Based on this assessment, management concluded that, as of September 30, 2015, our internal control over financial reporting is effective.

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

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that occurred during the quarter ended September 30, 2015, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We are governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, or Tribal Council, the governing body of the Tribe. Any change in the composition of the Tribal Council results in a corresponding change in our Management Board. As of the date of this filing, the members of the Management Board and their terms are as follows: Kevin P. Brown, Ralph James Gessner, Jr., Kathleen M. Regan-Pyne, Bruce S. Bozsum and William Quidgeon, Jr. are each serving four-year terms expiring in October 2017, while Cheryl A. Todd, Thayne D. Hutchins, Jr., Mark F. Brown and Joseph W. Smith are each serving four-year terms expiring in October 2019. Members of the Tribal Council are elected by the registered voters of the Tribe through competitive general elections. Vacancies on the Tribal Council, to the extent they arise, are likewise filled by similar special elections. Upon expiration of Tribal Council members' terms, registered voters of the Tribe may re-elect current Tribal Council members who choose to run for re-election or elect new Tribal Council members. Incumbent members of the Tribal Council do not nominate or otherwise identify candidates for election. Accordingly, the Tribal Council and Management Board do not screen candidates for election nor do they maintain a nominating committee. The terms of office of our named executive officers, and the periods during which they have served as such, are described in "Part III. Item 11. Executive Compensation—Employment Agreements."

Management Board and Named Executive Officers

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

<u>Name</u>	<u>Age</u>	<u>Position</u>
Kevin P. Brown	50	Chairman and Member, Management Board
Ralph James Gessner, Jr.	46	Vice Chairman and Member, Management Board (1)
Cheryl A. Todd	55	Recording Secretary and Member, Management Board
Kathleen M. Regan-Pyne	59	Corresponding Secretary and Member, Management Board (1)
Thayne D. Hutchins, Jr.	44	Treasurer and Member, Management Board (1)
Mark F. Brown	58	Member, Management Board (1)
Bruce S. Bozsum	55	Member, Management Board
William Quidgeon, Jr.	53	Member, Management Board (1)
Joseph W. Smith	59	Member, Management Board
Robert J. Soper	43	President and Chief Executive Officer, Mohegan Tribal Gaming Authority
Mario C. Kontomerkos	39	Chief Financial Officer, Mohegan Tribal Gaming Authority
Thomas P. Burke	59	Chief Operating Officer, Mohegan Tribal Gaming Authority

(1) Audit Committee member.

Kevin P. Brown—Mr. Brown was first seated on the Tribal Council and Management Board in October 2013, at which time he was also elected Chairman, after a 25-year career in the United States Army. Mr. Brown's experience as a commissioned officer in the Army includes extensive leadership and organizational management in deployed combat environments, as well as the stateside management of a large Army base at Fort Riley, Kansas. Mr. Brown also served as an analyst at the Pentagon following his attainment of a Master of Science Degree in Operational Research and Systems Analysis at the Naval Postgraduate School in Monterey, California. In addition, Mr. Brown holds a Bachelor of Science Degree in Aerospace Engineering from the United States Military Academy, a Master of Arts in Public Diplomacy from Norwich University and a Doctoral Candidacy in Security Studies from Kansas State University.

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

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

Kathleen M. Regan-Pyne—Ms. Regan-Pyne was first seated on the Tribal Council and Management Board in October 2009 after serving as Manager of Tribal Career Development for the Tribe and Mohegan Sun for three years. Prior to her employment

with the Tribe and Mohegan Sun, Ms. Regan-Pyne held multiple positions in the insurance/financial services industry, including Director of Life Claims at Lincoln Life & Annuity. Ms. Regan-Pyne is a graduate of Eastern Connecticut State University.

Thayne D. Hutchins, Jr.—Mr. Hutchins was first seated on the Tribal Council and Management Board in October 2007 after serving as a staff accountant for the Tribe for six years. Mr. Hutchins graduated Magna Cum Laude from Eastern Connecticut State University and holds a Bachelor's Degree in Economics with a concentration in Accounting.

Mark F. Brown—Mr. Brown was first seated on the Tribal Council and Management Board in October 1995. He served as Chairman of the Tribal Council and Management Board from October 2000 until October 2005. Mr. Brown also served as the Tribe's historian and was instrumental in the Tribe's pursuit of federal recognition.

Bruce S. Bozsum—Mr. Bozsum was first seated on the Tribal Council and Management Board in October 2004. He served as Chairman of the Tribal Council and Management Board from October 2005 until October 2009 and from October 2010 until October 2013. Mr. Bozsum previously served as Manager of Cultural and Community Programs for the Tribe, in which capacity he was responsible for educational outreach programs and the annual Wigwam Festival and Cultural Week. He was also employed as a Floor Supervisor for the Tribe's high stakes bingo operations.

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

Joseph W. Smith—Mr. Smith was first seated on the Tribal Council and Management Board in October 2015. He previously worked as a manager of communications and public affairs for the Tribe and in communications and publications for Mohegan Sun. Mr. Smith also worked as a story editor and story analyst, with positions at the American Broadcasting Company, The Walt Disney Company, Paramount Pictures Corporation and Twentieth Century Fox Film Corporation. He holds both a Bachelor's Degree and a Master of Fine Arts Degree from Columbia University.

Robert J. Soper—Mr. Soper assumed the role of President and Chief Executive Officer of the Authority on October 1, 2015, replacing Mitchell Grossinger Etes, who retired. Mr. Soper had been serving as President of the Authority since April 1, 2015. He previously served as President and Chief Executive Officer of Mohegan Sun from October 2012 to April 2015, as President and General Manager of Mohegan Sun Pocono from 2005 to 2012, as Senior Vice President of Administration at Mohegan Sun from 2001 to 2005 and as Senior Attorney for the Tribe from 1997 to 2001.

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

Thomas P. Burke—Mr. Burke was appointed Chief Operating Officer of the Authority in April 2015. Mr. Burke previously served as President of the Authority's management and consulting division, Mohegan Gaming Advisors, LLC, from April 2014 to March 2015. Prior to his employment with the Authority, Mr. Burke served as Senior Vice President of Regional Gaming Operations at Penn National Gaming, Inc. from October 2008 to March 2014. Mr. Burke also previously served as Vice President and General Manager of Penn National Gaming Inc.'s Argosy Casino Hotel & Spa from June 2006 to October 2008 and as President and General Manager of the Bullwhackers properties in Colorado from October 2002 to June 2006. Mr. Burke's career also includes senior positions with organizations such as Ameristar Casinos, Inc., Station Casinos, Trump Taj Mahal Casino Resort and Trump's Castle Hotel & Casino, American Gaming and Entertainment, Ltd. and the Majestic Star Casinos.

Audit Committee

We have established a separately-designated standing Audit Committee in accordance with applicable provisions of the Securities Exchange Act of 1934. The Audit Committee is comprised of certain members of the Management Board. Members of our Audit Committee are capable of reading and understanding financial statements, including balance sheets and statements of income, changes in capital and cash flows. The Management Board has determined that none of its members and, accordingly, no member of the Audit Committee, is a financial expert, meaning no member has past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background, which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. However, the Audit Committee is advised on financial matters through a Financial Advisory Committee comprised of one or more financial experts independent from us.

Code of Ethics

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

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

Item 11. Executive Compensation.

Compensation Discussion and Analysis

Executive Compensation Objectives

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

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

Role of the Compensation Committee and Senior Management

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

Elements of Compensation

Compensation offered to our named executive officers, or NEOs, primarily consists of annual compensation in the form of base salaries and employee benefits/perquisites. We also offer our NEOs cash-based incentive opportunities. In addition, we offer our NEOs the opportunity to defer all or a portion of their annual compensation under a deferred compensation plan, or DCP, and to participate in the Mohegan Retirement and 401(k) Plan, both of which are sponsored by the Tribe. The following presents additional information relating to the elements of compensation offered to our NEOs in fiscal 2015:

Annual Compensation

Annual compensation consists of base salaries and employee benefits. These elements are intended to provide some degree of compensation certainty to our NEOs by providing compensation that, unlike incentive compensation, is not "at-risk" based upon company performance.

Base Salary

We believe that a competitive base salary is an important component of compensation as it provides a degree of financial stability and is a critical factor in recruiting and retaining our NEOs. Base salary is also designed to recognize the scope of responsibilities placed under each NEO and to reward each NEO for their unique leadership skills, management experience and contributions to the company.

In determining base salary levels, we take into consideration economic and industry conditions and company performance. We do not assign relative weights to individual and company performance, but instead make a subjective determination after considering such measures collectively. Base salary is also evaluated relative to other components of our executive compensation program to ensure that each NEO's total compensation and mix of components are consistent with our overall compensation objectives and philosophies.

With these factors in mind, we have entered into employment agreements with our NEOs that, among other things, provide for minimum base salary levels and employee benefits that, when combined, provide total compensation reflecting our need to compete for and retain management talent in a competitive environment. Our NEOs' base salaries are also subject to annual increases.

Employee Benefits

Our NEOs receive certain employee benefits, including health insurance, dental and vision coverage, prescription drug plans, long-term disability care and flexible spending accounts. In addition, our NEOs are provided the opportunity to receive discretionary employer-matching 401(k) contributions of 50%, up to the first 3% of their eligible compensation contributed under the Mohegan Retirement and 401(k) Plan. All of our NEOs receive payment of premiums for supplemental long-term disability policies.

Incentive Compensation

In fiscal 2015, we implemented an incentive compensation plan covering certain of our employees. As it pertains to our NEOs, the plan sets aside 25% of our Adjusted EBITDA in excess of a target established prior to the beginning of the fiscal year as part of our budgeting process. For this purpose, "Adjusted EBITDA" means net income before interest, depreciation and amortization, loss on disposition of assets, workforce reduction severance, impairment of Project Horizon, reassessment and accretion of discount to a relinquishment liability, loss on early extinguishment of debt, other non-operating income and expense and loss attributable to non-controlling interests. Adjusted EBITDA is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States of America, or GAAP. However, we have historically evaluated our operating performance with the non-GAAP measure Adjusted EBITDA. Under the plan, the base incentive compensation amount for our NEOs was set at 35%, with a maximum payout of 52.5%, of base salary. During fiscal 2015, our Adjusted EBITDA exceeded our established target and resulted in a payout rate of approximately 38% for our NEOs.

Compensation Committee Report

Our nine-member Management Board serves as our Compensation Committee. The Management Board met with us to review and discuss the preceding Compensation Discussion and Analysis. Based on such review and discussion, the Management Board approved this Compensation Discussion and Analysis and authorized its inclusion in this Annual Report on Form 10-K for the fiscal year ended September 30, 2015.

Management Board

The members of the Management Board, as of the date of this filing, are as follows: Kevin P. Brown, Ralph James Gessner, Jr., Cheryl A. Todd, Kathleen M. Regan-Pyne, Thayne D. Hutchins, Jr., Mark F. Brown, Bruce S. Bozsum, William Quidgeon, Jr. and Joseph W. Smith.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Base Salary	Cash Bonus	Non-Equity Incentive Compensation	All Other Compensation (4)	Total
Robert J. Soper (1)	2015	\$ 900,000	352,012	—	14,181	\$ 1,266,193
President and Chief Executive Officer, Mohegan Tribal Gaming Authority	2014	\$ 800,000	—	—	15,456	\$ 815,456
	2013	\$ 740,662	—	—	95,065	\$ 835,727
Mario C. Kontomerkos	2015	\$ 758,949	281,609	—	3,722	\$ 1,044,280
Chief Financial Officer, Mohegan Tribal Gaming Authority	2014	\$ 717,829	—	—	3,722	\$ 721,551
	2013	\$ 709,423	—	—	3,735	\$ 713,158
Thomas P. Burke (2)	2015	\$ 645,793	246,408	—	10,492	\$ 902,693
Chief Operating Officer, Mohegan Tribal Gaming Authority	2014	\$ 305,193	—	—	102,304	\$ 407,497
	2013	\$ —	—	—	—	\$ —
Mitchell Grossinger Etes (3)	2015	\$ 893,822	—	—	13,096	\$ 906,918
Chief Executive Officer, Mohegan Tribal Gaming Authority	2014	\$ 1,402,762	—	—	15,136	\$ 1,417,898
	2013	\$ 1,429,738	—	—	15,150	\$ 1,444,888

(1) Appointed President and Chief Executive Officer on October 1, 2015.

(2) Appointed Chief Operating Officer on April 1, 2015.

(3) Ceased employment as Chief Executive Officer on October 1, 2015.

(4) Amounts reported in this column are comprised of the following:

All Other Compensation Details

Name	Fiscal Year	401(k) (1)	Long-Term Disability (2)	Vacation Payout (3)	Moving Allowance (4)	Taxes on Moving Allowance (5)	Total
Robert J. Soper	2015	\$ 3,975	10,206	—	—	—	\$ 14,181
	2014	\$ 5,250	10,206	—	—	—	\$ 15,456
	2013	\$ 5,250	646	13,354	50,000	25,815	\$ 95,065
Mario C. Kontomerkos	2015	\$ —	3,722	—	—	—	\$ 3,722
	2014	\$ —	3,722	—	—	—	\$ 3,722
	2013	\$ —	3,735	—	—	—	\$ 3,735
Thomas P. Burke	2015	\$ 6,020	4,472	—	—	—	\$ 10,492
	2014	\$ 2,156	148	—	100,000	—	\$ 102,304
	2013	\$ —	—	—	—	—	\$ —
Mitchell Grossinger Etes	2015	\$ 3,975	9,121	—	—	—	\$ 13,096
	2014	\$ 5,250	9,886	—	—	—	\$ 15,136
	2013	\$ 5,250	9,900	—	—	—	\$ 15,150

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

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

(3) Payments pertaining to unused vacation time.

(4) Payments of moving expenses.

(5) Reimbursements for payments of income taxes pertaining to moving expenses.

Non-Qualified Deferred Compensation

We offer our NEOs the opportunity to participate in the DCP. The DCP is a non-qualified plan that allows our executives the opportunity to defer all or a portion of their annual compensation. We do not make contributions to the DCP on behalf of our NEOs. The following table presents each NEO activity within the DCP for the fiscal year ended September 30, 2015.

<u>Name</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Aggregate Additions/ Earnings</u>	<u>Aggregate Withdrawals/ Distributions</u>	<u>Balance September 30, 2015</u>
Robert J. Soper	\$ 79,615	\$ —	\$ (1,335)	\$ —	\$ 150,734
Mario C. Kontomerkos	\$ —	\$ —	\$ —	\$ —	\$ —
Thomas P. Burke	\$ 445,109	\$ —	\$ (29,211)	\$ —	\$ 415,897
Mitchell Grossinger Etes	\$ —	\$ —	\$ 236,786	\$ 971,409	\$ 4,056,128

The amounts deferred by each NEO are deemed to be invested in the fund(s) designated by each NEO from among a number of funds offered under the DCP. NEOs may change their investment selections from time to time. The following funds were available under the DCP, as of the date of this filing:

Schwab Value Advantage Money	Glenmede Small Cap Equity Adv	Fidelity Spartan Extended Mkt
T. Rowe Price Health Sciences	Dreyfus Bond Market Index Basic	American Century Short Dur Inf
JHancock Disciplined Value Mid	BlackRock Global Allocation Instl	Cohen & Steers Realty Shares
Schwab S&P 500 Index	MFS International Diversification A	American Century Infl-Adj Bond
T. Rowe Price Blue Chip Growth	AllianzGI Technology Institutional	Lazard Emerging Markets Equity
PIMCO Total Return Instl	Prudential Jennison Utility A	PIMCO Emerging Local Bond Adm
Sentinel Common Stock A	Dreyfus Intl Stock Index	Fidelity High Income
American Beacon Lg Cap Value	Morgan Stanley Inst Mid Cap	

In accordance with U.S. federal income tax laws and regulations, an election to defer compensation generally must be made prior to the year in which the services to which the compensation relates will be performed. Once made, an election to defer compensation to be earned in the upcoming year is irrevocable. At time of deferral election, each NEO chooses the date on which payment of deferred compensation for the upcoming year is to commence, as well as whether to receive payments in a lump sum or in up to fifteen annual installments. NEOs may change the form and timing of payments elected with respect to particular deferrals, subject to compliance with the terms of the DCP then in effect, including, any grandfathered terms resulting from changes in applicable U.S. federal income tax laws and regulations.

Potential Payments and Benefits upon Termination or Change in Control

The following table presents potential payments to our NEOs in the event of a termination of employment, based on the terms of their employment agreements, as described below. Due to our sovereignty, potential payments upon change in control are not included within the table below, as these are not applicable. The amounts presented represent our estimate of potential payments to our NEOs upon their termination, assuming, in each case, that termination occurred on September 30, 2015, the last day of fiscal 2015. Actual payments can only be determined at the time of each NEO's separation from the company.

	Base Salary	Medical Benefits	Penalty Payment	Total
Robert J. Soper				
Termination without cause	\$ 1,000,000	17,242	15,000	\$ 1,032,242
Termination due to medical disability (1)	\$ 500,000	1,000,000	—	\$ 1,500,000
Change of Control	\$ —	—	—	\$ —
Mario C. Kontomerkos				
Termination without cause	\$ 800,000	17,242	15,000	\$ 832,242
Termination due to medical disability (1)	\$ 400,000	800,000	—	\$ 1,200,000
Change of Control	\$ —	—	—	\$ —
Thomas P. Burke				
Termination without cause	\$ 700,000	11,974	15,000	\$ 726,974
Termination due to medical disability (1)	\$ 350,000	700,000	—	\$ 1,050,000
Change of Control	\$ —	—	—	\$ —

- (1) Under the NEOs employment agreements, upon termination without cause, we are required to continue to provide medical benefits for a period of one year following such termination. Upon termination due to medical disability, we are required to continue to provide the NEOs' annual base salaries and medical benefits for a period of 180 days; thereafter, if we choose to suspend the NEOs' employment or the NEOs are deemed permanently disabled, we are required to provide disability insurance coverage of 50% of the NEOs' annual base salaries.

Employment Agreements

Mr. Soper. Mr. Soper's amended and restated employment agreement commenced as of April 1, 2015 and expires on March 31, 2018. The agreement provides for a base annual salary of \$1,000,000. The agreement is subject to automatic renewal for an additional one-year term unless either party provides notice to the other on or before one year prior to the end of the agreement's stated term of an intention to terminate the agreement at the stated termination date. We may terminate Mr. Soper's employment for "cause," defined as: (1) the violation of the non-competition, non-solicitation and non-disclosure covenants contained in the agreement, (2) the loss or suspension by the State of Connecticut of Mr. Soper's license for Class III gaming for a period of thirty (30) consecutive days, (3) conviction of any crime committed involving fraud, theft or moral turpitude or (4) an intentional material breach of Mr. Soper's obligations under the agreement. In the event that we terminate Mr. Soper for cause, he is not entitled to any further compensation from and after the date of termination. In the event of termination other than for cause, Mr. Soper is entitled to receive severance payments equal to his base annual salary from the date of termination through 12 months from the date of termination in the same amounts and at the same intervals as would have been paid had his employment continued.

Mr. Kontomerkos. Mr. Kontomerkos's amended and restated employment agreement commenced as of April 1, 2015 and expires on March 31, 2018. The agreement provides for a base annual salary of \$800,000. The agreement is subject to automatic renewal for an additional one-year term unless either party provides notice to the other on or before one year prior to the end of the agreement's stated term of an intention to terminate the agreement at the stated termination date. We may terminate Mr. Kontomerkos's employment for cause, as defined above. In the event that we terminate Mr. Kontomerkos for cause, he is not entitled to any further compensation from and after the date of termination. In the event of termination other than for cause, Mr. Kontomerkos is entitled to receive severance payments equal to his base annual salary from the date of termination through 12 months from the date of termination in the same amounts and at the same intervals as would have been paid had his employment continued.

Mr. Burke. Mr. Burke's amended and restated employment agreement commenced as of April 1, 2015 and expires on March 31, 2018. The agreement provides for a base annual salary of \$700,000. The agreement is subject to automatic renewal for an additional one-year term unless either party provides notice to the other on or before one year prior to the end of the agreement's stated term of an intention to terminate the agreement at the stated termination date. We may terminate Mr. Burke for cause, as defined above. In the event that we terminate Mr. Burke 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. Burke is entitled to receive severance payments equal

to his base annual salary from the date of termination through 12 months from the date of termination in the same amounts and at the same intervals as would have been paid had his employment continued.

Mr. Etess. Mr. Etess's amended and restated employment agreement commenced as of January 1, 2012. On April 1, 2015, Mr. Etess's amended and restated employment agreement was amended to extend the expiration date thereof from June 30, 2015 to September 30, 2015. The agreement, as amended, provided for a base annual salary of \$1,402,762 through April 1, 2015 and a base annual salary of \$250,000 thereafter. Mr. Etess's agreement expired on September 30, 2015.

Compensation of Management Board

The following table presents data related to compensation of current members of the Management Board for the fiscal year ended September 30, 2015.

<u>Name</u>	<u>Compensation</u>	<u>Other (1)</u>	<u>Total</u>
Kevin P. Brown	\$ 186,318	284	\$ 186,602
Ralph James Gessner, Jr.	\$ 181,935	275	\$ 182,210
Cheryl A. Todd	\$ 137,656	214	\$ 137,870
Kathleen M. Regan-Pyne	\$ 147,149	222	\$ 147,371
Thayne D. Hutchins, Jr.	\$ 127,597	198	\$ 127,795
Mark F. Brown	\$ 172,591	267	\$ 172,858
Bruce S. Bozsum	\$ 147,149	222	\$ 147,371
William Quidgeon, Jr.	\$ 147,149	222	\$ 147,371
Mark M. Sperry (2)	\$ 127,597	158	\$ 127,755
Joseph W. Smith (3)	\$ —	—	\$ —

(1) Premium payments on life insurance policies owned by each member.

(2) Term expired on October 4, 2015.

(3) Term commenced on October 5, 2015.

Members of the Management Board are paid annual salaries by the Tribe for their services as members of the Tribal Council. Due to the dual roles of these individuals in our governance and Tribe's, we are obligated to fund a portion of their compensation pursuant to an arrangement established at the time of Mohegan Sun's inception. In fiscal 2015, we were obligated to fund 60% of each member's annual compensation. This allocation was determined based on the amount of time members acted in their capacity as the Management Board as opposed to their capacity as the Tribal Council. We believe that members' activities in fiscal 2016 will be consistent with their fiscal 2015 activities and as such we expect to fund 60% of their fiscal 2016 compensation.

