

This joint memorandum of understanding is entered into by and between the State of Connecticut (the "State") and the Mohegan Tribe of Indians of Connecticut (the "Tribe"), this 17th day of May, 1994, to set forth certain matters regarding implementation of the Mohegan Gaming Compact (the "Compact"), and the Agreement (the "Agreement") resolving the Tribe's land claim against the State. All terms used herein which are defined in the Compact shall have the meanings assigned thereto in the Compact.

(1) In full settlement and satisfaction of certain controversies which have arisen between the parties hereto concerning the effect of the Compact on the operation of the electronic lottery devices and other video facsimiles (as defined in the Compact), the State and the Tribe agree that, subject to all of the terms and conditions herein, the moratorium imposed by section 15(a) of the Compact on the operation by the Tribe of video facsimile games shall be suspended and, so long as the Tribe complies with the terms and conditions of the Memorandum of Understanding, the Tribe may operate video facsimiles ("video facsimiles") as defined in section 2(cc) of the Compact, subject to the requirements of section 7(c) of the Compact and the Technical Standards for Video Facsimile Games as set forth in

MEMORANDUM OF UNDERSTANDING

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section 31 of Appendix A of the Compact. The Tribe agrees that, so long as no change in State law is enacted to permit the operating of video facsimiles or other commercial casino games by any other person, the Tribe will contribute to the State a sum (the "Contribution") equal to twenty five percent (25%) of gross operating revenues of video facsimile games operated by the Tribe less those reductions set forth in paragraphs (2) and (3) hereof. For purposes of this paragraph, gross operating revenues shall be defined to mean the total sum wagered less amounts paid out as prizes. The Contribution shall be payable on or before the fifteenth day of each month in an amount equal to: (1) twenty five percent (25%) of the gross operating revenues of the Tribe from the operation of video facsimiles during the portion of the fiscal year of the State concluding on the last day of the preceding calendar month, or, on July 15th of each year, twenty five percent (25%) of the gross operating revenues of the Tribe from the operation of video facsimiles during the preceding fiscal year of the State, less (11) the cumulative Contribution paid by the Tribe prior to such date with respect to the operation of video facsimiles during the applicable fiscal year of the State. The Tribe shall provide the State with detailed reporting of the gross operating revenues of video facsimiles and the determination of the Contribution hereunder which shall be subject to audit by the State in accordance with the provisions of the Compact. Upon any failure by the Tribe to satisfy its obligations to the State hereunder, this Agreement shall cease to be of any force or effect and the moratorium established pursuant to section 15(a) of the

Compact shall without any requirement for further action by either party be in full force and effect in accordance with its terms.

(2) The cumulative Contribution required to be paid by the Tribe pursuant to paragraph (1) shall be reduced by \$5,000,000 (five million dollars) in the second year the Mohegan Tribal Gaming Operation is open for business, by \$2,500,000 (two million five hundred thousand dollars) in the third year of such operation and by \$2,500,000 (two million five hundred thousand dollars) in the fourth year of such operation.

(3) The parties agree that the Tribe's cumulative Contribution pursuant to paragraph (1) and paragraph (2) shall be increased by three million dollars (\$3,000,000) in the first year following the completed transfer of Fort Shantok Park to the United States to be held in trust for the Mohegan Tribe as part of its initial Indian Reservation.

(4) Notwithstanding the provisions contained paragraph (1), solely for the fiscal year of the State commencing July 1, 1994 and concluding on June 30, 1995, the minimum Contribution with respect to the operation of video facsimiles during said fiscal year shall be the lesser of 80% of gross operating revenues or \$40,000,000 (forty million dollars). The minimum Contribution shall be payable on or before the fifteenth of each month during said fiscal year in an amount equal to: (i) eighty percent (80%) of the gross operating revenues of the Tribe from the operation of video facsimiles during the portion of the fiscal year of the State concluding on the last day of the preceding calendar month, or, on June 30, 1995 of such year, eighty percent (80%) of the