Compensation Committee Interlocks and Insider Participation

As noted above, the Management Board serves as our Compensation Committee.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

We have no outstanding equity securities.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Procedure for Review of Related Party Transactions

Potential conflicts of interest, including related party transactions reportable under Securities and Exchange Commission rules, must be approved in advance. We have a code of ethics which applies to our Chief Executive Officer, or principal executive officer, Chief Financial Officer, or principal financial officer, and all other executive officers, whom we collectively refer to as our principal officers. Our code of ethics addresses, among other things, conflicts of interest and is available on our website at "www.mtga.com". Under our code of ethics, principal officers with actual or potential conflicts of interest must disclose such conflicts to the Director of Regulation, his designee or the Chairman of our Management Board. Consistent with our practice, only our Management Board may waive provisions of our code of ethics.

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

Transactions between the Authority and the Authority's Subsidiaries and the Tribe

Distributions

In August 2001, we and the Tribe entered into an agreement, or the priority distribution agreement, which stipulates that we must make monthly payments to the Tribe to the extent of our net cash flow as defined under the priority distribution agreement. The priority distribution agreement was amended as of December 31, 2014. As amended, the priority distribution agreement, which has a perpetual term, limits the minimum aggregate priority distribution payments in each calendar year to \$40.0 million. Payments under the priority distribution agreement: (1) do not reduce our obligations to reimburse the Tribe for governmental and administrative services provided by the Tribe or to make payments under any other agreements with the Tribe, (2) are limited obligations and are payable only to the extent of our net cash flow as defined under the priority distribution agreement and (3) are not secured by a lien or encumbrance on any of our assets or properties.

Distributions to the Tribe associated with the priority distribution agreement totaled \$31.5 million, \$19.5 million and \$19.2 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively. Additional priority distributions to the Tribe, in compliance with restrictive financial covenants under our senior secured credit facilities, line of credit and note indentures and exclusive of priority distributions under the priority distribution agreement, totaled \$18.5 million, \$30.5 million and \$30.8 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

Services

The Tribe provides certain governmental and administrative services in connection with the operation of Mohegan Sun. We incurred expenses for such services totaling \$28.3 million, \$27.1 million and \$26.8 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

We purchase most of our utilities, including electricity, gas, water and waste water services, from an instrumentality of the Tribe, the Mohegan Tribal Utility Authority. We incurred costs for such utilities totaling \$17.4 million, \$19.3 million and \$17.8 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

Promissory Notes

The following table presents data related to promissory notes with the Tribe as of September 30, 2015 (in thousands):

	September 30, 2014	Repayments	September 30, 2015
2009 Mohegan Tribe Promissory Note, due September 2015	\$ 1,750	\$ (1,750)	\$ —
2012 Mohegan Tribe Minor's Trust Promissory Note, due March 2017	16,500	(500)	16,000
2013 Mohegan Tribe Promissory Note, due December 2018	7,420	—	7,420
Total	<u>\$ 25,670</u>	<u>\$ (2,250)</u>	<u>\$ 23,420</u>

2009 Mohegan Tribe Promissory Note

In September 2009, the Tribe made a \$10.0 million loan to Salishan-Mohegan, LLC, or Salishan-Mohegan, referred to herein as the 2009 Mohegan Tribe promissory note. The 2009 Mohegan Tribe promissory note accrued interest at an annual rate of 10.0%. The 2009 Mohegan Tribe promissory note matured on September 30, 2015, at which time the remaining principal amount plus accrued interest was repaid. We incurred interest expense associated with the 2009 Mohegan Tribe promissory note totaling \$152,000, \$240,000 and \$752,000 for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

2012 Mohegan Tribe Minor's Trust Promissory Note

In March 2012, Comerica Bank & Trust, N.A., Trustee f/b/o The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan, referred to herein as the 2012 Mohegan Tribe Minor's Trust promissory note. The 2012 Mohegan Tribe Minor's Trust promissory note was amended in June 2014 to extend the maturity date to March 31, 2017. As of September 30, 2015, the 2012 Mohegan Tribe Minor's Trust promissory note accrued interest at an annual rate of 10.0% and accrued interest was payable as follows: (i) quarterly, commencing June 30, 2012 through March 31, 2014, (ii) on July 1, 2014 on the unpaid balance for the period April 1, 2014 through June 30, 2014, (iii) \$800,000 per quarter, commencing September 30, 2015 through March 31, 2016 and (iv) quarterly, thereafter on the unpaid balance. As of September 30, 2015, principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note amortized as follows: (i) \$500,000 per quarter, commencing December 31, 2012 through March 31, 2014, (ii) \$500,000 on July 1, 2014 and September 30, 2015, (iii) \$1.5 million per quarter, commencing December 31, 2015 through September 30, 2016 and (iv) \$10.0 million at maturity. We incurred interest expense associated with the 2012 Mohegan Tribe Minor's Trust promissory note totaling \$1.7 million, \$1.7 million and \$1.9 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

The 2012 Mohegan Tribe Minor's Trust promissory note was further amended on December 4, 2015, pursuant to which the interest rate was adjusted to an annual rate of 12.5% and accrued interest was adjusted to be payable quarterly commencing March 31, 2016. In addition, principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note will now amortize in an amount equal to \$1.5 million per quarter commencing March 31, 2016 through December 31, 2016, with the remaining principal amount due at maturity. On December 4, 2015, the Cowlitz Tribe repaid \$6.0 million of principal outstanding under the 2012 Mohegan Tribe Minor's Trust promissory note on behalf of Salishan-Mohegan, leaving a remaining principal amount of \$10.0 million.

2013 Mohegan Tribe Promissory Note

In March 2013, Mohegan Gaming & Hospitality, LLC, or MG&H, purchased and acquired all of the Tribe's membership interest in MG&H in exchange for a promissory note in the principal amount of \$7.4 million, or the 2013 Mohegan Tribe promissory note. The 2013 Mohegan Tribe promissory note matures on December 31, 2018. The 2013 Mohegan Tribe promissory note accrues interest at an annual rate of 4.0% payable quarterly. We incurred interest expense associated with the 2013 Mohegan Tribe promissory note totaling \$297,000, \$297,000 and \$151,000 for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

2015 Mohegan Tribe Promissory Note

On November 16, 2015, the Tribe made a \$22.5 million loan to Mohegan Gaming Advisors, LLC, or the 2015 Mohegan Tribe promissory note. The 2015 Mohegan Tribe promissory note matures on April 15, 2016. The 2015 Mohegan Tribe promissory note accrues interest at an annual rate of 5.0% and requires a principal payment of \$8.5 million, plus accrued interest, on January 15, 2016, with the remaining principal amount, plus accrued interest, due at maturity.

Leases

We lease the land on which Mohegan Sun is located from the Tribe under a long-term lease agreement. The agreement requires us to make a nominal annual rental payment. This lease has an initial term of 25 years and is renewable for an additional 25-year term upon expiration. In February 2015, we entered into a fourth amendment to the land lease pursuant to which we released from the land lease an approximately 1.2-acre site to be used by the Tribe to finance, develop and own, through Mohegan Tribal Finance Authority, or MTFA, a wholly-owned instrumentality of the Tribe, a 400-room hotel and related improvements. In connection with this transaction, effective March 5, 2015, we entered into a sublease agreement with MTFA to sublease the site and the completed hotel and related improvements for the purpose of operating the hotel on a triple net basis for a term of 28 years and 4 months, commencing upon the completion of the project. Rental payments under the sublease agreement will also commence upon the completion of the project. Completion and opening of the project is anticipated to occur in the fall of 2016.

In addition, in July 2008, we entered into a land lease agreement with the Tribe, replacing a prior land lease agreement, relating to property located adjacent to the Tribe's reservation that is utilized by Mohegan Sun for employee parking. This agreement requires us to make monthly payments equaling \$75,000 until maturity on June 30, 2018.

Mohegan Tribal Employment Rights Ordinance

In September 1995, the Tribe adopted the Mohegan Tribal Employment Rights Ordinance, as amended from time to time, or the TERO, which sets forth hiring and contracting preference requirements for employers and entities conducting business on Tribal lands on or adjacent to the Mohegan Reservation. Pursuant to the TERO, we and other covered employers are required to give hiring, promotion, training, retention and other employment-related preferences to Native Americans who meet the minimum qualifications for the applicable employment position. However, this preference requirement does not apply to key employees as such persons are defined under the TERO.

Similarly, any entity awarding a contract or subcontract valued up to \$250,000 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 \$250,000 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. In addition, for contracts valued at any amount, other than those with federal or other special financing, a certified Mohegan entity which submits a bid that is not more than 10% higher than the lowest bid shall be awarded the contract for work to be performed on Tribal lands, if the certified Mohegan entity accepts the bid at the amount proffered by the lowest bidder and meets all other requirements. 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, 2015, we employed approximately 115 members of the Tribe.

Corporate Governance and Management Board Independence

We are governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, or Tribal Council, the governing body of the Tribe. Any change in the composition of the Tribal Council results in a corresponding change in our Management Board. Upon election, each Tribal Council and Management Board member serves a four-year term on a staggered basis. Incumbent members of the Tribal Council do not nominate or otherwise identify candidates for election. Accordingly, the Tribal Council and Management Board do not screen candidates for election nor do they maintain a nominating committee. Instead, the registered voters of the Tribe elect all members of the Tribal Council. In order to qualify for, and seek election to a position on the Tribal Council, an individual: (1) must be at least 21 years of age prior to the date of the election, (2) must be a registered voting member of the Tribe in good standing, (3) must not have been convicted of any violation of the Tribal Election Ordinance and (4) must not have been convicted of either a felony or a misdemeanor involving moral integrity, such as forgery or bribery.

As described above, members of the Management Board are also members of the Tribe and the Tribal Council. Due to the relationships between us and the Tribe, as described above, none of the Management Board members would qualify as "independent directors" within the rules of The New York Stock Exchange or the NASDAQ Stock Market.

Item 14. Principal Accounting Fees and Services.

The following table presents the aggregate fees paid or accrued for professional services rendered by PricewaterhouseCoopers LLP:

	Fiscal 2015	Fiscal 2014
Audit fees	\$ 1,246,000	\$ 868,546
Tax fees	25,500	40,500
All other fees	255,000	5,000
Total	<u>\$ 1,526,500</u>	<u>\$ 914,046</u>

Audit fees include fees for our annual audit, quarterly reviews and services rendered in connection with regulatory filings with the Securities and Exchange Commission, such as the issuance of comfort letters and consents. Tax fees include fees for the preparation of tax returns of certain subsidiaries. All other fees include fees for the licensure of accounting and finance research technology owned by PricewaterhouseCoopers LLP.

All above services were pre-approved by the Audit Committee, which concluded that the provision of such services by PricewaterhouseCoopers LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The Audit Committee's outside auditor independence policy provides for pre-approval of all services performed by outside auditors.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

A(1). Financial Statements

The following financial information appear in this Annual Report on Form 10-K beginning on page F-1 and are incorporated by reference in Part II, Item 8:

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets of the Mohegan Tribal Gaming Authority as of September 30, 2015 and 2014	F-3
Consolidated Statements of Income (Loss) of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2015, 2014 and 2013	F-4
Consolidated Statements of Changes in Capital of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2015, 2014 and 2013	F-5
Consolidated Statements of Cash Flows of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2015, 2014 and 2013	F-6
Notes to Consolidated Financial Statements of the Mohegan Tribal Gaming Authority	F-8

A(2). Financial Statement Schedules

The following schedule appears on page S-1 in this Annual Report on Form 10-K and is incorporated by reference herein:

Schedule II—Valuation and Qualifying Accounts and Reserves for the fiscal years ended September 30, 2015, 2014 and 2013.

All other financial statement schedules have been omitted because they are not applicable or the required information is included in the consolidated financial statements or the notes thereto.

A(3). Exhibits

The exhibits to this Annual Report on Form 10-K are listed on the exhibit index, which appears elsewhere herein and is incorporated by reference herein.

Supplemental information to be furnished with reports filed pursuant to Section 15(d) of the Securities Exchange Act of 1934 by registrants which have not registered securities pursuant to Section 12 of the Securities Exchange Act of 1934.

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

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Management Board of
the Mohegan Tribal Gaming Authority:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of the Mohegan Tribal Gaming Authority and its subsidiaries (the "Authority") at September 30, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2), Schedule II-Valuation and Qualifying Accounts and Reserves, presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Hartford, CT
December 29, 2015

MOHEGAN TRIBAL GAMING AUTHORITY
CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2015	September 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 65,754	\$ 49,108
Restricted cash	1,762	675
Receivables, net	53,944	30,640
Inventories	15,546	14,544
Other current assets	18,530	16,997
Total current assets	155,536	111,964
Non-current assets:		
Property and equipment, net	1,352,055	1,424,068
Goodwill	39,459	39,459
Other intangible assets, net	406,718	405,109
Other assets, net	66,365	54,931
Total assets	\$ 2,020,133	\$ 2,035,531
LIABILITIES AND CAPITAL		
Current liabilities:		
Current portion of long-term debt	\$ 49,194	\$ 29,302
Current portion of relinquishment liability	—	25,194
Due to Mohegan Tribe	6,000	2,250
Current portion of capital leases	824	793
Trade payables	15,016	24,086
Construction payables	13,137	5,832
Accrued interest payable	12,055	8,659
Other current liabilities	141,280	127,175
Total current liabilities	237,506	223,291
Non-current liabilities:		
Long-term debt, net of current portion	1,593,730	1,655,535
Due to Mohegan Tribe, net of current portion	17,420	23,420
Capital leases, net of current portion	1,521	2,345
Other long-term liabilities	1,915	6,113
Total liabilities	1,852,092	1,910,704
Commitments and Contingencies		
Capital:		
Retained earnings	169,452	125,058
Mohegan Tribal Gaming Authority capital	169,452	125,058
Non-controlling interests	(1,411)	(231)
Total capital	168,041	124,827
Total liabilities and capital	\$ 2,020,133	\$ 2,035,531

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

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

	For the Fiscal Year Ended September 30, 2015	For the Fiscal Year Ended September 30, 2014	For the Fiscal Year Ended September 30, 2013
Revenues:			
Gaming	\$ 1,133,720	\$ 1,133,563	\$ 1,190,202
Food and beverage	89,720	91,655	86,251
Hotel	50,496	47,310	40,873
Retail, entertainment and other	115,030	119,134	118,559
Gross revenues	1,388,966	1,391,662	1,435,885
Less-Promotional allowances	(97,346)	(98,944)	(95,857)
Net revenues	1,291,620	1,292,718	1,340,028
Operating costs and expenses:			
Gaming	651,900	687,021	708,929
Food and beverage	41,554	41,482	41,575
Hotel	14,934	15,807	14,339
Retail, entertainment and other	45,779	50,945	43,859
Advertising, general and administrative	188,924	190,639	192,673
Corporate	31,127	41,036	28,122
Depreciation and amortization	77,580	80,126	80,317
(Gain) loss on disposition of assets	1,018	(9)	241
Severance	3,370	—	29
Pre-opening	—	1,187	687
Impairment of Project Horizon	2,502	4,981	—
Relinquishment liability reassessment	(243)	(1,905)	(249)
Total operating costs and expenses	1,058,445	1,111,310	1,110,522
Income from operations	233,175	181,408	229,506
Other income (expense):			
Accretion of discount to the relinquishment liability	(227)	(2,205)	(4,974)
Interest income	7,983	7,066	6,271
Interest expense, net of capitalized interest	(143,876)	(147,933)	(170,150)
Loss on early extinguishment of debt	(3,987)	(62,041)	(11,516)
Other expense, net	(929)	(853)	(1,595)
Total other expense	(141,036)	(205,966)	(181,964)
Net income (loss)	92,139	(24,558)	47,542
Loss attributable to non-controlling interests	2,255	380	2,784
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 94,394	\$ (24,178)	\$ 50,326

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

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

	Total	Mohegan Tribal Gaming Authority	Non-controlling Interests
Balance, September 30, 2012	\$ 209,263	\$ 208,681	\$ 582
Net income (loss)	47,542	50,326	(2,784)
Distributions to Mohegan Tribe	(50,000)	(50,000)	—
Repurchase of membership interest	(7,420)	(9,771)	2,351
Balance, September 30, 2013	199,385	199,236	149
Net loss	(24,558)	(24,178)	(380)
Distributions to Mohegan Tribe	(50,000)	(50,000)	—
Balance, September 30, 2014	124,827	125,058	(231)
Contributions from members	1,075	—	1,075
Net income (loss)	92,139	94,394	(2,255)
Distributions to Mohegan Tribe	(50,000)	(50,000)	—
Balance, September 30, 2015	<u>\$ 168,041</u>	<u>\$ 169,452</u>	<u>\$ (1,411)</u>

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

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

	For the Fiscal Year Ended September 30, 2015	For the Fiscal Year Ended September 30, 2014	For the Fiscal Year Ended September 30, 2013
Cash flows provided by (used in) operating activities:			
Net income (loss)	\$ 92,139	\$ (24,558)	\$ 47,542
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:			
Depreciation and amortization	77,580	80,126	80,317
Relinquishment liability reassessment	(243)	(1,905)	(249)
Accretion of discount to the relinquishment liability	227	2,205	4,974
Cash paid for accretion of discount to the relinquishment liability	(778)	(2,897)	(5,792)
Loss on early extinguishment of debt	2,269	58,245	4,531
Proceeds from bond premiums	2,125	—	—
Payments of tender offer costs and discounts	(2,894)	(48,155)	(3,104)
Amortization of debt issuance costs and accretion of bond premiums and discounts	7,771	8,037	12,285
Amortization of net deferred gain on settlement of derivative instruments	—	—	(76)
Provision for losses on receivables	5,878	6,146	3,436
Impairment of Project Horizon	2,502	4,981	—
(Gain) loss on disposition of assets	1,018	(9)	241
Loss from unconsolidated affiliates	972	826	1,553
Changes in operating assets and liabilities:			
Increase in receivables	(5,340)	(7,159)	(648)
(Increase) decrease in inventories	(1,002)	(554)	448
(Increase) decrease in other assets	(12,152)	(3,531)	2,759
Increase (decrease) in trade payables	(8,984)	13,419	(2,143)
Decrease in accrued interest	(410)	(14,637)	(23,066)
Increase (decrease) in other liabilities	8,740	2,436	(20,057)
Net cash flows provided by operating activities	<u>169,418</u>	<u>73,016</u>	<u>102,951</u>
Cash flows provided by (used in) investing activities:			
Purchases of property and equipment, including increase (decrease) in construction payables of \$7,305, \$(5,179) and \$5,948, respectively	(22,460)	(35,079)	(59,597)
Issuance of third-party loans and advances	(4,080)	(1,804)	(2,033)
Payments received on third-party loans	157	644	139
(Increase) decrease in restricted cash, net	(1,526)	13,679	33,078
Proceeds from asset sales	1,615	134	216
Investments in the New England Black Wolves	(500)	—	—
Investments in unconsolidated affiliates	—	(29)	(4,971)
Net cash flows used in investing activities	<u>(26,794)</u>	<u>(22,455)</u>	<u>(33,168)</u>
Cash flows provided by (used in) financing activities:			
Prior Bank Credit Facility borrowings - Revolving	—	—	3,000
Prior Bank Credit Facility repayments - Revolving	—	—	(3,000)
Prior Bank Credit Facility repayments - Term	—	(393,000)	(4,000)
Prior Term Loan Facility repayments, net of discount	—	(222,103)	—
Senior Secured Credit Facility borrowings - Revolving	442,000	310,000	—
Senior Secured Credit Facility repayments - Revolving	(458,000)	(273,000)	—
Senior Secured Credit Facility borrowings - Term Loan A, net of discount	—	124,343	—
Senior Secured Credit Facility repayments - Term Loan A	(7,756)	(3,125)	—
Senior Secured Credit Facility borrowings - Term Loan B, net of discount	87,911	720,952	—
Senior Secured Credit Facility repayments - Term Loan B	(5,339)	(5,475)	—
Line of Credit borrowings	446,935	356,796	24,897
Line of Credit repayments	(449,976)	(353,755)	(24,897)
Repayments to Mohegan Tribe	(2,250)	(3,250)	(9,950)
Proceeds from issuance of Senior Unsecured Notes, net of premiums	85,000	—	500,000
Repayments of other long-term debt	(186,816)	(212,323)	(495,601)
Principal portion of relinquishment liability payments	(24,400)	(46,574)	(45,350)
Distributions to Mohegan Tribe	(50,000)	(50,000)	(50,000)
Payments of financing fees	(2,360)	(12,395)	(11,957)
Payments on capital lease obligations	(927)	(2,168)	(3,385)

Net cash flows used in financing activities	(125,978)	(65,077)	(120,243)
Net increase (decrease) in cash and cash equivalents	16,646	(14,516)	(50,460)
Cash and cash equivalents at beginning of year	49,108	63,624	114,084
Cash and cash equivalents at end of year	<u>\$ 65,754</u>	<u>\$ 49,108</u>	<u>\$ 63,624</u>
Supplemental disclosures:			
Cash paid during the year for interest	\$ 136,541	\$ 153,481	\$ 180,657
Repurchase of membership interest	\$ —	\$ —	\$ 7,420

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

MOHEGAN TRIBAL GAMING AUTHORITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION:

The Mohegan Tribe of Indians of Connecticut (the “Mohegan Tribe” or the “Tribe”) established the Mohegan Tribal Gaming Authority (the “Authority”) in July 1995 with the exclusive authority to conduct and regulate gaming activities for the Tribe on Tribal lands and the non-exclusive authority to conduct such activities elsewhere. The Tribe is a federally-recognized Indian tribe with an approximately 595-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 lands, subject to, among other things, the negotiation of a compact with the affected state. The Tribe and the State of Connecticut entered into a compact (the “Mohegan Compact”), which was approved by the United States Secretary of the Interior. The Authority is primarily engaged in the ownership, operation and development of gaming facilities. In October 1996, the Authority opened Mohegan Sun, a gaming and entertainment complex situated on an approximately 185-acre site on the Tribe's reservation. The Authority is governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Tribe. Any change in the composition of the Mohegan Tribal Council results in a corresponding change in the Authority's Management Board.

As of September 30, 2015, the following subsidiaries were wholly-owned by the Authority: Mohegan Basketball Club, LLC (“MBC”), Mohegan Golf, LLC (“Mohegan Golf”), Mohegan Lacrosse, LLC (“Mohegan Lacrosse”), Mohegan Commercial Ventures-PA, LLC (“MCV-PA”), Mohegan Ventures-Northwest, LLC (“Mohegan Ventures-NW”), Mohegan Ventures Wisconsin, LLC (“MVW”), MTGA Gaming, LLC (“MTGA Gaming”), Downs Lodging, LLC (“Downs Lodging”) and Mohegan Gaming Advisors, LLC (“Mohegan Gaming Advisors”).

MBC owns and operates the Connecticut Sun, a professional basketball team in the Women's National Basketball Association (the “WNBA”). MBC currently owns a 4.2% membership interest in WNBA, LLC.

Mohegan Golf owns and operates the Mohegan Sun Golf Club in Southeastern Connecticut.

Mohegan Lacrosse holds a 50% membership interest in New England Black Wolves, LLC (“NEBW”), which was formed with an unrelated third-party to own and operate the New England Black Wolves, a professional indoor lacrosse team in the National Lacrosse League (the “NLL”).

MCV-PA holds a 0.01% general partnership interest in each of Downs Racing, L.P. (“Downs Racing”), Backside, L.P., Mill Creek Land, L.P. and Northeast Concessions, L.P. (collectively, along with MCV-PA, the “Pocono Subsidiaries”), while the Authority holds the remaining 99.99% limited partnership interest in each entity. Downs Racing owns and operates Mohegan Sun Pocono, a gaming and entertainment facility situated on an approximately 400-acre site in Plains Township, Pennsylvania, and several off-track wagering facilities located elsewhere in Pennsylvania (collectively, the “Pennsylvania Facilities”). The Authority views Mohegan Sun and the Pennsylvania Facilities as two separate operating segments.

Mohegan Ventures-NW and a subsidiary of the Tribe hold 49.15% and 10.85% membership interests in Salishan-Mohegan, LLC (“Salishan-Mohegan”), respectively. Salishan-Mohegan was formed with an unrelated third-party to participate in the development and management of a proposed casino to be owned by the federally-recognized Cowlitz Indian Tribe (the “Cowlitz Tribe”) and to be located on the Cowlitz reservation in Clark County, Washington (the “Cowlitz Project”). Salishan-Mohegan holds 100% membership interests in Salishan-Mohegan Two, LLC (“Salishan-Mohegan Two”) and Interchange Development Group, LLC (“Interchange Development Group”), both of which were formed to acquire certain property related to the Cowlitz Project.

MVW holds a 100% membership interest in Wisconsin Tribal Gaming, LLC (“WTG”), which was formed to participate in the development of a proposed casino to be owned by the federally-recognized Menominee Indian Tribe of Wisconsin (the “Menominee Tribe”) and to be located in Kenosha, Wisconsin (the “Menominee Project”).

MTGA Gaming holds a 100% membership interest in Mohegan Gaming & Hospitality, LLC (“MG&H”), an unrestricted subsidiary of the Authority. MG&H holds a 100% membership interest in Mohegan Resorts, LLC (“Mohegan Resorts”). Mohegan Resorts holds a 100% membership interest in Mohegan Resorts Mass, LLC, which was formed to pursue potential gaming opportunities in the Commonwealth of Massachusetts.

Downs Lodging, an unrestricted subsidiary of the Authority, was formed to develop, finance and build Project Sunlight, a hotel and convention center located at Mohegan Sun Pocono.

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

Mohegan Gaming Advisors, an unrestricted subsidiary of the Authority, was formed to pursue gaming opportunities outside the State of Connecticut, including management contracts and consulting agreements for casino and entertainment properties in the United States. Mohegan Gaming Advisors holds 100% membership interests in MGA Holding NJ, LLC ("MGA Holding NJ") and MGA Gaming NJ, LLC (collectively, the "Mohegan NJ Entities"). The Mohegan NJ Entities were formed to pursue management contracts and consulting agreements in the State of New Jersey. MGA Holding NJ holds a 10% ownership interest in Resorts Casino Hotel in Atlantic City, New Jersey ("Resorts Atlantic City").

Mohegan Gaming Advisors also holds 100% membership interests in MGA Holding MA, LLC ("MGA Holding MA") and MGA Gaming MA, LLC ("MGA Gaming MA"). MGA Holding MA holds a 100% membership interest in MGA Palmer Partners, LLC ("MGA Palmer Partners"). MGA Palmer Partners holds a 100% membership interest in Mohegan Sun Massachusetts, LLC ("Mohegan Sun Massachusetts"; Mohegan Sun Massachusetts, MGA Holding MA, MGA Gaming MA and MGA Palmer Partners are referred to collectively as the "Mohegan MA Entities"). The Mohegan MA Entities were formed to pursue potential gaming opportunities in the Commonwealth of Massachusetts.

In addition, Mohegan Gaming Advisors holds a 100% membership interest in Inspire Integrated Resort Co., Ltd. ("Inspire Integrated Resort"). Inspire Integrated Resort was formed to pursue potential gaming opportunities in South Korea.

Mohegan Gaming Advisors also holds 100% membership interests in MGNV, LLC ("MGNV"). MGNV was formed to pursue potential gaming, hospitality and entertainment opportunities in the State of Nevada.

The Authority also holds 50% of the membership interests in MMCT Venture, LLC, which was formed with the Mashantucket Pequot Tribe (the "MPT") to pursue potential additional gaming opportunities in the State of Connecticut.

NOTE 2—BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Authority and its majority and wholly-owned subsidiaries and entities. In accordance with authoritative guidance issued by the Financial Accounting Standards Board (the "FASB") pertaining to consolidation of variable interest entities, the accounts of Salishan-Mohegan are consolidated into the accounts of Mohegan Ventures-NW and the accounts of NEBW are consolidated into the accounts of Mohegan Lacrosse as Mohegan Ventures-NW and Mohegan Lacrosse are deemed to be the primary beneficiaries. In consolidation, all inter-company balances and transactions were eliminated.

Change in Accounting Principles

In April 2015, the FASB issued an accounting standard update to clarify the required presentation of debt issuance costs. The update requires that debt issuance costs related to non-revolving debt be presented in the balance sheet as a reduction to the carrying amount of the related debt rather than as an asset. This guidance is required to be applied on a retrospective basis and is effective for annual reporting periods beginning after December 15, 2015, and interim reporting periods thereafter, with early application permitted. The Authority early adopted this guidance in the accompanying consolidated financial statements. The effect of adopting this guidance to the accompanying consolidated balance sheet as of September 30, 2014 was a \$20.4 million decrease in other assets, net and long-term debt, net of current portion. The accompanying supplemental condensed consolidating financial statements within Note 16 also have been revised to reflect this adjustment.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Authority to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. The most significant estimates included in the accompanying consolidated financial statements relate to reserves for doubtful accounts, asset valuation, the liabilities associated with self-insurance and unredeemed Momentum Dollars, contingencies and litigation. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits that can be redeemed on demand and investments with original maturities of less than 90 days. Cash equivalents are carried at cost, which approximates market value. Cash and cash equivalents include all operating cash and in-house funds.

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

Restricted Cash

Restricted cash consists of deposits that are contractually restricted as to their withdrawal or use. Restricted cash primarily includes cash held by Downs Racing pursuant to the Pennsylvania Race Horse Development and Gaming Act and Pennsylvania state statutes. The Pennsylvania Race Horse Development and 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 and breeders. In addition, Pennsylvania state statutes require Downs Racing to deposit net amounts received from the sale of lottery tickets into a separate designated account.

Receivables

Accounts Receivable

Accounts receivable consists primarily of casino receivables, which represent credit extended to approved casino patrons, and hotel and other non-gaming receivables. The Authority maintains a reserve for doubtful collection, which is based on the Authority's estimate of the probability that these receivables will be collected. The Authority assesses the adequacy of this reserve by continuously evaluating historical experience, creditworthiness of the related patron and all other available information. Future business or economic trends could affect the collectability of these receivables and the related reserve.

Long-Term Receivables

Long-term receivables consist primarily of receivables from affiliates and others.

Receivables from affiliates, which are included in receivables, net, and other assets, net, in the accompanying consolidated balance sheets, consist of reimbursable costs and expenses advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe for the Cowlitz Project (refer to Note 12) and WTG on behalf of the Menominee Tribe for the Menominee Project (refer to Note 13). As of September 30, 2015, the Salishan-Mohegan receivables are payable upon: (1) the related property being taken into trust by the United States Department of the Interior and (2) the receipt of necessary financing for the development of the proposed casino. Due to the uncertainty in the development of the Cowlitz Project, the Authority maintains a reserve for doubtful collection of the Salishan-Mohegan receivables, which is based on the Authority's estimate of the probability that the receivables will be collected. The Authority assesses the reserve for doubtful collection of the Salishan-Mohegan receivables for adequacy on a quarterly basis. Future developments in the construction and opening of the proposed casino or other matters affecting the Cowlitz Project could affect the collectability of the Salishan-Mohegan receivables and the related reserve. The WTG receivables are fully reserved. The WTG receivables are payable upon the receipt of necessary financing for the development of the proposed casino, subject to certain conditions.

Receivables from others, which are primarily included in other assets, net, in the accompanying consolidated balance sheets, consist primarily of funds loaned to third-parties in connection with various diversification projects. Receivables from others also include a loan to a tenant at Mohegan Sun. The Authority maintains a reserve for doubtful collection of receivables from others, which is based on the Authority's estimate of the probability that these receivables will be collected considering historical experience, creditworthiness of the related third-parties and tenant and all other available information.

The following table presents a reconciliation of long-term receivables, including current portions, and the related reserves for doubtful collection of these long-term receivables (in thousands):

	Long-Term Receivables		
	Affiliates	Others	Total
Balance, September 30, 2014 (1)	\$ 66,596	\$ 2,612	\$ 69,208
Additions:			
Issuance of affiliate advances and other loans, including interest receivable	13,980	135	14,115
Cowlitz Project land value transfer (2)	19,951	—	19,951
Deductions:			
Payments received	—	(157)	(157)
Adjustments	—	(779)	(779)
Balance, September 30, 2015 (1)	<u>\$ 100,527</u>	<u>\$ 1,811</u>	<u>\$ 102,338</u>

(1) Includes current portions of \$19.6 million and \$901,000 as of September 30, 2015 and 2014, respectively. Also includes interest receivable of \$43.4 million and \$35.7 million as of September 30, 2015 and 2014, respectively. The WTG receivables no longer accrue interest pursuant to a release and reimbursement agreement entered into in September 2010.

(2) Relates to the transfer of land for the proposed Cowlitz Project site between Salishan-Mohegan and the Cowlitz Tribe (refer to Note 12).

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

	Reserves for Doubtful Collection of Long-Term Receivables		
	Affiliates	Others	Total
Balance, September 30, 2014	\$ 26,833	\$ 796	\$ 27,629
Additions:			
Charges to bad debt expense	4,195	35	4,230
Deductions:			
Adjustments	—	(789)	(789)
Balance, September 30, 2015	<u>\$ 31,028</u>	<u>\$ 42</u>	<u>\$ 31,070</u>

Inventories

Inventories are stated at the lower of cost or market value and consist primarily of food and beverage, retail, hotel and operating supplies. Cost is determined using the average cost method. The Authority reduces the carrying value of slow-moving inventory to net realizable value, based on the Authority’s estimate of the amount of inventory that may not be utilized in future operations. Future business trends could affect the timely use of inventories.

Property and Equipment

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

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

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

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

During its fourth quarter ended September 30, 2014, the Authority further re-evaluated its plans with respect to the development of the new hotel element of its suspended Project Horizon expansion, which included a hotel to be developed and owned by an instrumentality of the Tribe, as well as a third-party developed and owned retail center, and, based on new design plans, including the final location of the planned hotel, determined that certain design and earthwork related assets did not have any future benefit to the Authority. Accordingly, the Authority recognized a related \$5.0 million impairment charge, which was recorded in the accompanying consolidated statement of loss for the fiscal year ended September 30, 2014. In March 2015, the Mohegan Tribal Finance Authority (“MTFA”), a wholly-owned instrumentality of the Tribe, agreed to develop the planned hotel. Concurrent with this transaction, the Authority re-evaluated the planned third-party developed and owned retail center, including master planning costs, and determined that these elements of the project were no longer feasible. Accordingly, the related assets did not have any future benefit to the Authority, and, during its second quarter ended March 31, 2015, the Authority recognized a related \$2.5 million impairment charge, which was recorded in the accompanying consolidated statement of income for the fiscal year ended September 30, 2015. There are no assets remaining related to the suspended elements of Project Horizon (refer to Note 4).

As of September 30, 2015 and 2014, the Authority assessed its property and equipment for any additional impairment and determined that no additional impairment existed.

Capitalized Interest

Interest costs incurred in connection with major development and construction projects are capitalized and included in the cost of the related project. Under instances where no debt is directly incurred in connection with a project, interest is capitalized on amounts expended on the project utilizing the weighted-average interest cost of the Authority’s outstanding borrowings. Capitalization of interest ceases when a project is substantially completed or development activity is suspended for an extended period of time.

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

Goodwill

In accordance with authoritative guidance issued by the FASB pertaining to goodwill, the goodwill associated with the acquisition of the Pennsylvania Facilities is not subject to amortization, but is assessed at least annually for impairment by comparing its fair value to its carrying value. The fair value is determined utilizing an income approach based on projected discounted cash flows from the Pennsylvania Facilities, exclusive of capital expenditures requirements. If the carrying value of the goodwill exceeds its fair value, an impairment loss will be recognized to the extent that the carrying value of the goodwill exceeds its implied fair value. The income approach requires the Authority to make assumptions regarding future revenues and expenses, discount rates and the terminal value based on a market multiple of the Pennsylvania Facilities. As of September 30, 2015 and 2014, the Authority assessed the goodwill for impairment and determined that no impairment existed. If any of the following occurs, the goodwill may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on the accompanying consolidated financial statements: (1) if estimates of projected cash flows from the Pennsylvania Facilities are not achieved, (2) if the discount rate increases, (3) if terminal growth rates decrease or (4) if market multiples decrease.

Other Intangible Assets

Intangible assets relate primarily to the Pennsylvania Facilities, Mohegan Sun, MBC, Mohegan Lacrosse and Mohegan Golf.

In connection with the acquisition of the Pennsylvania Facilities, the Authority recorded a slot machine license intangible asset of \$214.0 million. In October 2006, a one-time slot machine license fee of \$50.0 million was paid to the Pennsylvania Gaming Control Board (the “PGCB”) and added to the existing slot machine license intangible asset. In June 2010, a one-time table game certificate fee of \$16.5 million was paid to the PGCB and classified as an intangible asset. The slot machine license and table game certificate intangible assets, with indefinite useful lives, are assessed as a single unit of accounting at least annually for impairment by comparing the fair value of the recorded assets to their carrying value. Their fair value is determined utilizing an income approach based on projected discounted cash flows from the Pennsylvania Facilities, exclusive of a required rate of return of all other assets and exclusive of capital expenditures requirements. If the carrying value exceeds the fair value, an impairment loss will be recognized to the extent that the carrying value exceeds the fair value. The income approach requires the Authority to make assumptions regarding future revenues and expenses, discount rates and the terminal value based on a perpetual growth rate of the Pennsylvania Facilities. As of September 30, 2015 and 2014, the Authority assessed the intangible assets for impairment and determined that no impairment existed. If any of the following occurs, the intangible assets may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on the accompanying consolidated financial statements: (1) if estimates of projected cash flows from the Pennsylvania Facilities are not achieved, (2) if the discount rate increases or (3) if the terminal value decreases.

In connection with a relinquishment agreement (refer to Note 11), Trading Cove Associates (“TCA”) granted the Authority an exclusive, irrevocable, perpetual, world-wide and royalty-free license with respect to trademarks and other similar rights, including the “Mohegan Sun” name. The Mohegan Sun trademark intangible asset of \$119.7 million is deemed to have an indefinite useful life and is assessed at least annually for impairment by comparing its fair value to its carrying value. The fair value is determined utilizing the income approach – relief from royalty method based on projected revenues from Mohegan Sun and Mohegan Sun Pocono. If the carrying value exceeds the fair value, an impairment loss will be recognized to the extent that the carrying value exceeds the fair value. The income approach requires the Authority to make assumptions regarding future revenues, discount rates, royalty rate and the terminal value based on a perpetual growth rate of Mohegan Sun and Mohegan Sun Pocono. As of September 30, 2015 and 2014, the Authority assessed the Mohegan Sun trademark for impairment and determined that no impairment existed. If any of the following occurs, the Mohegan Sun trademark may be impaired and subject to a non-cash write-down in a future period, which could have a material adverse impact on the accompanying consolidated financial statements: (1) if estimates of projected cash flows from Mohegan Sun and Mohegan Sun Pocono are not achieved, (2) if the discount rate increases or (3) if the perpetual growth rate decreases.

In connection with the acquisitions of the WNBA and NLL franchises and the assets of Pautipaug Country Club Inc., the Authority recorded franchise value intangible assets and a membership intangible asset, respectively. These intangible assets, with definite useful lives, are assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. As of September 30, 2015 and 2014, the Authority assessed these intangible assets for impairment and determined that no impairment existed.

Debt Issuance Costs, Discounts and Premiums

Debt issuance costs incurred in connection with the issuance of revolving debt are capitalized and amortized to interest expense based on the related debt agreements on a straight-line basis. Unamortized amounts are included in other assets, net, in

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

the accompanying consolidated balance sheets. Debt issuance costs incurred in connection with the issuance of non-revolving debt are recorded as a reduction to the carrying amount of the related debt and amortized to interest expense based on the effective interest method. Premiums received in connection with the issuance of debt are recorded as an increase to the carrying amount of the related debt and amortized to interest expense based on the effective interest method.

Self-insurance Accruals

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

Unredeemed Momentum Dollars

The Authority maintains an accrual for unredeemed Momentum Dollars. This accrual is based on the estimated cost of Momentum Dollars expected to be redeemed as of the respective balance sheet date. The Authority assesses the adequacy of this accrual by periodically evaluating historical redemption experiences and projected trends related to the accrual. Actual results could differ from these estimates.

Base Jackpots

Base jackpots represent the fixed minimum amount of payouts from slot machines for a specific combination. The Authority recognizes base jackpots as reductions to revenues when it becomes obligated to pay such jackpots.

Fair Value of Financial Instruments

The fair value amounts presented below are reported to satisfy disclosure requirements pursuant to authoritative guidance issued by the FASB pertaining to disclosures about fair values of financial instruments and are not necessarily indicative of amounts that the Authority could realize in a current market transaction.

The Authority applies the following fair value hierarchy, which prioritizes the inputs utilized to measure fair value into three levels:

- Level 1 - Quoted prices for identical assets or liabilities in active markets;
- Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets or valuations based on models where the significant inputs are observable or can be corroborated by observable market data; and
- Level 3 - Valuations based on models where the significant inputs are unobservable. The unobservable inputs reflect the Authority's estimates or assumptions that market participants would utilize in pricing such assets or liabilities.

The Authority's assessment of the significance of a particular input requires judgment and may affect the valuation of financial assets and liabilities and their placement within the fair value hierarchy.

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

	September 30, 2015	
	Carrying Value	Fair Value
Senior Secured Credit Facility - Revolving	\$ 21,000	\$ 20,575
Senior Secured Credit Facility - Term Loan A	\$ 109,613	\$ 109,811
Senior Secured Credit Facility - Term Loan B	\$ 792,078	\$ 802,711
2013 9 3/4% Senior Unsecured Notes	\$ 577,667	\$ 596,700
2012 11% Senior Subordinated Notes	\$ 98,939	\$ 103,446

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

The estimated fair values of the Authority's financing facilities and notes were based on Level 2 inputs (quoted market prices or prices of similar instruments) on or about September 30, 2015.

Revenue Recognition

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

Promotional Allowances

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

In addition, the Authority offers ongoing promotional coupons to patrons for the purchase of food and beverage, hotel and retail amenities offered at Mohegan Sun and Mohegan Sun Pocono. The retail value of coupons redeemed at facilities operated by the Authority is included in gross revenues and then 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 included in gaming costs and expenses.

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

	For the Fiscal Years Ended		
	September 30, 2015	September 30, 2014	September 30, 2013
Food and beverage	\$ 42,192	\$ 43,264	\$ 38,390
Hotel	15,142	14,721	13,799
Retail, entertainment and other	40,012	40,959	43,668
Total	<u>\$ 97,346</u>	<u>\$ 98,944</u>	<u>\$ 95,857</u>

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

	For the Fiscal Years Ended		
	September 30, 2015	September 30, 2014	September 30, 2013
Food and beverage	\$ 35,122	\$ 37,936	\$ 34,194
Hotel	8,398	8,979	7,216
Retail, entertainment and other	35,559	36,772	40,167
Total	<u>\$ 79,079</u>	<u>\$ 83,687</u>	<u>\$ 81,577</u>

In certain circumstances, the Authority also offers discounts on patron losses and cash inducements at Mohegan Sun and Mohegan Sun Pocono, which are recognized as reductions to gaming revenues. Reductions to gaming revenues related to discounts provided on patron losses totaled \$9.7 million, \$12.2 million and \$11.0 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively. Reductions to gaming revenues related to Momentum Dollars redeemed for cash totaled \$1.4 million, \$1.3 million and \$1.4 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

Gaming Costs and Expenses

Gaming costs and expenses primarily include portions of gaming revenues that must be paid to the State of Connecticut and the PGCB. Gaming costs and expenses also include, among other things, payroll costs, expenses associated with the operation

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

of slot machines, table games, poker, live harness racing and racebook, certain marketing expenditures and promotional expenses related to Momentum Dollar and coupon redemptions.

Advertising Costs and Expenses

Production costs are expensed the first time the advertisement takes place. Prepaid rental fees associated with billboard advertisements are capitalized and amortized over the terms of the related rental agreements. Advertising costs and expenses totaled \$27.0 million, \$26.7 million and \$28.2 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively. As of September 30, 2015 and 2014, prepaid advertising was \$432,000 and \$142,000, respectively.

Corporate Costs and Expenses

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

Pre-Opening Costs and Expenses

In accordance with authoritative guidance issued by the FASB pertaining to the reporting on the costs of start-up activities, pre-opening costs and expenses are expensed as incurred.

Investments in Unconsolidated Affiliates

The Authority, through its indirect wholly-owned subsidiary, MGA Holding NJ, holds a 10% ownership interest in Resorts Atlantic City and its associated gaming activities, including online gaming in the State of New Jersey. The Authority's investment in Resorts Atlantic City is accounted for under the equity method as the Authority has significant influence.

Income Taxes

The Tribe is a sovereign Indian nation with independent legal jurisdiction over its people and land. Like other sovereign governments, the Tribe and its entities, including the Authority, are not subject to federal, state or local income taxes.