gross operating revenues of the Tribe from the operation of video facsimiles during the preceding fiscal year of the State, or \$40,000,000 (forty million dollars), whichever is the lesser, less (ii) the cumulative contribution paid by the Tribe prior to such date with respect to the operation of video facsimiles during the applicable fiscal year of the State. The Tribe shall provide the State with detailed reporting of the gross operating revenues of video facsimiles and the determination of the contribution hereunder which shall be subject to audit by the State in accordance with the provisions of the Compact. Upon any failure by the Tribe to satisfy its obligations to the State hereunder, this Agreement shall cease to be of any force or effect and the moratorium established pursuant to section 15(a) of the Compact shall without any requirement for further action by either party be in full force and effect in accordance with its terms.

(5) For each fiscal year of the State commencing on or after July 1, 1995 or in any year after that that the Mohegan Gaming Operation is open for business for any portion of the year, the Minimum Contribution with respect to the operation of video facsimiles during said fiscal year shall be the lesser of: (i) thirty percent (30%) of gross operating revenues from video facsimiles during such fiscal year, or (ii) the greater of twenty five percent (25%) of gross operating revenues with respect to the operation of video facsimiles during such fiscal year or Eighty Million Dollars (\$80,000,000.00) (the "Minimum Contribution").

The Minimum Contribution shall be payable as follows: the cumulative contribution of the Tribe to the State hereunder with

respect to the operation of video facsimiles during each such fiscal year of the State shall be Eight Million Dollars

(\$8,000,000.00) as of September 15th of each such fiscal year, but not more than 30% (thirty percent) of gross operating revenues from video facsimiles from July 1st of such fiscal year through August 31 of such fiscal year; Sixteen Million Dollars

(\$16,000,000.00) as of October 15th of each such fiscal year, but not more than 30% (thirty percent) of gross operating revenues from video facsimiles from July 1st of such fiscal year through September 30th of such fiscal year; Twenty Four Million Dollars

(\$24,000,000.00) as of November 15th of such fiscal year but not more than 30% (thirty percent) of gross operating revenues from video facsimiles from July 1st of such fiscal year through October 31st of such fiscal year; Thirty Two Million Dollars

(\$32,000,000.00) as of December 15th of such fiscal year but not more than 30% (thirty percent) of gross operating revenues from video facsimiles from July 1st of such fiscal year through November 30th of such fiscal year; Forty Million Dollars

(\$40,000,000.00) as of January 15th of such fiscal year but not more than 30% (thirty percent) of gross operating revenues from video facsimiles from July 1st of such fiscal year through December 31st of such fiscal year; Forty Eight Million Dollars

(\$48,000,000.00) as of February 15th of such fiscal year, but not more than 30% (thirty percent) of gross operating revenues from video facsimiles from July 1st of such fiscal year through January 31st of such fiscal year; Fifty Six Million Dollars

(\$56,000,000.00) as of March 15th of such fiscal year, but not

b) The United States has accepted into trust on behalf of the Tribe the lands on which the Tribe will conduct its Gaming effective;

a) Federal Recognition of the Mohegan Tribe is final and

of the following requirements:

(6) The Tribe's obligation to make any contribution required by this Memorandum shall be conditioned upon satisfaction of all

of the year.

the Minimum Contribution shall be prorated to reflect that portion Gaming Operation is open for business for less than a full year,

if in any year commencing on or after July 1, 1995, the Mohegan fiscal year through June 30th of such fiscal year; provided that,