Seasonality

The gaming market in the Northeastern United States is seasonal in nature, with peak gaming activities often occurring at Mohegan Sun and Mohegan Sun Pocono during the months of May through August. Accordingly, the Authority's operating results for the fiscal year ended September 30, 2015 are not necessarily indicative of operating results for interim periods.

New Accounting Standards

In May 2014, the FASB issued an accounting standard update on revenue recognition that will be applied to all contracts with customers. The update requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This guidance will be required to be applied on a retrospective basis, using one of two methodologies, and was to be effective for annual reporting periods beginning after December 15, 2016, with early application not being permitted. However, in July 2015, the FASB deferred the effective date by one year. This guidance will now be effective for annual reporting periods beginning after December 15, 2017, and interim reporting periods thereafter. Entities are permitted to adopt the guidance as of the original effective date. The Authority is currently evaluating the impact that this guidance will have on its financial position and results of operations.

In August 2014, the FASB issued an accounting standard update which provides guidance on determining when and how to disclose going concern uncertainties in the financial statements. The update requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. It also requires management to provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. This guidance will be required for annual reporting periods ending after December 15, 2016, and interim reporting periods thereafter, with early application permitted. The Authority is currently evaluating the impact that this guidance will have on its financial position and results of operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

In February 2015, the FASB issued an accounting standards update which amends existing requirements applicable to reporting entities that are required to evaluate whether certain legal entities should be consolidated. This guidance will be required to be applied either on a retrospective or modified retrospective basis and will be effective for annual reporting periods beginning after December 15, 2015, and interim reporting periods thereafter, with early application permitted. The Authority is currently evaluating the impact that this guidance will have on its financial position and results of operations.

NOTE 3—RECEIVABLES, NET:

Receivables, net, consisted of the following (in thousands):

	September 30, 2015	September 30, 2014
Gaming	\$ 32,841	\$ 32,789
Hotel	1,637	922
Affiliates	19,400	—
Other	11,105	8,574
Subtotal	<u>64,983</u>	<u>42,285</u>
Less: reserve for doubtful collection	(11,039)	(11,645)
Total receivables, net	<u>\$ 53,944</u>	<u>\$ 30,640</u>

NOTE 4—PROPERTY AND EQUIPMENT, NET:

Property and equipment, net, consisted of the following (in thousands):

	September 30, 2015	September 30, 2014
Land	\$ 45,534	\$ 65,485
Land improvements	97,838	97,146
Buildings and improvements	1,733,924	1,734,673
Furniture and equipment	555,884	547,719
Construction in process	11,386	8,011
Subtotal	<u>2,444,566</u>	<u>2,453,034</u>
Less: accumulated depreciation	(1,092,511)	(1,028,966)
Total property and equipment, net	<u>\$ 1,352,055</u>	<u>\$ 1,424,068</u>

Depreciation expense totaled \$77.0 million, \$79.6 million and \$79.8 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively. The Authority did not recognize any capitalized interest for the fiscal year ended September 30, 2015. Capitalized interest totaled \$735,000 and \$2.0 million for the fiscal years ended September 30, 2014 and 2013, respectively.

In September 2008, the Authority suspended certain elements of its Project Horizon expansion due to a slowdown in business volumes and uncertainties in the financial markets. Costs incurred on the suspended elements related to excavation and foundation work for a planned podium and new hotel tower, as well as professional fees for design and architectural work.

During its fourth quarter ended September 30, 2014, the Authority further re-evaluated its plans with respect to the development of the new hotel element of the project, which then included a hotel to be developed and owned by an instrumentality of the Tribe, as well as a third-party developed and owned retail center, and, based on new design plans, including the final location of the planned hotel, determined that certain design and earthwork related assets did not have any future benefit to the Authority. Accordingly, the Authority recognized a related \$5.0 million impairment charge, which was recorded in the accompanying consolidated statement of loss for the fiscal year ended September 30, 2014.

In March 2015, the MTF A agreed to develop the planned hotel. The Authority received approximately \$1.3 million as payment for the carrying value of the remaining hotel related assets which were transferred to MTF A. Concurrent with this transaction, the Authority re-evaluated the planned third-party developed and owned retail center, including master planning costs, and determined that these elements of the project were no longer feasible. Accordingly, the related assets did not have any future benefit to the Authority, and, during its second quarter ended March 31, 2015, the Authority recognized a related \$2.5 million

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

impairment charge, which was recorded in the accompanying consolidated statement of income for the fiscal year ended September 30, 2015. There are no assets remaining related to the suspended elements of Project Horizon.

NOTE 5—OTHER CURRENT ASSETS AND OTHER CURRENT LIABILITIES:

Other current assets consisted of the following (in thousands):

	September 30, 2015	September 30, 2014
Non-qualified deferred compensation	\$ 8,867	\$ 9,809
Prepaid expenses and other miscellaneous current assets	9,663	7,188
Total other current assets	<u>\$ 18,530</u>	<u>\$ 16,997</u>

Other current liabilities consisted of the following (in thousands):

	September 30, 2015	September 30, 2014
Accrued payroll and related taxes and benefits	\$ 42,437	\$ 36,373
Combined outstanding Slot Win Contribution and free promotional slot play contribution	11,932	11,617
Amounts due to horsemen	7,372	8,109
Payments in transit	16,681	3,220
Other miscellaneous current liabilities	62,858	67,856
Total other current liabilities	<u>\$ 141,280</u>	<u>\$ 127,175</u>

NOTE 6—LONG-TERM DEBT:

Long-term debt consisted of the following (in thousands, including current maturities):

	September 30, 2015	September 30, 2014
Senior Secured Credit Facility - Revolving, due June 2018	\$ 21,000	\$ 37,000
Senior Secured Credit Facility - Term Loan A, due June 2018, net of discount and debt issuance costs of \$2,106 and \$2,976 as of September 30, 2015 and 2014, respectively	109,613	117,336
Senior Secured Credit Facility - Term Loan B, due June 2018, net of discount and debt issuance costs of \$14,918 and \$17,078 as of September 30, 2015 and 2014, respectively	792,078	707,447
2013 9 3/4% Senior Unsecured Notes, due September 2021, net of premium and debt issuance costs of \$7,333 and \$7,802 as of September 30, 2015 and 2014, respectively	577,667	492,198
2005 6 7/8% Senior Subordinated Notes, due February 2015, net of debt issuance costs of \$6 as of September 30, 2014	—	9,648
2012 11 % Senior Subordinated Notes, due September 2018, net of discount and debt issuance costs of \$1,251 and \$4,361 as of September 30, 2015 and 2014, respectively	98,939	270,829
Line of Credit	—	3,041
2009 Mohegan Tribe Promissory Note, due September 2015	—	1,750
2012 Mohegan Tribe Minor's Trust Promissory Note, due March 2017	16,000	16,500
2013 Mohegan Tribe Promissory Note, due December 2018	7,420	7,420
Downs Lodging Credit Facility, due July 2016, net of debt issuance costs of \$254 and \$572 as of September 30, 2015 and 2014, respectively	40,262	44,428
Other	3,365	2,910
Long-term debt, excluding capital leases	1,666,344	1,710,507
Less: current portion of long-term debt	(55,194)	(31,552)
Long-term debt, net of current portion	<u>\$ 1,611,150</u>	<u>\$ 1,678,955</u>

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

Maturities of long-term debt are as follows (in thousands, including current maturities):

<u>Fiscal Years</u>		
2016 (1)	\$	67,567
2017		31,126
2018		999,671
2019		7,832
2020		337
Thereafter		585,673
Total	\$	<u>1,692,206</u>

- (1) Includes the Downs Lodging Credit Facility, due July 2016, which was refinanced in November 2015 on a long-term basis, and, accordingly, was primarily included in long-term debt, net of current portion, in the accompanying consolidated balance sheet as of September 30, 2015 (further discussed below).

On August 11, 2015, the Authority completed a series of refinancing transactions including the redemption of \$175.0 million of its 2012 Senior Subordinated Notes with proceeds from the issuance of an additional \$90.0 million of loans under its Term Loan B Facility and an additional \$85.0 million of 2013 Senior Unsecured Notes (all further discussed below).

The Authority incurred approximately \$6.6 million in costs in connection with these refinancing transactions, consisting primarily of consulting, legal, advisory and amendment fees. Previously deferred debt discounts and debt issuance costs totaling \$2.3 million, as well as \$1.7 million in new transaction costs, were expensed and recorded as a loss on early extinguishment of debt in the accompanying consolidated statement of income for the fiscal year ended September 30, 2015. Of the remaining \$4.9 million in new transaction costs, \$4.7 million was recorded as a reduction to the carrying amount of the related debt and included in long-term debt, net of current portion, in the accompanying consolidated balance sheet as of September 30, 2015 and will be amortized over the term of the related debt. The remaining \$219,000 in new costs was capitalized and included in other assets, net, in the accompanying consolidated balance sheet as of September 30, 2015 and will be amortized over the term of the related debt.

Senior Secured Credit Facilities

In November 2013, the Authority entered into a loan agreement among the Authority, the Tribe, the Guarantors as defined below, RBS Citizens, N.A., as Administrative and Collateral Agent, and the other lenders and financial institutions party thereto, providing for \$955.0 million in aggregate principal amount of senior secured credit facilities (the “Senior Secured Credit Facilities”), comprised of a \$100.0 million senior secured revolving credit facility (the “Revolving Facility”), a \$125.0 million senior secured term loan A facility (the “Term Loan A Facility”) and a \$730.0 million senior secured term loan B facility (the “Term Loan B Facility”). The Senior Secured Credit Facilities mature on June 15, 2018, subject to extension based on the satisfaction of certain conditions to November 19, 2018 (in the case of the Revolving Facility and the Term Loan A Facility) and November 19, 2019 (in the case of the Term Loan B Facility).

On August 11, 2015, the Authority entered into an increase joinder and amendment agreement among the Authority, the Tribe, the Guarantors as defined below, Citizens Bank, N.A., as Administrative Agent, and the lenders party thereto, amending the Senior Secured Credit Facilities. Pursuant to the amendment, the Authority borrowed \$90.0 million of increase term B loans on the same terms as the existing term B loans under Term Loan B Facility. The net proceeds from this transaction were used to redeem outstanding 2012 Senior Subordinated Notes (further discussed below).

The Term Loan A Facility amortizes in equal quarterly installments in an aggregate annual amount equal to 5.0% of the original principal amount for the first year after the closing date, 7.5% of the original principal amount for the second year after the closing date and 10.0% of the original principal amount in each year thereafter, with the balance payable on the maturity date of the Term Loan A Facility. The Term Loan B Facility amortizes in equal quarterly installments in an aggregate annual amount equal to 1.0% of the original principal amount. Amortization of the Term Loan A Facility and Term Loan B Facility began with the first full fiscal quarter after the closing date.

As of September 30, 2015, amounts outstanding under the Revolving Facility, Term Loan A Facility and Term Loan B Facility totaled \$21.0 million, \$111.7 million and \$807.0 million, respectively. As of September 30, 2015, letters of credit issued under the Revolving Facility totaled \$3.0 million, of which no amount was drawn. Inclusive of letters of credit, which reduce borrowing availability under the Revolving Facility, and after taking into account restrictive financial covenant requirements, the

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

Authority had approximately \$76.0 million of borrowing capacity under its Revolving Facility and Line of Credit as of September 30, 2015.

Borrowings under the Senior Secured Credit Facilities incur interest as follows: (i) for base rate loans under the Revolving Facility and Term Loan A Facility, a base rate equal to the highest of (a) the prime rate, (b) the federal funds rate plus 50 basis points and (c) the one-month LIBOR rate plus 100 basis points (the highest of (a), (b) and (c), the “base rate”), plus a leverage-based margin of 250 to 350 basis points; (ii) for Eurodollar rate loans under the Revolving Facility and Term Loan A Facility, the applicable LIBOR rate plus a leverage-based margin of 350 to 450 basis points; (iii) for base rate loans under the Term Loan B Facility, the base rate (subject to a 2.0% floor) plus 350 basis points; and (iv) for Eurodollar rate loans under the Term Loan B Facility, the applicable LIBOR rate (subject to a 1.0% floor) plus 450 basis points. The Authority is also required to pay a leverage-based commitment fee of between 37.5 and 50 basis points for unused commitments under the Revolving Facility. Interest on base rate loans is payable quarterly in arrears. Interest on Eurodollar rate loans of three months or less is payable at the end of each applicable interest period and for Eurodollar rate loans of more than three months, interest is payable at intervals of three months duration after the beginning of such interest period.

As of September 30, 2015, the \$21.0 million outstanding under the Revolving Facility was comprised of an \$11.0 million base rate loan based on a base rate of 3.25% plus 300 basis points and \$10.0 million in Eurodollar rate loans based on a Eurodollar rate of 0.20% plus 400 basis points. The commitment fee was 0.50% as of September 30, 2015. As of September 30, 2015, the \$111.7 million outstanding under the Term Loan A Facility was based on a Eurodollar rate of 0.33% plus 400 basis points. As of September 30, 2015, the \$807.0 million outstanding under the Term Loan B Facility was based on the Eurodollar rate floor of 1.0% plus 450 basis points. As of September 30, 2015, the effective interest rates of amounts outstanding under the Term Loan A Facility and Term Loan B Facility, after taking into account discounts and debt issuance costs, were 5.30% and 6.24%, respectively. As of September 30, 2015 and 2014, accrued interest, including commitment fees, on the Senior Secured Credit Facilities was \$195,000 and \$212,000, respectively.

The Authority's obligations under the Senior Secured Credit Facilities are fully and unconditionally guaranteed, jointly and severally, by the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming (collectively, the “Guarantors”). The Senior Secured Credit Facilities are collateralized by a first priority lien on substantially all of the Authority's property and assets and those of the Guarantors (other than MBC), including the assets that comprise Mohegan Sun Pocono and a leasehold mortgage on the land and improvements that comprise Mohegan Sun (the Authority and the Guarantors, other than MBC, are collectively referred to herein as the “Grantors”). The Grantors are also required to pledge additional assets as collateral for the Senior Secured Credit Facilities as they and future guarantor subsidiaries acquire them.

The Senior Secured Credit Facilities contain customary covenants applicable to the Authority and its restricted subsidiaries, including covenants governing: incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions, mergers or consolidations and capital expenditures. Additionally, the Senior Secured Credit Facilities include financial maintenance covenants pertaining to total leverage, secured leverage and minimum fixed charge coverage.

As of September 30, 2015, the Authority and the Tribe were in compliance with all respective covenant requirements under the Senior Secured Credit Facilities.

The Authority continues to monitor revenues and manage expenses and enhance operating efficiencies to ensure continued compliance with its financial covenant requirements under the Senior Secured Credit Facilities. While the Authority anticipates that it will remain in compliance with all covenant requirements under its Senior Secured Credit Facilities for all periods prior to maturity, it may need to increase revenues or offset any future declines in revenues by implementing cost saving and other initiatives to ensure compliance with these financial covenant requirements. If the Authority is unable to satisfy its financial covenant requirements, it would need to obtain waivers or consents under the Senior Secured Credit Facilities; however, the Authority can provide no assurance that it would be able to obtain such waivers or consents. If the Authority is unable to obtain such waivers or consents, it would be in default under its Senior Secured Credit Facilities, which may result in cross-defaults under its other outstanding indebtedness and allow its lenders and creditors to exercise their rights and remedies as defined under their respective agreements, including their right to accelerate the repayment of the Authority's outstanding indebtedness. If such acceleration were to occur, the Authority can provide no assurance that it would be able to obtain the financing necessary to repay such accelerated indebtedness.

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

Senior Unsecured Notes

2013 9³/₄% Senior Unsecured Notes

In August 2013, the Authority issued \$500.0 million Senior Unsecured Notes with fixed interest payable at a rate of 9.75% *per annum* (the “Initial 2013 Senior Unsecured Notes”). On August 11, 2015, the Authority issued an additional \$85.0 million of senior unsecured notes under the Initial 2013 Senior Unsecured Notes indenture (the “Additional 2013 Senior Unsecured Notes” and, together with the Initial 2013 Senior Unsecured Notes, the “2013 Senior Unsecured Notes”). Subsequent to this transaction, an aggregate principal amount of \$585.0 million 2013 Senior Unsecured Notes is outstanding. As of September 30, 2015, the effective interest rate of the 2013 Senior Unsecured Notes, after taking into account premiums, discounts and debt issuance costs, was 10.03%. The net proceeds from the Additional 2013 Senior Unsecured Notes were used to redeem outstanding 2012 Senior Subordinated Notes (further discussed below).

The 2013 Senior Unsecured Notes mature on September 1, 2021. The Authority may redeem the 2013 Senior Unsecured Notes, in whole or in part, at any time prior to September 1, 2016 at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest (and additional interest in the case of the Additional 2013 Senior Unsecured Notes, if any, pursuant to the registration rights agreement described below) to the date of redemption. On or after September 1, 2016, the Authority may redeem the 2013 Senior Unsecured Notes, in whole or in part, at specified redemption prices, together with accrued interest (and additional interest in the case of the Additional 2013 Senior Unsecured Notes, if any) to the date of redemption. If the Authority experiences specific kinds of change of control triggering events, the Authority must offer to repurchase the 2013 Senior Unsecured Notes at a price equal to 101% of the principal amount thereof, plus accrued interest (and additional interest in the case of the Additional 2013 Senior Unsecured Notes, if any) to the purchase date. In addition, if the Authority undertakes certain types of asset sales and does not use the related sale proceeds for specified purposes, the Authority may be required to offer to repurchase the 2013 Senior Unsecured Notes at a price equal to 100% of the principal amount, plus accrued interest (and additional interest in the case of the Additional 2013 Senior Unsecured Notes, if any). Interest on the 2013 Senior Unsecured Notes is payable semi-annually on March 1st and September 1st.

In March 2014, the Authority completed an offer to exchange the Initial 2013 Senior Unsecured Notes for a new issue of substantially identical debt securities registered under the Securities Act of 1933, with all outstanding notes being exchanged.

As of September 30, 2015 and 2014, accrued interest on the 2013 Senior Unsecured Notes was \$4.8 million and \$4.1 million, respectively.

The 2013 Senior Unsecured Notes are uncollateralized general obligations of the Authority and are effectively subordinated to all of the Authority’s and the Guarantors’ and future guarantor subsidiaries’ senior secured indebtedness, including the Senior Secured Credit Facilities, to the extent of the value of the collateral securing such indebtedness. The 2013 Senior Unsecured Notes are also effectively subordinated to any indebtedness and other liabilities (including trade payables) of the Authority’s subsidiaries that do not guarantee the 2013 Senior Unsecured Notes. The 2013 Senior Unsecured Notes rank equally in right of payment with the Authority’s other unsecured, unsubordinated indebtedness, including trade payables. The 2013 Senior Unsecured Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2013 Senior Unsecured Notes indenture contains certain covenants that, subject to certain significant exceptions, limit, among other things, the Authority’s and Guarantors’ ability to incur additional debt, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company or transfer and sell assets. The 2013 Senior Unsecured Notes indenture includes customary events of default, including, but not limited to, failure to make required payments, failure to comply with certain agreements or covenants, failure to pay certain other indebtedness, the occurrence of which is caused by a failure to pay principal, premium or interest or results in the acceleration of such indebtedness, certain events of bankruptcy and insolvency and certain judgment defaults.

Registration Rights Agreement

On August 11, 2015, the Authority and the Guarantors of the Additional 2013 Senior Unsecured Notes entered into a registration rights agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBS Securities Inc., as representatives of the several initial purchasers of the Additional 2013 Senior Unsecured Notes. Upon the terms and subject to the conditions of this agreement, the Authority agreed to offer to exchange the Additional 2013 Senior Unsecured Notes, pursuant to a registration statement effective within 270 days of issuance, for a new issue of substantially identical debt securities registered under the Securities Act of 1933, as amended. Under certain circumstances set forth in the registration rights agreement, the Authority may also be obligated to file a shelf registration statement with respect to the Additional 2013 Senior Unsecured Notes.

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

Senior Subordinated Notes

2005 6⁷/₈% Senior Subordinated Notes

In February 2005, the Authority issued \$150.0 million Senior Subordinated Notes with fixed interest payable at a rate of 6.875% *per annum* (the “2005 Senior Subordinated Notes”).

In March 2012, the Authority completed a private exchange offer and consent solicitation for any or all of its outstanding 2005 Senior Subordinated Notes. As part of the exchange offer, the Authority solicited and received consents from tendering holders to certain amendments to the indentures governing the 2005 Senior Subordinated Notes, which eliminated certain covenants under the notes and related indenture. The aggregate principal amount of 2005 Senior Subordinated Notes tendered and exchanged was \$140.3 million. Subsequent to the Authority's March 2012 private exchange offer, \$9.7 million of the 2005 Senior Subordinated Notes remained outstanding, which amount, plus accrued interest, was repaid at maturity on February 15, 2015 with cash on hand and drawings under the Revolving Facility. As of September 30, 2014, accrued interest on the 2005 Senior Subordinated Notes was \$83,000.

2012 11% Senior Subordinated Notes

In March 2012, the Authority issued \$344.2 million Senior Subordinated Toggle Notes with fixed interest payable at a rate of 11% *per annum* (the “2012 Senior Subordinated Notes”) in exchange for \$203.8 million of the Authority's then outstanding 2004 7 1/8% Senior Subordinated Notes and \$140.3 million of 2005 Senior Subordinated Notes. The 2012 Senior Subordinated Notes mature on September 15, 2018. The Authority may redeem the 2012 Senior Subordinated Notes, in whole or in part, at any time, at a price equal to 100% of the principal amount plus accrued interest. If a change of control of the Authority occurs, the Authority must offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 101% of the principal amount, plus accrued interest. In addition, if the Authority undertakes certain types of asset sales or suffers events of loss, and the Authority does not use the related sale or insurance proceeds for specified purposes, the Authority may be required to offer to repurchase the 2012 Senior Subordinated Notes at a price equal to 100% of the principal amount, plus accrued interest. Interest on the 2012 Senior Subordinated Notes is payable semi-annually on March 15th and September 15th. The initial interest payment on the 2012 Senior Subordinated Notes was payable entirely in cash. For any subsequent interest payment period through March 15, 2018, the Authority may, at its option, elect to pay interest on the 2012 Senior Subordinated Notes either entirely in cash or by paying up to 2% in 2012 Senior Subordinated Notes (“PIK Interest”). If the Authority elects to pay PIK Interest, such election will increase the principal amount of the 2012 Senior Subordinated Notes in an amount equal to the amount of PIK Interest for the applicable interest payment period to holders of 2012 Senior Subordinated Notes on the relevant record date.

In August 2013, the Authority repurchased an aggregate principal amount of \$69.0 million 2012 Senior Subordinated Notes. On September 10, 2015, the Authority redeemed an additional aggregate principal amount of \$175.0 million of 2012 Senior Subordinated Notes. An aggregate principal amount of approximately \$100.2 million 2012 Senior Subordinated Notes remains outstanding as of September 30, 2015. As of September 30, 2015, the effective interest rate of the 2012 Senior Subordinated Notes, after taking into account discounts and debt issuance costs, was 11.50%. As of September 30, 2015 and 2014, accrued interest on the 2012 Senior Subordinated Notes was \$490,000 and \$1.3 million, respectively.

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

The 2012 Senior Subordinated Notes are uncollateralized general obligations of the Authority and are subordinated to borrowings under the Senior Secured Credit Facilities and 2013 Senior Unsecured Notes. The 2012 Senior Subordinated Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The 2012 Senior Subordinated Notes indenture contains certain non-financial and financial covenant requirements with which the Authority and the Tribe must comply. The non-financial covenant requirements include, among other things, reporting obligations, compliance with laws and regulations, maintenance of licenses and insurances and continued existence of the Authority. The financial covenant requirements include, among other things, subject to certain exceptions, limitations on the Authority's and the Guarantors' ability to incur additional indebtedness, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company, transfer or sell assets or impair assets constituting collateral.

As of September 30, 2015, the Authority and the Tribe were in compliance with all respective covenant requirements under the senior and senior subordinated note indentures.

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

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

Line of Credit

In November 2013, the Authority entered into a \$16.5 million revolving credit facility with Bank of America, N.A. (the "Line of Credit"). The Line of Credit is coterminous with the Senior Secured Credit Facilities. Pursuant to provisions of the Senior Secured Credit Facilities, under certain circumstances, the Line of Credit may be converted into loans under the Senior Secured Credit Facilities. Under the Line of Credit, each advance accrues interest on the basis of a one-month LIBOR Rate plus an applicable margin based on the Authority's total leverage ratio, as each term is defined under the Line of Credit. As of September 30, 2015, no amount was drawn on the Line of Credit. Borrowings under the Line of Credit are uncollateralized obligations. The Line of Credit contains negative covenants and financial maintenance covenants that are substantially the same as those contained in the Senior Secured Credit Facilities. As of September 30, 2015, the Authority was in compliance with all covenant requirements under the Line of Credit. As of September 30, 2015 and 2014, accrued interest on the Line of Credit was \$23,000.

2009 Mohegan Tribe Promissory Note

In September 2009, the Tribe made a \$10.0 million loan to Salishan-Mohegan (the "2009 Mohegan Tribe Promissory Note"). The 2009 Mohegan Tribe Promissory Note accrued interest at an annual rate of 10.0%. The 2009 Mohegan Tribe Promissory Note matured on September 30, 2015, at which time the remaining principal amount plus accrued interest was repaid. As of September 30, 2014, accrued interest on the 2009 Mohegan Tribe Promissory Note was \$2.5 million.

2012 Mohegan Tribe Minor's Trust Promissory Note

In March 2012, Comerica Bank & Trust, N.A., Trustee f/b/o The Mohegan Tribe of Indians of Connecticut Minor's Trust, made a \$20.0 million loan to Salishan-Mohegan (the "2012 Mohegan Tribe Minor's Trust Promissory Note"). The 2012 Mohegan Tribe Minor's Trust Promissory Note was amended in June 2014 to extend the maturity date to March 31, 2017. As of September 30, 2015, the 2012 Mohegan Tribe Minor's Trust Promissory Note accrued interest at an annual rate of 10.0% and accrued interest was payable as follows: (i) quarterly, commencing June 30, 2012 through March 31, 2014, (ii) on July 1, 2014 on the unpaid balance for the period April 1, 2014 through June 30, 2014, (iii) \$800,000 per quarter, commencing September 30, 2015 through March 31, 2016 and (iv) quarterly, thereafter on the unpaid balance. As of September 30, 2015, principal outstanding under the 2012 Mohegan Tribe Minor's Trust Promissory Note amortized as follows: (i) \$500,000 per quarter, commencing December 31, 2012 through March 31, 2014, (ii) \$500,000 on July 1, 2014 and September 30, 2015, (iii) \$1.5 million per quarter, commencing December 31, 2015 through September 30, 2016 and (iv) \$10.0 million at maturity. As of September 30, 2015 and 2014, accrued interest on the 2012 Mohegan Tribe Minor's Trust Promissory Note was \$1.3 million and \$416,000, respectively.

The 2012 Mohegan Tribe Minor's Trust Promissory Note was further amended on December 4, 2015, pursuant to which the interest rate was adjusted to an annual rate of 12.5% and accrued interest was adjusted to be payable quarterly commencing March 31, 2016. In addition, principal outstanding under the 2012 Mohegan Tribe Minor's Trust Promissory Note will now amortize in an amount equal to \$1.5 million per quarter commencing March 31, 2016 through December 31, 2016, with the remaining principal amount due at maturity. On December 4, 2015, the Cowlitz Tribe repaid \$6.0 million of principal outstanding under the 2012 Mohegan Tribe Minor's Trust Promissory Note on behalf of Salishan-Mohegan, leaving a remaining principal amount of \$10.0 million.

2013 Mohegan Tribe Promissory Note

In March 2013, MG&H purchased and acquired all of the Tribe's membership interest in MG&H in exchange for a promissory note in the principal amount of \$7.4 million (the "2013 Mohegan Tribe Promissory Note"). The 2013 Mohegan Tribe Promissory Note matures on December 31, 2018. The 2013 Mohegan Tribe Promissory Note accrues interest at an annual rate of 4.0% payable quarterly. As of September 30, 2015 and 2014, accrued interest on the 2013 Mohegan Tribe Promissory Note was \$1,000.

Downs Lodging Credit Facility

In July 2012, Downs Lodging, a single purpose entity and wholly-owned unrestricted subsidiary of the Authority, entered into a credit agreement providing for a \$45.0 million term loan from a third-party lender (the "Downs Lodging Credit Facility"). The proceeds from the Downs Lodging Credit Facility were used by Downs Lodging to fund Project Sunlight, a hotel and convention center expansion project at Mohegan Sun Pocono. The Downs Lodging Credit Facility matures on July 12, 2016 and accrues

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

interest at an annual rate of 13.0%, with accrued interest of 10.0% payable monthly in cash during the term of the loan and the remaining 3.0% due at maturity. In addition, a 3.0% exit fee is payable upon repayment of the loan principal. On July 16, 2015, Downs Lodging prepaid approximately \$4.5 million of the Downs Lodging Credit Facility, plus accrued interest and fees. As of September 30, 2015, approximately \$40.5 million remained outstanding under the Downs Lodging Credit Facility. As of September 30, 2015, the effective interest rate of the Downs Lodging Credit Facility, after taking into account debt issuance costs, was 14.52%.

The Downs Lodging Credit Facility is a senior secured obligation of Downs Lodging, collateralized by all existing and future assets of Downs Lodging. The Downs Lodging Credit Facility subjects Downs Lodging to certain covenant requirements customarily found in loan agreements for similar transactions. As of September 30, 2015, Downs Lodging was in compliance with all covenant requirements under the Downs Lodging Credit Facility. As of September 30, 2015, accrued interest, including deferred interest and exit fee, on the Downs Lodging Credit Facility was \$5.3 million. As of September 30, 2014, there was no accrued interest and \$3.8 million of long-term deferred interest and exit fee on the Downs Lodging Credit Facility. Refer to Note 17 for subsequent events.

NOTE 7—LEASES:

The Authority leases certain areas at Mohegan Sun and Mohegan Sun Pocono to third-party food and beverage and retail outlets, as well as the rights to access and utilize Mohegan Sun’s rooftop for the installation and operation of antenna towers. Minimum future rental income that the Authority expects to earn under non-cancelable leases is as follows (in thousands):

	Fiscal Years Ending September 30,						
	2016	2017	2018	2019	2020	Thereafter	Total
Minimum future rental income	\$ 5,933	\$ 3,858	\$ 3,370	\$ 3,026	\$ 2,828	\$ 7,175	\$ 26,190

The Authority is required to make payments under various operating leases for buildings, equipment and land at Mohegan Sun and Mohegan Sun Pocono. The Authority incurred rental expense totaling \$9.2 million, \$11.4 million and \$11.0 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

In March 2015, the Authority entered into a sublease agreement with MTF A to sublease an approximately 1.2-acre site and a planned 400-room hotel and related improvements, to be constructed adjacent to the Mohegan Sun Sky Hotel Tower, for the purpose of operating the hotel on a triple net basis for a term of 28 years and 4 months, commencing upon the completion of the project (refer to Note 8). Rental payments under the sublease agreement will also commence upon the completion of the project. Completion and opening of the project is anticipated to occur in the fall of 2016. The Authority classified the sublease as an operating lease for financial reporting purposes in accordance with authoritative guidance issued by the FASB pertaining to the accounting for leases.

Minimum future rental expense that the Authority expects to incur under non-cancelable leases is as follows (in thousands):

	Fiscal Years Ending September 30,						
	2016	2017	2018	2019	2020	Thereafter	Total
Minimum future rental expense	\$ 1,709	\$ 7,683	\$ 8,129	\$ 7,941	\$ 8,001	\$ 217,622	\$ 251,085

NOTE 8—RELATED PARTY TRANSACTIONS:

Distributions to the Tribe totaled \$50.0 million for each of the fiscal years ended September 30, 2015, 2014 and 2013.

The Tribe provides certain governmental and administrative services in connection with the operation of Mohegan Sun. The Authority incurred expenses for such services totaling \$28.3 million, \$27.1 million and \$26.8 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

The Authority purchases most of its utilities, including electricity, gas, water and waste water services, from an instrumentality of the Tribe, the Mohegan Tribal Utility Authority. The Authority incurred costs for such utilities totaling \$17.4 million, \$19.3 million and \$17.8 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

The Authority incurred interest expense associated with borrowings from the Mohegan Tribe totaling \$2.1 million, \$2.3 million and \$3.0 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

The Authority leases the land on which Mohegan Sun is located from the Tribe under a long-term lease agreement. The agreement requires the Authority to make a nominal annual rental payment. This lease has an initial term of 25 years and is renewable for an additional 25-year term upon expiration. In February 2015, the Authority entered into a fourth amendment to the

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

land lease pursuant to which it released from the land lease an approximately 1.2-acre site to be used by the Tribe to finance, develop and own, through MTFA, a 400-room hotel and related improvements. In connection with this transaction, effective March 5, 2015, the Authority entered into a sublease agreement with MTFA to sublease the site and the completed hotel and related improvements for the purpose of operating the hotel on a triple net basis for a term of 28 years and 4 months, commencing upon the completion of the project. Rental payments under the sublease agreement will also commence upon the completion of the project. Completion and opening of the project is anticipated to occur in the fall of 2016. The Authority classified the sublease as an operating lease for financial reporting purposes in accordance with authoritative guidance issued by the FASB pertaining to the accounting for leases.

In addition, in July 2008, the Authority entered into a land lease agreement with the Tribe, replacing a prior land lease agreement, relating to property located adjacent to the Tribe's reservation that is utilized by Mohegan Sun for employee parking. This agreement requires the Authority to make monthly payments equaling \$75,000 until maturity on June 30, 2018. The Authority classified this lease as a capital lease for financial reporting purposes due to the existence of a bargain purchase option at the expiration of the lease.

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 \$250,000 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 \$250,000 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. In addition, for contracts valued at any amount, other than those with federal or other special financing, a certified Mohegan entity which submits a bid that is not more than 10% higher than the lowest bid shall be awarded the contract for work to be performed on Tribal lands, if the certified Mohegan entity accepts the bid at the amount proffered by the lowest bidder and meets all other requirements. 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, 2015, the Authority employed approximately 115 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 50%, up to the first 3% of participants' eligible compensation contributed to the 401(k) portion of the plan. In general, employees become eligible for the Mohegan Retirement and 401(k) Plan after 90 days of service and become fully vested after five years of service. 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. Discretionary retirement contributions have been suspended since February 2009. The Authority contributed \$2.2 million, \$2.5 million and \$2.4 million, net of forfeitures, to the Mohegan Retirement and 401(k) Plan for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

The Authority, together with the Tribe, maintains a non-qualified deferred compensation plan (the "Deferred Compensation Plan") for certain key employees. Under the Deferred Compensation Plan, participants may defer up to 100% of their compensation. Participants' withdrawals, net of contributions and changes in fair value of investments, totaled \$942,000, \$22,000 and \$7.4 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

NOTE 10—COMMITMENTS AND CONTINGENCIES:

Slot Win and Free Promotional Slot Play Contributions

In May 1994, the Tribe and the State of Connecticut entered into a Memorandum of Understanding ("MOU"), which sets forth certain matters regarding implementation of the Mohegan Compact. The MOU stipulates that a portion of revenues from

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

slot machines must be paid to the State of Connecticut (“Slot Win Contribution”). Slot Win Contribution payments are not required if the State of Connecticut legalizes any other gaming operation with slot machines, video facsimiles of games of chance or other commercial casino games within the State of Connecticut, except those consented to by the Tribe and the MPT. For each 12-month period commencing July 1, 1995, Slot Win Contribution payments shall be the lesser of: (1) 30% of gross revenues from slot machines or (2) the greater of (a) 25% of gross revenues from slot machines or (b) \$80.0 million.

In September 2009, the Authority entered into a settlement agreement with the State of Connecticut regarding contribution payments on the Authority's free promotional slot play program. Under the terms of the settlement agreement, effective July 1, 2009, the State of Connecticut agreed that no value shall be attributed to free promotional slot plays utilized by patrons at Mohegan Sun for purposes of calculating monthly contribution payments, provided that the aggregate amount of free promotional slot plays during any month does not exceed a certain threshold of gross revenues from slot machines for such month. In the event free promotional slot plays granted by the Authority exceed such threshold, contribution payments are required on such excess face amount of free promotional slot plays at the same rate as Slot Win Contribution payments, or 25%. The threshold before contribution payments on free promotional slot plays are required is currently 11% of gross revenues from slot machines.

The Authority reflected expenses associated with the combined Slot Win Contribution and free promotional slot play contribution totaling \$145.6 million, \$146.5 million and \$155.8 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively. As of September 30, 2015 and 2014, the combined outstanding Slot Win Contribution and free promotional slot play contribution totaled \$11.9 million and \$11.6 million, respectively.

Pennsylvania Slot Machine Tax

Downs Racing holds a Category One slot machine license issued by the PGCB for the operation of slot machines at Mohegan Sun Pocono. This license permits Downs Racing to install and operate up to 3,000 slot machines at Mohegan Sun Pocono, expandable to up to a total of 5,000 slot machines upon request and approval of the PGCB.

The Pennsylvania Race Horse Development and Gaming Act stipulates that holders of Category One slot machine licenses must pay a portion of revenues from slot machines to the PGCB on a daily basis (“Pennsylvania Slot Machine Tax”), which includes local share assessments to be paid to the cities and municipalities hosting Mohegan Sun Pocono and amounts to be paid to the Pennsylvania Harness Horsemen's Association, Inc. (the “PHHA”). The Pennsylvania Slot Machine Tax is currently 55% of gross revenues from slot machines, 2% of which is subject to a \$10.0 million minimum annual threshold to ensure that the host cities and municipalities receive an annual minimum of \$10.0 million in local share assessments. Downs Racing maintains a \$1.5 million escrow deposit in the name of the Commonwealth of Pennsylvania for Pennsylvania Slot Machine Tax payments, which was included in other assets, net, in the accompanying consolidated balance sheets.

The Authority reflected expenses associated with the Pennsylvania Slot Machine Tax totaling \$119.6 million, \$122.3 million and \$124.0 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively. As of September 30, 2015 and 2014, outstanding Pennsylvania Slot Machine Tax payments totaled \$4.7 million and \$4.6 million, respectively.

Pennsylvania Table Game Tax

In January 2010, the Commonwealth of Pennsylvania amended the Pennsylvania Race Horse Development and Gaming Act to allow slot machine operators in the Commonwealth of Pennsylvania to obtain a table game operation certificate and operate certain table games, including poker. Under the amended law, holders of table game operation certificates must pay a portion of revenues from table games to the PGCB on a weekly basis (“Pennsylvania Table Game Tax”). The Pennsylvania Table Game Tax is currently 12%, plus the 2% local share assessments.

The Authority reflected expenses associated with the Pennsylvania Table Game Tax totaling \$6.7 million, \$6.3 million and \$6.1 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively. As of September 30, 2015 and 2014, outstanding Pennsylvania Table Game Tax payments totaled \$148,000 and \$156,000, respectively.

Pennsylvania Regulatory Fee

Slot machine licensees in the Commonwealth of Pennsylvania are required to reimburse state gaming regulatory agencies for various administrative and operating expenses (“Pennsylvania Regulatory Fee”) at a rate of 1.5% of gross revenues from slot machines and table games.

The Authority reflected expenses associated with the Pennsylvania Regulatory Fee totaling \$4.6 million, \$4.7 million and \$4.2 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively. As of September 30, 2015 and 2014, outstanding Pennsylvania Regulatory Fee payments to the PGCB totaled \$70,000 and \$147,000, respectively.

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

Pennsylvania Gaming Control Board Loans

The PGCB was initially granted \$36.1 million in loans to fund start-up costs for gaming in the Commonwealth of Pennsylvania, which are to be repaid by slot machine licensees (the "Initial Loans"). The PGCB was subsequently granted an additional \$63.8 million in loans to fund ongoing gaming oversight costs, which are also to be repaid by slot machine licensees (the "Subsequent Loans"). Repayment of the Initial Loans will commence when all 14 authorized gaming facilities are opened in the Commonwealth of Pennsylvania. Currently, 12 of the 14 authorized gaming facilities have commenced operations. As of September 30, 2015, the Authority has concluded that a repayment contingency for the Initial Loans is probable but not reasonably estimable since the PGCB has not yet established a method of assessment of repayment for the Initial Loans and, as such, the Authority has not recorded a related accrual for such repayment. In June 2011, the PGCB adopted a method of assessment of repayment for the Subsequent Loans pursuant to which repayment commenced on January 1, 2012 and will continue over a 10-year period in accordance with a formula based on a combination of a single fiscal year and cumulative gross revenues from slot machines for each operating slot machine licensee.

The Authority reflected expenses associated with this repayment schedule totaling \$620,000, \$638,000 and \$633,000 for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

Horsemen's Agreement

Downs Racing and the PHHA are parties to an agreement that governs all live harness racing and simulcasting and account wagering at the Pennsylvania Facilities through December 31, 2015. As of September 30, 2015 and 2014, outstanding payments to the PHHA for purses earned by horsemen, but not yet paid, and other fees totaled \$7.4 million and \$8.1 million, respectively.

Priority Distribution Agreement

In August 2001, the Authority and the Tribe entered into an agreement (the "Priority Distribution Agreement"), which stipulates that the Authority must make monthly payments to the Tribe to the extent of the Authority's Net Cash Flow as defined under the Priority Distribution Agreement. The Priority Distribution Agreement was amended as of December 31, 2014. As amended, the Priority Distribution Agreement, which has a perpetual term, limits the minimum aggregate priority distribution payments in each calendar year to \$40.0 million. Payments under the Priority Distribution Agreement: (1) do not reduce the Authority's obligations to reimburse the Tribe for governmental and administrative services provided by the Tribe or to make payments under any other agreements with the Tribe, (2) are limited obligations of the Authority and are payable only to the extent of the Authority's Net Cash Flow as defined under the Priority Distribution Agreement and (3) are not secured by a lien or encumbrance on any of the Authority's assets or properties.

The Authority reflected payments associated with the Priority Distribution Agreement totaling \$31.5 million, \$19.5 million and \$19.2 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

Town of Montville Agreement

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

Land Lease Agreement

The land upon which Mohegan Sun is located is held in trust for the Tribe by the United States. The Authority entered into a land lease agreement with the Tribe to lease the property and improvements and related facilities constructed or installed on the property. In March 2007, the agreement was amended to update the legal description of the property, and, in April 2007, the amended agreement was approved by the Secretary of the Interior. In February 2015, the agreement was again amended to update the legal description of the property, which amendment was approved by the Secretary of the Interior in March 2015. The following summarizes the key provisions of the land lease agreement:

Term

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

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

Rent and Other Operating Costs and Expenses

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

Use of Property

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

Permitted Mortgages and Rights of Permitted Mortgagees

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

Default Remedies

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

Litigation

The Authority is a defendant in various litigation matters resulting from its normal course of business. In management's opinion, the aggregate liability, if any, arising from such litigations will not have a material impact on the Authority's financial position, results of operations or cash flows.

NOTE 11—RELINQUISHMENT AGREEMENT:

In February 1998, the Authority and TCA entered into a relinquishment agreement (the "Relinquishment Agreement"). Effective January 1, 2000, the Relinquishment Agreement superseded a then-existing management agreement with TCA requiring, among other things, that the Authority make certain payments to TCA out of, and determined as a percentage of, Revenues, as defined under the Relinquishment Agreement, generated by Mohegan Sun over a 15-year period. The Authority, in accordance with authoritative guidance issued by the FASB pertaining to the accounting for contingencies, recorded a \$549.1 million relinquishment liability at September 30, 1998 based on the estimated present value of its obligations under the Relinquishment Agreement. The Relinquishment Agreement expired on December 31, 2014. As of September 30, 2015, no amount was outstanding under the Relinquishment Agreement. As of September 30, 2014, the carrying amount of the relinquishment liability was \$25.2 million. The decrease in the relinquishment liability during the fiscal year ended September 30, 2015 was due to \$25.2 million in relinquishment payments and a \$243,000 relinquishment liability reassessment credit. This reduction in the relinquishment liability was offset by \$227,000 representing the accretion of discount to the relinquishment liability.

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

Relinquishment payments consisted of the following (in millions):

	For the Fiscal Years Ended		
	September 30, 2015	September 30, 2014	September 30, 2013
Principal	\$ 24.4	\$ 46.6	\$ 45.4
Accretion of discount	0.8	2.9	5.8
Total	\$ 25.2	\$ 49.5	\$ 51.2

The accretion of discount to the relinquishment liability reflects the accretion of the discount to the present value of the relinquishment liability for the impact of the time value of money. As of September 30, 2015, no relinquishment payment was earned but unpaid. As of September 30, 2014, relinquishment payments earned but unpaid were \$13.2 million.