operating revenues from video facsimiles from July 1st of such

fiscal year, but not more than 30% (thirty percent) of gross

(\$80,000,000.00) as of July 15th following the close of each such

such fiscal year; and at least Eighty Million Dollars

facsimiles from July 1st of such fiscal year through April 30th of

than 30% (thirty percent) of gross operating revenues from video

(\$72,000,000.00) as of May 15th of such fiscal year, but not more

31st of such fiscal year; Seventy Two Million Dollars

video facsimiles from July 1st of such fiscal year through March

more than 30% (thirty percent) of gross operating revenues from

(\$64,000,000.00) as of April 15th of such fiscal year, but not

February 28th of such fiscal year; Sixty Four Million Dollars

video facsimiles from July 1st of such fiscal year through

more than 30% (thirty percent) of gross operating revenues from

that any change in State law is enacted to permit the operation of accordance with this Memorandum of Understanding. In the event not assert the right to operate video facsimile games except in facsimile games or other commercial casino games, the Tribe shall and no other person within the state lawfully operates video facsimiles or other commercial casino games by any other person change in State law is enacted to permit the operation of video section 15(a) of the Compact. The Tribe agrees that so long as no legal or factual question which may otherwise arise pursuant to admission or concession by either the State or the Tribe as to any an orderly and non-adversarial manner, and does not constitute an resolve the matters addressed by section 15(a) of the Compact in Tribe in order to satisfy their respective interests and to agreement constitutes an accommodation by both the State and the (7) It is understood and agreed by the parties that this

conditions expeditiously and in good faith. The parties agree to pursue with due diligence all the above

e) The Mohegan Tribal Gaming Operation is open for business.

Tribe and its gaming management contractor.

the management contract governing the relationship between the

d) The National Indian Gaming Commission has not disapproved

agreement thereto has been invalidated; and

Secretary of Interior, and no part of that Compact or implementing

Connecticut and the Mohegan Tribe has been approved by the

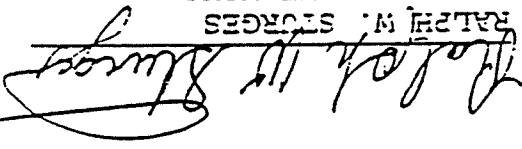
c) The tribal-state gaming Compact between the State of

Operation;

video facsimiles or other commercial casino games by any other person or any other person within the State lawfully operates video facsimile games or other commercial casino games, the Tribe shall not be bound by the provisions of this Memorandum of Understanding so long as it does not claim any right to operate video facsimiles by virtue of this Memorandum of Understanding, but the Tribe may thereupon assert any rights which it may otherwise have under the Compact; provided, however, that in such event neither party shall be bound by any of the provisions hereof nor shall either party be barred from taking any position inconsistent with this Memorandum of Understanding; and further provided, that in the event that the Mashantucket Pequot Tribe lawfully operates video facsimile games or other commercial casino games under the provisions of the Indian Gaming Regulatory Act, the Tribe shall not thereby be relieved of its obligations hereunder but shall continue to be bound by the provisions of paragraphs (1) through (5) of this Memorandum of Understanding so long as the Mashantucket Pequot Tribe makes a contribution to the State with respect to its operation of video facsimile games which is at least equivalent to that required pursuant to this Memorandum of Understanding. Nothing contained in this Memorandum of Understanding shall be utilized under any circumstances as evidence by either the State or the Tribe as to the intent of the Compact or the effect of any provision of the Compact or of any State or Federal law or regulation.

May 17 1944
(DATE)

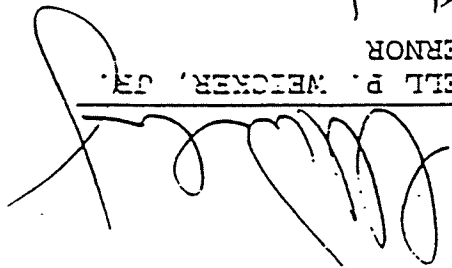
RALPH W. STURGES
CHIEF OF BUREAU



FOR HONORABLE SERVICE BY
STATE OF CONNECTICUT

5/17/44
(DATE)

LOWELL B. WICKER, JR.
GOVERNOR



STATE OF CONNECTICUT BY:

DONE AND EXECUTED as of the first date written below.

MOHEGAN TRIBE OF INDIANS
OF CONNECTICUT, BY:

Ralph W. Storges
RALPH W. STORGES
CHIEF, G. LINE, MONG

4/25/94
(DATE)

STATE OF CONNECTICUT, BY:

[Signature]
LOWELL P. WEICKER, JR.
GOVERNOR

4/25/94
(DATE)

DONE AND EXECUTED as of the first date written below.