The relinquishment liability reassessment credits of \$243,000, \$1.9 million and \$249,000 for the fiscal years ended September 30, 2015, 2014 and 2013, respectively, resulted from reductions in Mohegan Sun revenues and revenue projections as of the end of each respective fiscal year compared to projections as of the end of the related prior fiscal year.

NOTE 12—MOHEGAN VENTURES-NORTHWEST, LLC (COWLITZ PROJECT):

In July 2004, the Authority formed Mohegan Ventures-NW as its wholly-owned subsidiary. Mohegan Ventures-NW is one of three current members in Salishan-Mohegan, which was formed to participate in the Cowlitz Project, a proposed casino to be owned by the Cowlitz Tribe and to be located on the Cowlitz reservation in Clark County, Washington. Mohegan Ventures-NW, Salishan Company, LLC, an unrelated entity, and a subsidiary of the Tribe hold membership interests in Salishan-Mohegan of 49.15%, 40% and 10.85%, respectively. Salishan-Mohegan holds a 100% membership interest in Salishan-Mohegan Two and Interchange Development Group, both of which were formed to acquire certain property related to the Cowlitz Project. Salishan-Mohegan is not a restricted entity of the Authority, and therefore, is not a guarantor of the Authority's debt obligations.

In September 2004, Salishan-Mohegan entered into development and management agreements with the Cowlitz Tribe in connection with the Cowlitz Project, which agreements have been amended from time to time.

Under the terms of the development agreement, Salishan-Mohegan assists in securing financing, as well as administration and oversight of the planning, designing, development, construction and furnishing of the proposed casino. The development agreement provides for development fees of 3% of total project costs, as defined under the development agreement. Under the terms of Salishan-Mohegan's operating agreement, development fees will be distributed to Mohegan Ventures-NW. In 2006, pursuant to the development agreement, Salishan-Mohegan purchased an approximately 152-acre site for the proposed casino.

Under the terms of the management agreement, Salishan-Mohegan will manage, operate and maintain the proposed casino for a period of seven years following its opening. The management agreement provides for management fees of 24% of net revenues, as defined under the management agreement, which approximates net income earned from the Cowlitz Project. Under the terms of Salishan-Mohegan's operating agreement, management fees will be allocated to the members of Salishan-Mohegan based on their respective membership interests. The management agreement is subject to approval by the National Indian Gaming Commission (the "NIGC"). In August 2014, the Cowlitz Tribe's Class III Tribal-State gaming compact with the State of Washington became effective with notice of federal approval published in the Federal Register. According to the notice, the compact allows for two gaming facilities, allocates 975 gaming machines for leasing, authorizes the operation of up to 3,000 gaming machines and 125 table games, and is in effect until terminated by written agreement of both parties.

Under the terms of the development agreement, certain receivables contributed to Salishan-Mohegan and amounts advanced by Salishan-Mohegan on behalf of the Cowlitz Tribe are reimbursable to Salishan-Mohegan by the Cowlitz Tribe, subject to appropriate approvals defined under the development agreement. As of September 30, 2015, reimbursements are contingent and are to be distributed upon: (1) the related property being taken into trust by the United States Department of the Interior and (2) the receipt of necessary financing for the development of the proposed casino. As of September 30, 2015, the Authority accrued interest on the Salishan-Mohegan receivables at an annual rate of 10.0%.

In March 2013, two lawsuits challenging a December 2010 decision of the Assistant Secretary - Indian Affairs of the Department of the Interior to take the Cowlitz Project site into trust were dismissed on procedural grounds. In April 2013, pursuant to judicial directive, the Department of the Interior issued a new Record of Decision to take the Cowlitz Project site into trust, determining for a second time that the site will serve as the initial reservation of the Cowlitz Tribe and that the tribe may conduct gaming on such lands under the Indian Gaming Regulatory Act. In June 2013, the plaintiffs in the earlier litigation filed two new lawsuits challenging the new Record of Decision, and, in July 2013, those lawsuits were consolidated. By Notice of Trust Acquisition filed with the court in October 2014, while motions for summary judgment filed by the plaintiffs and the defendants were pending,

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

the defendants provided the court notice of the United States Department of the Interior's planned trust acquisition of the Cowlitz Project site, which was the subject of the litigation, on the earlier of: (1) January 21, 2015 and (2) 30 days after a court order granting summary judgment in favor of the defendants. On December 12, 2014, a U.S. District Court for the District of Columbia judge entered an order granting summary judgment in favor of the defendants, thereby upholding the Record of Decision and denying the plaintiffs' motion. The plaintiffs subsequently appealed and such appeals remain pending before the Court of Appeals for the District of Columbia Circuit. The Authority can provide no assurance as to the outcome of these appeals or any future litigation.

In March 2015, the Cowlitz Project site was taken into trust by the United States Department of the Interior for the benefit of the Cowlitz Tribe. In connection with this event, the Cowlitz Tribe leased a substantial portion of the Cowlitz Project site back to Salishan-Mohegan for a nominal rental fee.

The carrying value of the land totaling approximately \$20.0 million, which was included in property and equipment, net, in the accompanying consolidated balance sheet as of September 30, 2014, was transferred to the Cowlitz Tribe at the time the site was taken into trust. This transfer resulted in an additional long-term receivable due from the Cowlitz Tribe as permitted under the development agreement, and was included in receivables, net, and other assets, net, in the accompanying consolidated balance sheet as of September 30, 2015.

Construction of the Cowlitz Project commenced on September 18, 2015. The Authority can provide no assurance that remaining permits or approvals related to construction and opening or other remaining steps and conditions for the Cowlitz Project site to be approved for gaming will be satisfied. Furthermore, the Authority can provide no assurance as to the outcome of the pending federal court appeal or any future litigation relating to the Cowlitz Project.

In light of the aforementioned and the uncertainty in the development of the Cowlitz Project, the Authority maintains a reserve for doubtful collection of the Salishan-Mohegan receivables, which is based on the Authority's estimate of the probability that the receivables will be collected. As of September 30, 2015 and 2014, the Salishan-Mohegan receivables, including accrued interest, totaled \$90.7 million and \$56.8 million, respectively. As of September 30, 2015 and 2014, related reserves for doubtful collection totaled \$21.2 million and \$17.0 million, respectively. The Salishan-Mohegan receivables were included in other assets, net, in the accompanying consolidated balance sheets.

On December 4, 2015, the Cowlitz Tribal Gaming Authority (the "CTGA") closed on its financing for the Cowlitz Project. The financing provides funding for construction of the Cowlitz Project and a partial repayment of the Salishan-Mohegan receivables. In connection with this transaction, Salishan-Mohegan was repaid \$19.4 million of the Salishan-Mohegan receivables, a portion of which was used to repay certain outstanding debt of Salishan-Mohegan. In accordance with the terms of the development agreement, as amended, the remaining outstanding Salishan-Mohegan receivables are to be repaid in equal monthly installments over a seven-year period beginning in the first month following the opening of the Cowlitz Project, plus accrued interest at a rate equal to 1.0% above the Cowlitz Project financing rate, or 12.5%. Pursuant to the development agreement, repayment of the Salishan-Mohegan receivables may accelerate depending on the level of available cash at the end of each fiscal year, subject to certain conditions as set forth in the development agreement, including conditions of the Cowlitz financing. Also in connection with the Cowlitz financing, Salishan-Mohegan assigned the lease for the Cowlitz Project site to CTGA.

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

In March 2007, the Authority formed MVW as its wholly-owned subsidiary and one of two original members in WTG, which was formed to participate in the Menominee Project, a proposed casino to be owned by the Menominee Tribe and to be located in Kenosha, Wisconsin. MVW now holds 100% membership interest in WTG. MVW and WTG are full and unconditional guarantors of the Authority's outstanding indebtedness.

In connection with the Menominee Project, the Authority entered into a management agreement with the Menominee Tribe and the Menominee Kenosha Gaming Authority (the "MKGA"), and WTG purchased the development rights for the Menominee Project under a development agreement with the Menominee Tribe and the MKGA. In September 2010, WTG entered into a release and reimbursement agreement pursuant to which WTG: (1) relinquished its development rights and was relieved of its development obligations for the Menominee Project, (2) retained its rights to reimbursement of certain receivables related to reimbursable costs and expenses advanced by WTG on behalf of the Menominee Tribe for the Menominee Project, subject to certain conditions and (3) assigned the option to purchase the proposed Menominee Project site in Kenosha to MKGA. The Authority retained its interest in the management agreement. Due to the uncertainty in the development of the Menominee Project, as of September 30, 2008, the Authority fully reserved for these receivables and wrote-off the related development rights intangible asset. In February 2012, the MKGA terminated its efforts to seek NIGC approval of the management agreement. As of September 30, 2015, the WTG receivables remain fully reserved.

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

NOTE 14—INVESTMENT IN WNBA FRANCHISE:

In January 2003, the Authority formed MBC as its wholly-owned subsidiary to own and operate a professional basketball team in the WNBA. In January 2003, the Authority and MBC entered into a membership agreement with WNBA, LLC which sets forth the terms and conditions under which MBC acquired its membership in the WNBA and the right to own and operate a team. The Authority guaranteed the obligations of MBC under the membership agreement. MBC is a full and unconditional guarantor of the Authority's outstanding indebtedness.

In connection with MBC's acquisition of its membership in the WNBA and the right to own and operate a team, the Authority estimated the fair value of the initial player roster to be \$4.8 million and the remaining \$5.5 million of MBC's aggregate investment was recognized as a franchise value.

The player roster value was amortized over seven years and became fully amortized in fiscal 2010. The franchise value is being amortized over thirty years and is assessed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. As of September 30, 2015 and 2014, accumulated amortization on the franchise value was \$2.3 million and \$2.1 million, respectively. Amortization expense associated with the franchise value totaled \$183,000 for each of the fiscal years ended September 30, 2015, 2014 and 2013. The Authority expects to incur amortization expenses related to the franchise value of \$183,000 for each of the next five fiscal years. The franchise value was included in intangible assets, net, in the accompanying consolidated balance sheets.

MBC currently owns approximately 4.2% of the membership interest in WNBA, LLC which is accounted for under the cost method. Under the terms of the Limited Liability Company Agreement of WNBA, LLC, if at any time, WNBA, LLC's Board of Governors determines that additional funds are needed for WNBA, LLC's or any league entity's general business, the Board of Governors may require additional cash capital contributions. In such event, each member shall be obligated to contribute to WNBA, LLC an amount of cash equal to that member's proportionate share of ownership. No such cash capital contribution has been required by WNBA, LLC through September 30, 2015.

NOTE 15—SEGMENT REPORTING:

As of September 30, 2015, the Authority owns and operates, either directly or through wholly-owned subsidiaries, Mohegan Sun, the Connecticut Sun franchise and the Mohegan Sun Golf Club, and has partnered with an unrelated third-party to own and operate the New England Black Wolves franchise (collectively, the "Connecticut Facilities"), and the Pennsylvania Facilities. Substantially all of the Authority's revenues are derived from these operations. The Connecticut Sun franchise, the Mohegan Sun Golf Club and the New England Black Wolves franchise are aggregated with the Mohegan Sun operating segment because these operations all share similar economic characteristics, which is to generate gaming and entertainment revenues by attracting patrons to Mohegan Sun. The Authority's executive officers review and assess the performance and operating results and determine the proper allocation of resources to the Connecticut Facilities and the Pennsylvania Facilities on a separate basis. Accordingly, the Authority has two separate reportable segments: (1) Mohegan Sun, which includes the operations of the Connecticut Facilities and (2) Mohegan Sun Pocono, which includes the operations of the Pennsylvania Facilities. The Authority's operations related to investments in unconsolidated affiliates and certain other Corporate and management operations have not been identified as separate reportable segments; therefore, these operations are included in Corporate and other in the following segment disclosures to reconcile to consolidated results.

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

(in thousands)	For the Fiscal Years Ended		
	September 30, 2015	September 30, 2014	September 30, 2013
Net revenues:			
Mohegan Sun	\$ 994,010	\$ 995,100	\$ 1,042,078
Mohegan Sun Pocono	295,135	296,578	296,648
Corporate and other	7,567	5,391	1,302
Inter-segment revenues	(5,092)	(4,351)	—
Total	\$ 1,291,620	\$ 1,292,718	\$ 1,340,028
Income (loss) from operations:			
Mohegan Sun	\$ 212,211	\$ 181,325	\$ 212,680
Mohegan Sun Pocono	45,817	36,956	43,763
Corporate and other	(24,853)	(36,873)	(26,937)
Total	233,175	181,408	229,506
Accretion of discount to the relinquishment liability	(227)	(2,205)	(4,974)
Interest income	7,983	7,066	6,271
Interest expense, net of capitalized interest	(143,876)	(147,933)	(170,150)
Loss on early extinguishment of debt	(3,987)	(62,041)	(11,516)
Other expense, net	(929)	(853)	(1,595)
Net income (loss)	92,139	(24,558)	47,542
Loss attributable to non-controlling interests	2,255	380	2,784
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 94,394	\$ (24,178)	\$ 50,326

(in thousands)	For the Fiscal Years Ended		
	September 30, 2015	September 30, 2014	September 30, 2013
Capital expenditures incurred:			
Mohegan Sun	\$ 24,521	\$ 19,518	\$ 27,652
Mohegan Sun Pocono	5,448	3,946	4,673
Corporate and other	55	9,164	33,728
Total	\$ 30,024	\$ 32,628	\$ 66,053

(in thousands)	September 30, 2015		September 30, 2014	
	Total assets:			
Mohegan Sun	\$ 1,332,458	\$ 1,368,352		
Mohegan Sun Pocono	555,449	551,655		
Corporate and other	132,226	115,524		
Total	\$ 2,020,133	\$ 2,035,531		

NOTE 16—SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL STATEMENT INFORMATION:

As of September 30, 2015, substantially all of the Authority's outstanding debt is fully and unconditionally guaranteed, on a joint and several basis, by the following 100% owned subsidiaries of the Authority: the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming. Separate financial statements and other disclosures concerning the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming are not presented below because the Authority believes that the summarized financial information provided below and in Note 15 are adequate for investor analysis of these subsidiaries. Condensed consolidating financial statement information for the Authority, its 100% owned guarantor subsidiaries and its non-guarantor subsidiaries and entities as of September 30, 2015 and 2014 and for the fiscal years ended September 30, 2015, 2014 and 2013 is as follows (in thousands):

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

CONDENSED CONSOLIDATING BALANCE SHEETS

September 30, 2015

	Authority	Total Guarantor Subsidiaries (1)	Total Non-Guarantor Subsidiaries and Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 42,093	\$ 22,167	\$ 1,494	\$ —	\$ 65,754
Restricted cash	62	1,661	39	—	1,762
Receivables, net	29,134	3,585	22,871	(1,646)	53,944
Inventories	14,401	1,145	—	—	15,546
Other current assets	15,569	2,928	33	—	18,530
Total current assets	<u>101,259</u>	<u>31,486</u>	<u>24,437</u>	<u>(1,646)</u>	<u>155,536</u>
Non-current assets:					
Property and equipment, net	1,098,588	214,778	38,689	—	1,352,055
Goodwill	—	39,459	—	—	39,459
Other intangible assets, net	120,281	284,418	2,019	—	406,718
Other assets, net	10,711	4,017	57,597	(5,960)	66,365
Inter-company receivables	254,348	94,033	—	(348,381)	—
Investment in subsidiaries	328,462	—	—	(328,462)	—
Total assets	<u>\$ 1,913,649</u>	<u>\$ 668,191</u>	<u>\$ 122,742</u>	<u>\$ (684,449)</u>	<u>\$ 2,020,133</u>
LIABILITIES AND CAPITAL					
Current liabilities:					
Current portion of long-term debt	\$ 46,248	\$ —	\$ 2,946	\$ —	\$ 49,194
Due to Mohegan Tribe	—	—	6,000	—	6,000
Current portion of capital leases	824	48	—	(48)	824
Trade payables	12,365	2,564	87	—	15,016
Construction payables	11,149	1,888	100	—	13,137
Accrued interest payable	5,461	—	6,594	—	12,055
Other current liabilities	108,911	29,699	4,268	(1,598)	141,280
Total current liabilities	<u>184,958</u>	<u>34,199</u>	<u>19,995</u>	<u>(1,646)</u>	<u>237,506</u>
Non-current liabilities:					
Long-term debt, net of current portion	1,555,487	—	38,243	—	1,593,730
Due to Mohegan Tribe, net of current portion	—	—	17,420	—	17,420
Capital leases, net of current portion	1,521	5,770	—	(5,770)	1,521
Other long-term liabilities	1,915	—	—	—	1,915
Inter-company payables	—	246,380	102,001	(348,381)	—
Accumulated losses in excess of investment in subsidiaries	—	40,873	—	(40,873)	—
Total liabilities	<u>1,743,881</u>	<u>327,222</u>	<u>177,659</u>	<u>(396,670)</u>	<u>1,852,092</u>
Capital:					
Retained earnings	169,768	340,969	(55,157)	(286,128)	169,452
Mohegan Tribal Gaming Authority capital	169,768	340,969	(55,157)	(286,128)	169,452
Non-controlling interests	—	—	240	(1,651)	(1,411)
Total capital	<u>169,768</u>	<u>340,969</u>	<u>(54,917)</u>	<u>(287,779)</u>	<u>168,041</u>
Total liabilities and capital	<u>\$ 1,913,649</u>	<u>\$ 668,191</u>	<u>\$ 122,742</u>	<u>\$ (684,449)</u>	<u>\$ 2,020,133</u>

(1) Includes the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.

(2) Includes Mohegan Lacrosse, MGA and subsidiaries, Downs Lodging, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

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

September 30, 2014

	Authority	Total Guarantor Subsidiaries (1)	Total Non-Guarantor Subsidiaries and Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 33,939	\$ 14,767	\$ 402	\$ —	\$ 49,108
Restricted cash	47	628	—	—	675
Receivables, net	27,537	2,637	1,287	(821)	30,640
Inventories	13,339	1,205	—	—	14,544
Other current assets	15,559	1,182	256	—	16,997
Total current assets	90,421	20,419	1,945	(821)	111,964
Non-current assets:					
Property and equipment, net	1,142,363	222,425	59,280	—	1,424,068
Goodwill	—	39,459	—	—	39,459
Other intangible assets, net	120,395	284,714	—	—	405,109
Other assets, net	8,768	3,970	48,505	(6,312)	54,931
Inter-company receivables	228,122	65,981	—	(294,103)	—
Investment in subsidiaries	325,651	—	—	(325,651)	—
Total assets	\$ 1,915,720	\$ 636,968	\$ 109,730	\$ (626,887)	\$ 2,035,531
LIABILITIES AND CAPITAL					
Current liabilities:					
Current portion of long-term debt	\$ 28,887	\$ —	\$ 415	\$ —	\$ 29,302
Current portion of relinquishment liability	25,194	—	—	—	25,194
Due to Mohegan Tribe	—	—	2,250	—	2,250
Current portion of capital leases	793	58	—	(58)	793
Trade payables	18,893	5,181	12	—	24,086
Construction payables	4,411	794	627	—	5,832
Accrued interest payable	5,725	—	2,934	—	8,659
Other current liabilities	90,684	29,504	7,750	(763)	127,175
Total current liabilities	174,587	35,537	13,988	(821)	223,291
Non-current liabilities:					
Long-term debt, net of current portion	1,611,107	—	44,428	—	1,655,535
Due to Mohegan Tribe, net of current portion	—	—	23,420	—	23,420
Capital leases, net of current portion	2,345	6,111	—	(6,111)	2,345
Other long-term liabilities	2,307	—	3,806	—	6,113
Inter-company payables	—	225,269	68,834	(294,103)	—
Accumulated losses in excess of investment in subsidiaries	—	31,680	—	(31,680)	—
Total liabilities	1,790,346	298,597	154,476	(332,715)	1,910,704
Capital:					
Retained earnings	125,374	338,371	(44,746)	(293,941)	125,058
Mohegan Tribal Gaming Authority capital	125,374	338,371	(44,746)	(293,941)	125,058
Non-controlling interests	—	—	—	(231)	(231)
Total capital	125,374	338,371	(44,746)	(294,172)	124,827
Total liabilities and capital	\$ 1,915,720	\$ 636,968	\$ 109,730	\$ (626,887)	\$ 2,035,531

(1) Includes the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.

(2) Includes MGA and subsidiaries, Downs Lodging, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

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

CONDENSED CONSOLIDATING STATEMENTS OF INCOME (LOSS)

For the Fiscal Year Ended September 30, 2015

	Authority	Total Guarantor Subsidiaries (1)	Total Non-Guarantor Subsidiaries and Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Revenues:					
Gaming	\$ 861,919	\$ 271,801	\$ —	\$ —	\$ 1,133,720
Food and beverage	60,687	28,913	120	—	89,720
Hotel	44,836	5,660	—	—	50,496
Retail, entertainment and other	94,457	17,072	8,593	(5,092)	115,030
Gross revenues	1,061,899	323,446	8,713	(5,092)	1,388,966
Less-Promotional allowances	(74,994)	(20,109)	(14)	(2,229)	(97,346)
Net revenues	986,905	303,337	8,699	(7,321)	1,291,620
Operating costs and expenses:					
Gaming	457,948	193,952	—	—	651,900
Food and beverage	32,964	8,590	—	—	41,554
Hotel	14,062	5,724	—	(4,852)	14,934
Retail, entertainment and other	39,353	6,029	2,626	(2,229)	45,779
Advertising, general and administrative	158,230	31,427	14,050	(14,783)	188,924
Corporate	16,584	—	—	14,543	31,127
Depreciation and amortization	63,071	13,371	1,138	—	77,580
Loss on disposition of assets	1,007	11	—	—	1,018
Severance	3,244	126	—	—	3,370
Impairment of Project Horizon	2,502	—	—	—	2,502
Relinquishment liability reassessment	(243)	—	—	—	(243)
Total operating costs and expenses	788,722	259,230	17,814	(7,321)	1,058,445
Income (loss) from operations	198,183	44,107	(9,115)	—	233,175
Other income (expense):					
Accretion of discount to the relinquishment liability	(227)	—	—	—	(227)
Interest income	43	7,424	8,346	(7,830)	7,983
Interest expense, net of capitalized interest	(95,485)	(39,992)	(16,229)	7,830	(143,876)
Loss on early extinguishment of debt	(3,987)	—	—	—	(3,987)
Loss on interests in subsidiaries	(4,144)	(9,193)	—	13,337	—
Other income (expense), net	11	—	(940)	—	(929)
Total other expense	(103,789)	(41,761)	(8,823)	13,337	(141,036)
Net income (loss)	94,394	2,346	(17,938)	13,337	92,139
Loss attributable to non-controlling interests	—	—	835	1,420	2,255
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 94,394	\$ 2,346	\$ (17,103)	\$ 14,757	\$ 94,394

(1) Includes the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.

(2) Includes Mohegan Lacrosse, MGA and subsidiaries, Downs Lodging, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

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

For the Fiscal Year Ended September 30, 2014

	Authority	Total Guarantor Subsidiaries (1)	Total Non-Guarantor Subsidiaries and Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Revenues:					
Gaming	\$ 858,780	\$ 274,783	\$ —	\$ —	\$ 1,133,563
Food and beverage	62,273	29,382	—	—	91,655
Hotel	42,921	4,389	—	—	47,310
Retail, entertainment and other	101,506	16,515	5,464	(4,351)	119,134
Gross revenues	1,065,480	325,069	5,464	(4,351)	1,391,662
Less-Promotional allowances	(76,618)	(20,567)	(17)	(1,742)	(98,944)
Net revenues	988,862	304,502	5,447	(6,093)	1,292,718
Operating costs and expenses:					
Gaming	488,293	198,728	—	—	687,021
Food and beverage	32,348	9,134	—	—	41,482
Hotel	15,287	4,631	—	(4,111)	15,807
Retail, entertainment and other	45,876	6,780	—	(1,711)	50,945
Advertising, general and administrative	155,668	35,075	27,927	(28,031)	190,639
Corporate	13,276	—	—	27,760	41,036
Depreciation and amortization	65,406	13,814	906	—	80,126
(Gain) loss on disposition of assets	(12)	3	—	—	(9)
Pre-opening	—	1,187	—	—	1,187
Impairment of Project Horizon	4,981	—	—	—	4,981
Relinquishment liability reassessment	(1,905)	—	—	—	(1,905)
Total operating costs and expenses	819,218	269,352	28,833	(6,093)	1,111,310
Income (loss) from operations	169,644	35,150	(23,386)	—	181,408
Other income (expense):					
Accretion of discount to the relinquishment liability	(2,205)	—	—	—	(2,205)
Interest income	88	4,704	7,306	(5,032)	7,066
Interest expense, net of capitalized interest	(97,380)	(42,583)	(13,002)	5,032	(147,933)
Loss on early extinguishment of debt	(62,041)	—	—	—	(62,041)
Loss on interests in subsidiaries	(32,449)	(24,848)	—	57,297	—
Other income (expense), net	165	—	(1,018)	—	(853)
Total other expense	(193,822)	(62,727)	(6,714)	57,297	(205,966)
Net loss	(24,178)	(27,577)	(30,100)	57,297	(24,558)
Loss attributable to non-controlling interests	—	—	—	380	380
Net loss attributable to Mohegan Tribal Gaming Authority	\$ (24,178)	\$ (27,577)	\$ (30,100)	\$ 57,677	\$ (24,178)

(1) Includes the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.

(2) Includes MGA and subsidiaries, Downs Lodging, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

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

For the Fiscal Year Ended September 30, 2013

	Authority	Total Guarantor Subsidiaries (1)	Total Non-Guarantor Subsidiaries and Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Revenues:					
Gaming	\$ 911,180	\$ 279,022	\$ —	\$ —	\$ 1,190,202
Food and beverage	59,334	26,917	—	—	86,251
Hotel	40,873	—	—	—	40,873
Retail, entertainment and other	100,545	16,679	1,575	(240)	118,559
Gross revenues	1,111,932	322,618	1,575	(240)	1,435,885
Less-Promotional allowances	(76,407)	(17,300)	(4)	(2,146)	(95,857)
Net revenues	1,035,525	305,318	1,571	(2,386)	1,340,028
Operating costs and expenses:					
Gaming	507,069	201,860	—	—	708,929
Food and beverage	33,297	8,280	(2)	—	41,575
Hotel	14,339	—	—	—	14,339
Retail, entertainment and other	40,371	5,589	—	(2,101)	43,859
Advertising, general and administrative	159,869	32,997	13,373	(13,566)	192,673
Corporate	14,841	—	—	13,281	28,122
Depreciation and amortization	67,097	13,220	—	—	80,317
Loss on disposition of assets	222	19	—	—	241
Severance	(146)	175	—	—	29
Pre-opening	—	687	—	—	687
Relinquishment liability reassessment	(249)	—	—	—	(249)
Total operating costs and expenses	836,710	262,827	13,371	(2,386)	1,110,522
Income (loss) from operations	198,815	42,491	(11,800)	—	229,506
Other income (expense):					
Accretion of discount to the relinquishment liability	(4,974)	—	—	—	(4,974)
Interest income	146	2,320	6,064	(2,259)	6,271
Interest expense, net of capitalized interest	(118,303)	(44,126)	(9,980)	2,259	(170,150)
Loss on early extinguishment of debt	(11,516)	—	—	—	(11,516)
Loss on interests in subsidiaries	(13,834)	(7,389)	—	21,223	—
Other expense, net	(8)	—	(1,587)	—	(1,595)
Total other expense	(148,489)	(49,195)	(5,503)	21,223	(181,964)
Net income (loss)	50,326	(6,704)	(17,303)	21,223	47,542
Loss attributable to non-controlling interests	—	—	—	2,784	2,784
Net income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 50,326	\$ (6,704)	\$ (17,303)	\$ 24,007	\$ 50,326

(1) Includes the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.

(2) Includes MGA and subsidiaries, Downs Lodging, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

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

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

For the Fiscal Year Ended September 30, 2015

	Authority	Total Guarantor Subsidiaries (1)	Total Non-Guarantor Subsidiaries and Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Cash flows provided by (used in) operating activities:					
Net income (loss)	\$ 94,394	\$ 2,346	\$ (17,938)	\$ 13,337	\$ 92,139
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities:					
Depreciation and amortization	63,071	13,371	1,138	—	77,580
Relinquishment liability reassessment	(243)	—	—	—	(243)
Accretion of discount to the relinquishment liability	227	—	—	—	227
Cash paid for accretion of discount to the relinquishment liability	(778)	—	—	—	(778)
Loss on early extinguishment of debt	2,269	—	—	—	2,269
Proceeds from bond premiums	2,125	—	—	—	2,125
Payments of tender offer costs and discounts	(2,894)	—	—	—	(2,894)
Amortization of debt issuance costs and accretion of bond premiums and discounts	7,453	—	318	—	7,771
Provision for losses on receivables	1,350	299	4,229	—	5,878
Impairment of Project Horizon	2,502	—	—	—	2,502
Loss on disposition of assets	1,007	11	—	—	1,018
Loss from unconsolidated affiliates	31	—	941	—	972
Inter-company transactions	(35,724)	41,355	7,695	(13,326)	—
Changes in operating assets and liabilities:					
Increase in receivables	(2,699)	(1,247)	(2,264)	870	(5,340)
(Increase) decrease in inventories	(1,062)	60	—	—	(1,002)
Increase in other assets	(2,756)	(1,806)	(7,544)	(46)	(12,152)
Increase (decrease) in trade payables	(6,394)	(2,617)	27	—	(8,984)
Decrease in accrued interest	(264)	—	(146)	—	(410)
Increase (decrease) in other liabilities	14,527	908	(5,860)	(835)	8,740
Net cash flows provided by (used in) operating activities	136,142	52,680	(19,404)	—	169,418
Cash flows provided by (used in) investing activities:					
Purchases of property and equipment, including change in construction payables	(17,221)	(4,651)	(588)	—	(22,460)
Issuance of third-party loans and advances	—	—	(4,080)	—	(4,080)
Payments received on third-party loans	157	—	—	—	157
(Increase) decrease in restricted cash, net	(32)	(1,746)	252	—	(1,526)
Proceeds from asset sales	1,602	13	—	—	1,615
Investments in the New England Black Wolves	—	—	(500)	—	(500)
Inter-company transactions	6,687	(20,731)	45	13,999	—
Net cash flows used in investing activities	(8,807)	(27,115)	(4,871)	13,999	(26,794)
Cash flows provided by (used in) financing activities:					
Senior Secured Credit Facility borrowings - Revolving	442,000	—	—	—	442,000
Senior Secured Credit Facility repayments - Revolving	(458,000)	—	—	—	(458,000)
Senior Secured Credit Facility repayments - Term Loan A	(7,756)	—	—	—	(7,756)
Senior Secured Credit Facility borrowings - Term Loan B, net of discount	87,911	—	—	—	87,911
Senior Secured Credit Facility repayments - Term Loan B	(5,339)	—	—	—	(5,339)
Line of Credit borrowings	446,935	—	—	—	446,935
Line of Credit repayments	(449,976)	—	—	—	(449,976)
Repayments to Mohegan Tribe	—	—	(2,250)	—	(2,250)
Proceeds from issuance of Senior Unsecured Notes, net of premiums	85,000	—	—	—	85,000

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

Repayments of other long-term debt	(182,269)	—	(4,547)	—	(186,816)
Principal portion of relinquishment liability payments	(24,400)	—	—	—	(24,400)
Distributions to Mohegan Tribe	(50,000)	—	—	—	(50,000)
Payments of financing fees	(2,360)	—	—	—	(2,360)
Payments on capital lease obligations	(927)	(45)	—	45	(927)
Inter-company transactions	—	(18,120)	32,164	(14,044)	—
Net cash flows provided by (used in) financing activities	(119,181)	(18,165)	25,367	(13,999)	(125,978)
Net increase in cash and cash equivalents	8,154	7,400	1,092	—	16,646
Cash and cash equivalents at beginning of year	33,939	14,767	402	—	49,108
Cash and cash equivalents at end of year	\$ 42,093	\$ 22,167	\$ 1,494	\$ —	\$ 65,754

(1) Includes the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.

(2) Includes Mohegan Lacrosse, MGA and subsidiaries, Downs Lodging, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

For the Fiscal Year Ended September 30, 2014

	Authority	Total Guarantor Subsidiaries (1)	Total Non-Guarantor Subsidiaries and Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Cash flows provided by (used in) operating activities:					
Net loss	\$ (24,178)	\$ (27,577)	\$ (30,100)	\$ 57,297	\$ (24,558)
Adjustments to reconcile net loss to net cash flows provided by (used in) operating activities:					
Depreciation and amortization	65,406	13,814	906	—	80,126
Relinquishment liability reassessment	(1,905)	—	—	—	(1,905)
Accretion of discount to the relinquishment liability	2,205	—	—	—	2,205
Cash paid for accretion of discount to the relinquishment liability	(2,897)	—	—	—	(2,897)
Loss on early extinguishment of debt	58,245	—	—	—	58,245
Payments of tender offer costs and discounts	(48,155)	—	—	—	(48,155)
Amortization of debt issuance costs and accretion of bond discounts	7,719	—	318	—	8,037
Provision for losses on receivables	2,368	390	3,388	—	6,146
Impairment of Project Horizon	4,981	—	—	—	4,981
(Gain) loss on disposition of assets	(12)	3	—	—	(9)
(Gain) loss from unconsolidated affiliates	(178)	—	1,004	—	826
Inter-company transactions	(9,896)	62,401	4,783	(57,288)	—
Changes in operating assets and liabilities:					
Increase in receivables	(6,622)	(310)	(1,783)	1,556	(7,159)
Increase in inventories	(411)	(143)	—	—	(554)
(Increase) decrease in other assets	3,236	(77)	(5,888)	(802)	(3,531)
Increase (decrease) in trade payables	9,858	3,568	(7)	—	13,419
Decrease in accrued interest	(12,891)	—	(1,746)	—	(14,637)
Increase (decrease) in other liabilities	(4,587)	(573)	8,359	(763)	2,436
Net cash flows provided by (used in) operating activities	42,286	51,496	(20,766)	—	73,016
Cash flows provided by (used in) investing activities:					
Purchases of property and equipment, including change in construction payables	(18,629)	(4,250)	(12,200)	—	(35,079)
Issuance of third-party loans and advances	—	—	(1,804)	—	(1,804)
Payments received on third-party loans	644	—	—	—	644
Decrease in restricted cash, net	53	1,583	12,043	—	13,679
Proceeds from asset sales	104	30	—	—	134
Investments in unconsolidated affiliates	—	—	(29)	—	(29)
Inter-company transactions	27,195	(24,222)	45	(3,018)	—
Net cash flows provided by (used in) investing activities	9,367	(26,859)	(1,945)	(3,018)	(22,455)

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

Cash flows provided by (used in) financing activities:					
Prior Bank Credit Facility repayments - Term	(393,000)	—	—	—	(393,000)
Prior Term Loan Facility repayments, net of discount	(222,103)	—	—	—	(222,103)
Senior Secured Credit Facility borrowings - Revolving	310,000	—	—	—	310,000
Senior Secured Credit Facility repayments - Revolving	(273,000)	—	—	—	(273,000)
Senior Secured Credit Facility borrowings - Term Loan A, net of discount	124,343	—	—	—	124,343
Senior Secured Credit Facility repayments - Term Loan A	(3,125)	—	—	—	(3,125)
Senior Secured Credit Facility borrowings - Term Loan B, net of discount	720,952	—	—	—	720,952
Senior Secured Credit Facility repayments - Term Loan B	(5,475)	—	—	—	(5,475)
Line of Credit borrowings	356,796	—	—	—	356,796
Line of Credit repayments	(353,755)	—	—	—	(353,755)
Repayments to Mohegan Tribe	—	—	(3,250)	—	(3,250)
Repayments of other long-term debt	(212,270)	—	(53)	—	(212,323)
Principal portion of relinquishment liability payments	(46,574)	—	—	—	(46,574)
Distributions to Mohegan Tribe	(50,000)	—	—	—	(50,000)
Payments of financing fees	(12,395)	—	—	—	(12,395)
Payments on capital lease obligations	(2,168)	(45)	—	45	(2,168)
Inter-company transactions	—	(28,480)	25,507	2,973	—
Net cash flows provided by (used in) financing activities	(61,774)	(28,525)	22,204	3,018	(65,077)
Net decrease in cash and cash equivalents	(10,121)	(3,888)	(507)	—	(14,516)
Cash and cash equivalents at beginning of year	44,060	18,655	909	—	63,624
Cash and cash equivalents at end of year	<u>\$ 33,939</u>	<u>\$ 14,767</u>	<u>\$ 402</u>	<u>\$ —</u>	<u>\$ 49,108</u>

- (1) Includes the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.
(2) Includes MGA and subsidiaries, Downs Lodging, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

For the Fiscal Year Ended September 30, 2013

	Authority	Total Guarantor Subsidiaries (1)	Total Non-Guarantor Subsidiaries and Entities (2)	Consolidating/ Eliminating Adjustments	Consolidated
Cash flows provided by (used in) operating activities:					
Net income (loss)	\$ 50,326	(6,704)	(17,303)	21,223	47,542
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities:					
Depreciation and amortization	67,097	13,220	—	—	80,317
Relinquishment liability reassessment	(249)	—	—	—	(249)
Accretion of discount to the relinquishment liability	4,974	—	—	—	4,974
Cash paid for accretion of discount to the relinquishment liability	(5,792)	—	—	—	(5,792)
Loss on early extinguishment of debt	4,531	—	—	—	4,531
Payments of tender offer costs and discounts	(3,104)	—	—	—	(3,104)
Amortization of debt issuance costs and accretion of bond discounts	11,968	—	317	—	12,285
Amortization of net deferred gain on settlement of derivative instruments	(76)	—	—	—	(76)
Provision for losses on receivables	951	103	2,382	—	3,436
Loss on disposition of assets	222	19	—	—	241
(Gain) loss from unconsolidated affiliates	(11)	—	1,564	—	1,553
Inter-company transactions	(30,508)	49,282	2,449	(21,223)	—
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	495	(1,011)	(132)	—	(648)

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

Decrease in inventories	326	122	—	—	448
(Increase) decrease in other assets	8,255	41	(5,537)	—	2,759
Increase (decrease) in trade payables	(2,367)	265	(41)	—	(2,143)
Increase (decrease) in accrued interest	(23,183)	—	117	—	(23,066)
Increase (decrease) in other liabilities	(21,440)	(773)	2,156	—	(20,057)
Net cash flows provided by (used in) operating activities	<u>62,415</u>	<u>54,564</u>	<u>(14,028)</u>	<u>—</u>	<u>102,951</u>
Cash flows provided by (used in) investing activities:					
Purchases of property and equipment, including change in construction payables	(24,774)	(4,481)	(30,342)	—	(59,597)
Issuance of third-party loans and advances	—	—	(2,033)	—	(2,033)
Payments received on third-party loans	139	—	—	—	139
(Increase) decrease in restricted cash, net	—	(423)	33,501	—	33,078
Proceeds from asset sales	208	8	—	—	216
Investments in unconsolidated affiliates	—	—	(4,971)	—	(4,971)
Inter-company transactions	24,289	(22,468)	—	(1,821)	—
Net cash flows used in investing activities	<u>(138)</u>	<u>(27,364)</u>	<u>(3,845)</u>	<u>(1,821)</u>	<u>(33,168)</u>
Cash flows provided by (used in) financing activities:					
Prior Bank Credit Facility borrowings - Revolving	3,000	—	—	—	3,000
Prior Bank Credit Facility repayments - Revolving	(3,000)	—	—	—	(3,000)
Prior Bank Credit Facility repayments - Term	(4,000)	—	—	—	(4,000)
Line of Credit borrowings	24,897	—	—	—	24,897
Line of Credit repayments	(24,897)	—	—	—	(24,897)
Repayments to Mohegan Tribe	—	—	(9,950)	—	(9,950)
Proceeds from issuance of Senior Unsecured Notes	500,000	—	—	—	500,000
Repayments of other long-term debt	(495,561)	—	(40)	—	(495,601)
Principal portion of relinquishment liability payments	(45,350)	—	—	—	(45,350)
Distributions to Mohegan Tribe	(50,000)	—	—	—	(50,000)
Payments of financing fees	(11,757)	—	(200)	—	(11,957)
Payments on capital lease obligations	(3,385)	—	—	—	(3,385)
Inter-company transactions	—	(30,302)	28,481	1,821	—
Net cash flows provided by (used in) financing activities	<u>(110,053)</u>	<u>(30,302)</u>	<u>18,291</u>	<u>1,821</u>	<u>(120,243)</u>
Net increase (decrease) in cash and cash equivalents	(47,776)	(3,102)	418	—	(50,460)
Cash and cash equivalents at beginning of year	91,836	21,757	491	—	114,084
Cash and cash equivalents at end of year	<u>\$ 44,060</u>	<u>\$ 18,655</u>	<u>\$ 909</u>	<u>\$ —</u>	<u>\$ 63,624</u>

(1) Includes the Pocono Subsidiaries, MBC, Mohegan Golf, Mohegan Ventures-NW, MVW, WTG and MTGA Gaming.

(2) Includes MGA and subsidiaries, Downs Lodging, Salishan-Mohegan, MG&H and Mohegan Resorts and subsidiaries.

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

NOTE 17—SUBSEQUENT EVENTS:

Facility Agreement

On November 18, 2015, the Authority entered into an agreement (the “Facility Agreement”) by and among the Authority, the Tribe and UBS AG, London Branch (“UBS”). Pursuant to the Facility Agreement, the Authority may issue, from time to time, to UBS or its designee, senior unsecured notes in an aggregate principal amount of up to \$200.0 million, with varying amounts, borrowing dates, maturities and interest rates, as may be agreed with UBS or its designee.

On November 20, 2015, pursuant to the Facility Agreement, the Authority entered into a note purchase agreement (the “Note Purchase Agreement”) by and among the Authority, the Tribe and the purchaser named therein (the “Purchaser”). In accordance with the Note Purchase Agreement, the Authority issued floating rate senior notes due 2017 in an aggregate principal amount of \$100.0 million (the “Notes”) to the Purchaser in a private offering that closed on November 20, 2015. The Notes are senior unsecured obligations of the Authority. Pursuant to a guarantee agreement dated November 20, 2015, certain of the Authority’s subsidiaries, which are the same Guarantors that guarantee the Authority’s Senior Secured Credit Facilities and senior unsecured and senior subordinated notes, have guaranteed the Notes. The Notes bear interest at a rate per annum equal to LIBOR plus 4.45%, payable quarterly. The Notes mature on December 15, 2017. The Authority used the net proceeds from the Notes to refinance existing indebtedness and to finance new development opportunities.

The Authority may redeem the Notes at any time, in whole or in part, at a price equal to 100% of the principal amount of the Notes redeemed plus accrued interest to the date of redemption, customary breakage costs, a “make-whole amount,” and, if redeemed within one year of the date of issuance, a premium of 0.25%. If the Authority experiences specific kinds of change of control events, undertakes certain types of asset sales or experiences certain swap-related credit determinations, it will be required to make an offer to purchase the Notes at the purchase prices set forth in the Note Purchase Agreement. In addition, if any gaming regulatory authority requires a holder of the Notes to be licensed, qualified or found suitable under applicable gaming laws, and such holder does not obtain such license, qualification or finding of suitability within a specified time, the Authority can call for redemption of the Notes held by such holder.

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

The Notes are uncollateralized general obligations of the Authority and are effectively subordinated to all of the Authority’s and the Guarantors’ and future guarantor subsidiaries’ senior secured indebtedness, including the Senior Secured Credit Facilities, to the extent of the value of the collateral securing such indebtedness. The Notes are also effectively subordinated to any indebtedness and other liabilities (including trade payables) of the Authority’s subsidiaries that do not guarantee the Notes. The Notes rank equally in right of payment with the Authority’s other unsecured, unsubordinated indebtedness, including trade payables. The Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

The Note Purchase Agreement contains certain covenants that, subject to certain significant exceptions, limit, among other things, the Authority’s and the Guarantors’ ability to incur additional debt, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company or transfer and sell assets. The Note Purchase Agreement includes customary events of default, including, but not limited to, failure to make required payments, failure to comply with certain agreements or covenants, certain cross-defaults, certain events of bankruptcy and insolvency and certain judgment defaults.

2015 Mohegan Tribe Promissory Note

On November 16, 2015, the Tribe made a \$22.5 million loan to Mohegan Gaming Advisors (the “2015 Mohegan Tribe Promissory Note”). The 2015 Mohegan Tribe Promissory Note matures on April 15, 2016. The 2015 Mohegan Tribe Promissory Note accrues interest at an annual rate of 5.0% and requires a principal payment of \$8.5 million, plus accrued interest, on January 15, 2016, with the remaining principal amount, plus accrued interest, due at maturity.

New Downs Lodging Credit Facility

On November 25, 2015, Downs Lodging repaid and terminated the Downs Lodging Credit Facility with proceeds from a new credit agreement providing for a \$25.0 million term loan from a third-party lender (the “New Downs Lodging Credit Facility”) and a cash payment of the remaining principal amount outstanding under the Downs Lodging Credit Facility, plus accrued interest and fees. The New Downs Lodging Credit Facility matures on November 24, 2019, subject to earlier maturity in the event that 5.0% or more of the Authority’s total funded indebtedness matures prior to that date, in which case the New Downs

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

Lodging Credit Facility matures six months prior to such date. Principal outstanding under the New Downs Lodging Credit Facility amortizes in equal monthly amounts of approximately \$260,000 commencing January 1, 2016, with the remaining balance due at maturity. The New Downs Lodging Credit Facility accrues interest as follows: (i) for base rate loans, at a base rate equal to the greater of (a) the prime rate and (b) the federal funds rate plus 50 basis points (the greater of (a) and (b), the “base rate”), plus 250 basis points and (ii) for Eurodollar rate loans, at the applicable LIBOR rate plus 350 basis points. Interest on base rate loans is payable monthly. Interest on Eurodollar rate loans is payable at the end of each applicable interest period.

The New Downs Lodging Credit Facility is a senior secured obligation of Downs Lodging, collateralized by all existing and future assets of Downs Lodging. The New Downs Lodging Credit Facility subjects Downs Lodging to certain covenant requirements customarily found in loan agreements for similar transactions. Additionally, the New Downs Lodging Credit Facility includes a financial maintenance covenant pertaining to minimum debt service coverage.

MOHEGAN TRIBAL GAMING AUTHORITY
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2015, 2014 and 2013
(in thousands)

	Column A	Column B	Column C	Column D
	Balances at Beginning of Year	Charges to Costs and Expenses	Deductions from Reserves (1)	Balances at End of Year
Description:				
Fiscal Year ended September 30, 2015				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 38,636	\$ 5,878	\$ 2,179	\$ 42,335
Fiscal Year ended September 30, 2014				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 34,420	\$ 6,146	\$ 1,930	\$ 38,636
Fiscal Year Ended September 30, 2013				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 30,998	\$ 3,436	\$ 14	\$ 34,420

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

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	Constitution of the Mohegan Tribe of Indians of Connecticut, as amended (filed as Exhibit 3.1 to the Authority's Registration Statement on Form S-4, filed with the SEC on January 27, 2014 (the "2014 Form S-4") and incorporated by reference herein).
3.2	Ordinance No. 95-2 of the Tribe for Gaming on Tribal Lands, enacted on July 15, 1995 (filed as Exhibit 3.2 to the Authority's Amendment No. 1 to its Registration Statement on Form S-1, filed with the SEC on February 29, 1996 (the "1996 Form S-1") and incorporated by reference herein).
3.3	Articles of Organization of Mohegan Basketball Club, 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 5, 2005, as amended (filed as Exhibit 3.5 to the Authority's Registration Statement on Form S-4, filed with the SEC on June 7, 2005 (the "2005 Form S-4") and incorporated by reference herein).
3.6	Operating Agreement of Mohegan Commercial Ventures PA, LLC, a Commonwealth of Pennsylvania limited liability company, dated as of December 15, 2004 (filed as Exhibit 3.6 to the 2005 Form S-4 and incorporated by reference herein).
3.7	Certificate of Limited Partnership of Downs Racing, L.P., dated as of January 5, 2005, as amended (filed as Exhibit 3.7 to the 2005 Form S-4 and incorporated by reference herein).
3.8	Amended and Restated Limited Partnership Agreement of Downs Racing, L.P., dated as of January 25, 2005 (filed as Exhibit 3.8 to the 2005 Form S-4 and incorporated by reference herein).
3.9	Certificate of Limited Partnership of Backside, L.P., dated as of January 5, 2005, as amended (filed as Exhibit 3.9 to the 2005 Form S-4 and incorporated by reference herein).
3.10	Amended and Restated Limited Partnership Agreement of Backside, L.P., dated as of January 25, 2005 (filed as Exhibit 3.10 to the 2005 Form S-4 and incorporated by reference herein).
3.11	Certificate of Limited Partnership of Mill Creek Land, L.P., dated as of January 5, 2005, as amended (filed as Exhibit 3.11 to the 2005 Form S-4 and incorporated by reference herein).
3.12	Amended and Restated Limited Partnership Agreement of Mill Creek Land, L.P., dated as of January 25, 2005 (filed as Exhibit 3.12 to the 2005 Form S-4 and incorporated by reference herein).
3.13	Certificate of Limited Partnership of Northeast Concessions, L.P., dated as of January 5, 2005, as amended (filed as Exhibit 3.13 to the 2005 Form S-4 and incorporated by reference herein).
3.14	Amended and Restated Limited Partnership Agreement of Northeast Concessions, L.P., dated as of January 25, 2005 (filed as Exhibit 3.14 to the 2005 Form S-4 and incorporated by reference herein).
3.15	Articles of Organization of Mohegan Ventures-Northwest, LLC, dated as of July 23, 2004 (filed as Exhibit 3.15 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006, filed with the SEC on August 10, 2006 (the "June 2006 Form 10-Q") and incorporated by reference herein).
3.16	Operating Agreement of Mohegan Ventures-Northwest, LLC, a Mohegan Tribe of Indians of Connecticut limited liability company, dated as of July 23, 2004 (filed as Exhibit 3.16 to the June 2006 Form 10-Q and incorporated by reference herein).
3.17	Articles of Organization of Mohegan Golf, LLC, dated as of November 20, 2006 (filed as Exhibit 3.17 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2006, filed with the SEC on December 21, 2006 (the "2006 Form 10-K") and incorporated by reference herein).
3.18	Certificate of Formation of Wisconsin Tribal Gaming, LLC, dated as of February 27, 2007 (filed as Exhibit 3.18 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007, filed with the SEC on May 15, 2007 (the "March 2007 Form 10-Q") and incorporated by reference herein).

<u>Exhibit No.</u>	<u>Description</u>
3.19	Articles of Organization of Mohegan Ventures Wisconsin, LLC, dated as of March 1, 2007 (filed as Exhibit 3.19 to the March 2007 Form 10-Q and incorporated by reference herein).
3.20	Certificate of Formation of MTGA Gaming, LLC, dated as of July 27, 2007 (filed as Exhibit 3.20 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2007, filed with the SEC on December 21, 2007 (the "2007 Form 10-K") and incorporated by reference herein).
3.21	Articles of Amendment of Mohegan Golf, 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).
3.22	Operating Agreement of Mohegan Golf, LLC, dated as of April 8, 2008 (filed as Exhibit 3.22 to the 2014 Form S-4 and incorporated by reference herein).
3.23	Operating Agreement of Mohegan Ventures Wisconsin, LLC, dated as of March 1, 2007 (filed as Exhibit 3.23 to the 2014 Form S-4 and incorporated by reference herein).
3.24	Certificate of Amendment to Certificate of Formation of Wisconsin Tribal Gaming, LLC, dated as of May 20, 2009 (filed as Exhibit 3.24 to the 2014 Form S-4 and incorporated by reference herein).
3.25	Operating Agreement of Wisconsin Tribal Gaming, LLC, dated as of March 1, 2007 (filed as Exhibit 3.25 to the 2014 Form S-4 and incorporated by reference herein).
3.26	Certificate of Amendment to Certificate of Formation of MTGA Gaming, LLC, dated as of May 20, 2009 (filed as Exhibit 3.26 to the 2014 Form S-4 and incorporated by reference herein).
3.27	Operating Agreement of MTGA Gaming, LLC, dated as of August 1, 2007 (filed as Exhibit 3.27 to the 2014 Form S-4 and incorporated by reference herein).
4.1	Relinquishment Agreement, dated as of February 7, 1998, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut and Trading Cove Associates (filed as Exhibit 10.14 to the Authority's Form 10-K405 for the fiscal year ended September 30, 1998, filed with the SEC on December 29, 1998 (the "1998 Form 10-K") and incorporated by reference herein).
4.2	Indenture, dated as of February 8, 2005, between the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 (filed as Exhibit 4.28 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2004, filed with the SEC on February 14, 2005 (the "December 2004 Form 10-Q") and incorporated by reference herein).
4.3	Supplemental Indenture No. 1, dated as of August 4, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Ventures-Northwest, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.23 to the June 2006 Form 10-Q and incorporated by reference herein).
4.4	Supplemental Indenture No. 2, dated as of December 18, 2006, between the Mohegan Tribal Gaming Authority, Mohegan Golf, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.27 to the 2006 Form 10-K and incorporated by reference herein).
4.5	Supplemental Indenture No. 3, dated as of March 28, 2007, between the Mohegan Tribal Gaming Authority, Wisconsin Tribal Gaming, LLC and Mohegan Ventures Wisconsin, LLC (each a Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.31 to the March 2007 Form 10-Q and incorporated by reference herein).
4.6	Supplemental Indenture No. 4, dated as of August 27, 2007, between the Mohegan Tribal Gaming Authority, MTGA Gaming, LLC (as the Subsidiary Guarantor), the other Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.35 to the 2007 Form 10-K and incorporated by reference herein).
4.7	Supplemental Indenture No. 5, dated as of March 5, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Subsidiary Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 6 7/8% Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.26 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, filed with the SEC on May 14, 2012 (the "March 2012 Form 10-Q") and incorporated by reference herein).

<u>Exhibit No.</u>	<u>Description</u>
4.8	Form of Global 6 ⁷ / ₈ % Senior Subordinated Notes Due 2015 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.29 to the December 2004 Form 10-Q and incorporated by reference herein).
4.9	Indenture, dated as of March 6, 2012, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 11% Senior Subordinated Notes Due 2018 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.42 to the March 2012 Form 10-Q and incorporated by reference herein).
4.10	Form of Global 11% Senior Subordinated Notes Due 2018 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.43 to the March 2012 Form 10-Q and incorporated by reference herein).
4.11	Indenture, dated as of August 15, 2013, between the Mohegan Tribal Gaming Authority, The Mohegan Tribe of Indians of Connecticut, the Guarantors (as defined under the Indenture) and U.S. Bank National Association, as Trustee, relating to the 9 ³ / ₄ % Senior Notes Due 2021 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.29 to the Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2013, filed with the SEC on December 27, 2013 (the "2013 Form 10-K") and incorporated by reference herein).
4.12	Form of Global 9 ³ / ₄ % Senior Notes Due 2021 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.30 to the 2013 Form 10-K and incorporated by reference herein).
4.13	Registration Rights Agreement, dated August 11, 2015, between the Mohegan Tribal Gaming Authority, the subsidiary guarantors party thereto, Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBS Securities Inc., as representatives of the several initial purchasers, relating to the \$85,000,000 principal amount of 9 ³ / ₄ % Senior Notes Due 2021 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.13 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015, filed with the SEC on August 14, 2015 (the "June 2015 Form 10-Q") and incorporated by reference herein).
10.1	The Mohegan Tribe—State of Connecticut Gaming Compact between the Mohegan Tribe of Indians of Connecticut and the State of Connecticut (filed as Exhibit 10.1 to the 1996 Form S-1 and incorporated by reference herein).
10.2	Agreement, dated as of April 25, 1994, between the Mohegan Tribe of Indians of Connecticut and the State of Connecticut resolving certain land claims (filed as Exhibit 10.2 to the 1996 Form S-1 and incorporated by reference herein).
10.3	Memorandum of Understanding, dated as of April 25, 1994, between the Mohegan Tribe of Indians of Connecticut and the State of Connecticut regarding implementation of the Compact and the Resolution Agreement (filed as Exhibit 10.3 to the 1996 Form S-1 and incorporated by reference herein).
10.4	Agreement, dated as of June 16, 1994, between the Mohegan Tribe of Indians of Connecticut and the Town of Montville, Connecticut (filed as Exhibit 10.4 to the 1996 Form S-1 and incorporated by reference herein).
10.5	Land Lease, dated as of September 29, 1995, between the Mohegan Tribe of Indians of Connecticut and the Mohegan Tribal Gaming Authority (filed as Exhibit 10.5 to the 1996 Form S-1 and incorporated by reference herein).
10.6	Amendment to the Land Lease, dated as of February 19, 1999, between the Mohegan Tribe of Indians of Connecticut and the Mohegan Tribal Gaming Authority (filed as Exhibit 10.6 to the Authority's Registration Statement on Form S-4, filed with the SEC on April 21, 1999 and incorporated by reference herein).
10.7	Amendment to the Land Lease, dated as of March 6, 2007, between the Mohegan Tribe of Indians of Connecticut and the Mohegan Tribal Gaming Authority (filed as Exhibit 10.1 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007, filed with the SEC on August 13, 2007 and incorporated by reference herein).
10.8	Amendment to the Land Lease, dated as of February 27, 2015, between the Mohegan Tribe of Indians of Connecticut and the Mohegan Tribal Gaming Authority (filed as Exhibit 10.2 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, filed with the SEC on May 15, 2015 and incorporated by reference herein).
10.9	The Merrill Lynch Non-Qualified Deferred Compensation Plan Trust Agreement, dated as of September 1, 1998, between the Mohegan Tribal Gaming Authority and Merrill Lynch Trust (filed as Exhibit 10.16 to the 1998 Form 10-K and incorporated by reference herein).*
10.10	Priority Distribution Agreement, dated as of August 1, 2001, between the Mohegan Tribal Gaming Authority and the Mohegan Tribe of Indians of Connecticut (filed as Exhibit 10.1 to the Authority's Quarterly Report on Form 10-Q for the period ended June 30, 2001, filed with the SEC on August 10, 2001 and incorporated by reference herein).

<u>Exhibit No.</u>	<u>Description</u>
10.11	First Amendment to the Priority Distribution Agreement, dated as of December 31, 2014, by and between the Mohegan Tribal Gaming Authority and the Mohegan Tribe of Indians of Connecticut (filed as Exhibit 10.1 to the Authority's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2014, filed with the SEC on February 17, 2015 and incorporated by reference herein).
10.12	Membership Agreement, dated as of January 28, 2003, between WNBA, LLC, the Mohegan Basketball Club, LLC, the Mohegan Tribal Gaming Authority and the Mohegan Tribe of Indians of Connecticut (filed as Exhibit 10.1 to the Authority's Form 8-K filed with the SEC on January 30, 2003 and incorporated by reference herein).
10.13	Management Agreement, dated as of September 21, 2004, between The Cowlitz Indian Tribe and Salishan-Mohegan, LLC (filed as Exhibit 10.30 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).
10.14	Development Agreement, dated as of September 21, 2004, between The Cowlitz Indian Tribe and Salishan-Mohegan, LLC (filed as Exhibit 10.31 to the 2004 Form S-4 and incorporated by reference herein).
10.15	Management Agreement, dated as of October 21, 2004, between the Menominee Indian Tribe of Wisconsin, the Menominee Kenosha Gaming Authority and the Mohegan Tribal Gaming Authority (filed as Exhibit 10.35 to the 2004 Form S-4 and incorporated by reference herein).
10.16	The Mohegan Retirement and 401(k) Plan Trust Agreement, dated as of July 1, 2005, between the Mohegan Tribe of Indians of Connecticut and Merrill Lynch Trust Company, 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).*
10.17	Amended Employment Agreement, dated as of February 14, 2012, between the Mohegan Tribal Gaming Authority and Mitchell Grossinger Etes (filed as Exhibit 10.1 to the Authority's Form 8-K, filed with the SEC on February 21, 2012 and incorporated by reference herein).*
10.18	Loan Agreement, dated as of November 19, 2013, between the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, the Lenders named therein and RBS Citizens, N.A., as Administrative Agent (filed as Exhibit 10.25 to the 2013 Form 10-K and incorporated by reference herein).
10.19	Increase Joinder and Amendment Agreement, dated as of August 11, 2015, among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, Citizens Bank, N.A., as administrative agent, and the lenders party thereto (filed as Exhibit 10.3 to the June 2015 Form 10-Q and incorporated by reference herein).
10.20	Amended and Restated Employment Agreement, executed October 16, 2015, between the Mohegan Tribal Gaming Authority and Robert J. Soper (filed as Exhibit 10.1 to the Authority's Form 8-K, filed with the SEC on October 22, 2015 (the "October 2015 Form 8-K") and incorporated by reference herein).*
10.21	Amended and Restated Employment Agreement, executed October 16, 2015, between the Mohegan Tribal Gaming Authority and Mario C. Kontomerkos (filed as Exhibit 10.2 to the October 2015 Form 8-K and incorporated by reference herein).*
10.22	Facility Agreement, dated as of November 18, 2015, by and among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut (only for the limited purposes as to itself set forth therein) and UBS AG, London Branch (filed as Exhibit 10.1 to the Authority's Form 8-K, filed with the SEC on November 24, 2015 (the "November 2015 Form 8-K") and incorporated by reference herein).
10.23	Note Purchase Agreement, dated as of November 20, 2015, by and among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut (only for the limited purposes as to itself set forth therein) and the purchaser named therein (filed as Exhibit 10.2 to the November 2015 Form 8-K and incorporated by reference herein).
10.24	Guarantee Agreement, dated as of November 20, 2015, by Downs Racing, L.P., Backside, L.P., Mill Creek Land, L.P., Northeast Concessions, L.P., Mohegan Commercial Ventures PA, LLC, Mohegan Basketball Club, LLC, Mohegan Ventures-Northwest, LLC, Mohegan Golf, LLC, Mohegan Ventures Wisconsin, LLC, Wisconsin Tribal Gaming, LLC and MTGA Gaming, LLC (filed as Exhibit 10.3 to the November 2015 Form 8-K and incorporated by reference herein).
10.25	Amended and Restated Employment Agreement, executed October 16, 2015, between the Mohegan Tribal Gaming Authority and Thomas P. Burke (filed herewith).*
12.1	Statement regarding computation of ratio of earnings to fixed charges (filed herewith).
21.1	Subsidiaries of the Registrant (filed as Exhibit 21.1 to the 2014 Form S-4 and incorporated by reference herein).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith).

- 31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer (filed herewith).
- 32.1 Section 1350 Certification of Chief Executive Officer (filed herewith).
- 32.2 Section 1350 Certification of Chief Financial Officer (filed herewith).
- 101.INS** XBRL Instance Document (filed herewith).
- 101.SCH** XBRL Taxonomy Extension Schema (filed herewith).
- 101.CAL** XBRL Taxonomy Calculation Linkbase (filed herewith).
- 101.DEF** XBRL Taxonomy Extension Definition Linkbase (filed herewith).
- 101.LAB** XBRL Taxonomy Extension Label Linkbase (filed herewith).
- 101.PRE** XBRL Taxonomy Extension Presentation Linkbase (filed herewith).

* Management contract or compensatory plan or arrangement.

** Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibits 101 to this Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

RATIO OF EARNINGS TO FIXED CHARGES

	For the Fiscal Years Ended September 30,				
	2015	2014	2013	2012	2011
<i>(in thousands, except ratios)</i>					
Net income (loss)	\$ 92,139	\$ (24,558)	\$ 47,542	\$ 61,241	\$ 111,843
Fixed charges	145,022	152,017	178,196	155,595	130,402
Amortization of capitalized interest	2,302	2,203	2,204	2,221	2,229
Capitalized interest	—	(735)	(1,976)	(34)	—
Loss attributable to non-controlling interests	2,255	380	2,784	2,019	2,134
Earnings	<u>\$ 241,718</u>	<u>\$ 129,307</u>	<u>\$ 228,750</u>	<u>\$ 221,042</u>	<u>246,608</u>
Interest expense, net of capitalized interest and amortization of debt issuance costs and accretion of bond premiums and discounts	\$ 136,105	\$ 139,896	\$ 157,865	\$ 136,070	\$ 109,899
Capitalized interest	—	735	1,976	34	—
Amortization of debt issuance costs and accretion of bond premiums and discounts	7,771	8,037	12,285	9,987	7,811
Interest portion of rental expense (1)	919	1,144	1,096	1,256	1,326
Accretion of discount to the relinquishment liability	227	2,205	4,974	8,248	11,366
Fixed charges	<u>\$ 145,022</u>	<u>\$ 152,017</u>	<u>\$ 178,196</u>	<u>\$ 155,595</u>	<u>\$ 130,402</u>
Ratio of earnings to fixed charges (2)	1.67	0.85	1.28	1.42	1.89

(1) A 10% factor was utilized to calculate the interest portion of rental expense, which the Authority believes to be a reasonable approximation.

(2) Pursuant to Item 503 of Regulation S-K.

CERTIFICATION

I, Robert J. Soper, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended September 30, 2015 of the Mohegan Tribal Gaming Authority;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) and internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 29, 2015

/s/ ROBERT J. SOPER

Robert J. Soper
President and Chief Executive Officer,
Mohegan Tribal Gaming Authority

CERTIFICATION

I, Mario C. Kontomerkos, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended September 30, 2015 of the Mohegan Tribal Gaming Authority;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the condensed consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) and internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 29, 2015

/s/ MARIO C. KONTOMERKOS

Mario C. Kontomerkos
Chief Financial Officer,
Mohegan Tribal Gaming Authority

**Written Statement of Chief Executive Officer
Pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)**

The undersigned, the Chief Executive Officer of the Mohegan Tribal Gaming Authority (the “Authority”), hereby certifies that, to his knowledge, on the date hereof:

- (a) this Annual Report on Form 10-K of the Authority for the fiscal year ended September 30, 2015 filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Authority.

/s/ ROBERT J. SOPER

**Robert J. Soper
President and Chief Executive Officer,
Mohegan Tribal Gaming Authority**

December 29, 2015

A signed original of this written statement required by Section 906 has been provided to the Authority and will be retained by the Authority and furnished to the Securities and Exchange Commission or its staff upon request.

**Written Statement of Chief Financial Officer
Pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)**

The undersigned, the Chief Financial Officer of the Mohegan Tribal Gaming Authority (the "Authority"), hereby certifies that, to his knowledge, on the date hereof:

- (a) this Annual Report on Form 10-K of the Authority for the fiscal year ended September 30, 2015 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Authority.

/s/ MARIO C. KONTOMERKOS

**Mario C. Kontomerkos
Chief Financial Officer,
Mohegan Tribal Gaming Authority
December 29, 2015**

A signed original of this written statement required by Section 906 has been provided to the Authority and will be retained by the Authority and furnished to the Securities and Exchange Commission or its staff upon request.