

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

MOHEGAN TRIBAL GAMING AUTHORITY

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SIC: **7997** Membership sports & recreation clubs

Business Address
*ONE MOHEGAN SUN
BOULEVARD
UNCASVILLE CT 06382
860-862-8000*

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): July 28, 2006

MOHEGAN TRIBAL GAMING AUTHORITY

(Exact name of registrant as specified in its charter)

Connecticut
(State or other jurisdiction
of incorporation)

033-80655
(Commission File Number)

06-1436334
(IRS Employer
Identification No.)

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

06382
(Zip code)

(860) 862-8000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 1 - Registrant's Business and Operations

Item 1.01 *Entry into a Material Definitive Agreement.*

On July 28, 2006, the Mohegan Tribal Gaming Authority (the "Authority") executed new employment agreements with each of Mitchell Grossinger Etes, Chief Executive Officer of the Authority, Jeffrey E. Hartmann, Chief Operating Officer of the Authority, and Leo M. Chupaska, Chief Financial Officer of the Authority. These agreements replace existing employment agreements with each executive. The terms of the agreements for Messrs. Etes and Hartmann commence as of May 8, 2006 and expire December 31, 2011, with an annual base salary of \$1,010,326 and \$955,206, respectively, subject to annual increases effective each January 1st of no less than 5% of base salary. The term of Mr. Chupaska's agreement commences as of October 1, 2005 and expires December 31, 2008, with an annual salary of \$547,000, subject to annual increases effective each January 1st of no less than 5% of base salary. Each agreement contains an automatic renewal for an additional term of five years unless either party provides notice to the other on or before the 120th day prior to the end of the agreement's stated term of an intention to terminate at the stated termination date. Each employee also is entitled to receive an annual bonus no later than October 31st of not less than 33 1/3% of his then current annual base salary in effect for the period for which the annual bonus is to be paid.

Each employment agreement provides that, if the employee is terminated for cause (as defined in each agreement) or if the employee terminates his employment voluntarily, then the employee will not be entitled to any further compensation. If the employee is terminated other than for cause, then the employee will be entitled to receive his annual salary plus an annual bonus equal to 33 1/3% of his annual salary from the date of termination to the expiration date of the agreement. In addition, if either were terminated other than for cause on or before December 31, 2010, the Authority would pay to Mr. Etes or Mr. Hartmann all or a portion of the penalty incurred by the executive for early withdrawal of his deferred compensation, together with amounts, if any, equal to the amount of income taxes payable by the executive in connection with his receipt of such payments from the Authority.

These employment agreements further provide that the applicable employee may not, without prior written consent, compete with the Authority in specified states in the northeastern United States during the term of his employment and for a one-year period following termination of employment. Also, during this period, the applicable employee may not hire or solicit other employees of the Authority or encourage any such employees to leave employment with the Authority.

Copies of the employment agreements are attached hereto as Exhibits 10.1, 10.2 and 10.3 and are incorporated by reference herein.

Section 9 - Financial Statements and Exhibits

Item 9.01 *Financial Statements and Exhibits.*

(d) Exhibits

10.1 Employment Agreement, executed July 28, 2006, by and between the Mohegan Tribal Gaming Authority and Mitchell Grossinger Etes.

10.2 Employment Agreement, executed July 28, 2006, by and between the Mohegan Tribal Gaming Authority and Jeffrey E. Hartmann.

10.3 Employment Agreement, executed July 28, 2006, by and between the Mohegan Tribal Gaming Authority and Leo M. Chupaska.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MOHEGAN TRIBAL GAMING AUTHORITY

Date: August 3, 2006

By:

/s/ Bruce S. Bozsum

Bruce S. Bozsum

Chairman, Management Board

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") made as of the 8th day of May, 2006 ("Effective Date") by and between the MOHEGAN TRIBAL GAMING AUTHORITY (the "Employer"), an instrumentality of THE MOHEGAN TRIBE OF INDIANS OF CONNECTICUT (the "Tribe"), a sovereign Indian nation, having an address of One Mohegan Sun Boulevard, Uncasville, Connecticut 06382, and MITCHELL GROSSINGER ETESS, residing at 9 Joshua Valley Road, East Lyme, Connecticut 06333 ("Executive").

WITNESSETH:

WHEREAS, the Employer owns and operates, among other things, the Mohegan Sun casino and resort in Uncasville, Connecticut, a harness racetrack located in Wilkes Barre, Pennsylvania known as the Pocono Downs, along with several off-track wagering facilities located in the State of Pennsylvania, as well as investments in other proposed gaming enterprises and other businesses (as presently existing and hereafter developed, the "Business"); and

WHEREAS, the Employer and Executive entered into that certain Amended and Restated Employment Agreement dated and effective March 31, 2004 providing for the continued employment of Executive by the Employer (the "2004 Agreement"); and

WHEREAS, the Employer and Executive have agreed to terminate the 2004 Agreement and to enter into this Agreement to employ Executive as Chief Executive Officer; and

WHEREAS the Employer is desirous of assuring that Executive has the authority to fully carry out his duties hereunder by being responsible to the Employer, acting through the Chairman ("Chairman") of its Management Board.

WHEREAS, it is understood and agreed that good communication requires a direct and specific line of authority from the Employer, through the Chairman, to Executive.

NOW, THEREFORE, in consideration of the promises and the mutual covenants, terms and conditions hereinafter set forth, and for other good and valuable consideration, receipt whereof is specifically acknowledged, the parties hereto hereby agree as follows:

1. Effective Date of Agreement and Termination of the 2004 Agreement.

Executive and Employer mutually agree that this Agreement is effective on the Effective Date, and as of the Effective Date the 2004 Agreement shall be terminated and neither party thereto shall have any further obligation to the other thereunder.

2. Nature of Services and Duties.

(A) The Employer hereby agrees to employ Executive as its President and Chief Executive Officer upon the terms set forth herein, and Executive hereby accepts such employment.

(B) Executive shall perform such duties and services of an executive, managerial and administrative nature as are customary for a chief executive officer and which, consistent with the foregoing, the Employer may from time to time through communication from the Chairman hereafter assign to him. Such duties shall include, but not be limited to, the following:

1. Executive shall report directly to and be responsible to the Chairman;
2. Executive shall develop, implement, and monitor the strategic plan for the Business;
3. Executive shall have the exclusive responsibility for policy formulation for the Business, provided, however, that material changes to the existing Policy and Procedures Manual of Mohegan Sun will be submitted by Executive to the Chairman for the prior approval in writing of the Employer. The Chairman may direct Executive to make other changes to the Policy and Procedures Manual upon a vote of the Management Board; provided, however, that the Management Board shall consider written arguments from Executive prior to voting and no fewer than six (6) members of the Management Board must vote in favor of such change;
4. Executive shall be responsible for developing and adopting measures to improve customer service, and shall develop, implement, monitor and evaluate operating budgets;
5. Executive shall recruit, hire, train, counsel and evaluate divisional leaders;
6. Executive shall have the exclusive responsibility and authority to direct the selection, retention, training, control, and discharge of all employees performing services in connection with the maintenance, operation and management of the Business, its facility and any activity on the premises. The Chairman may give direction to select, retain, control, or discharge an employee upon a vote of the Management Board; provided, however, that the Management Board shall consider written arguments from Executive prior to voting and no fewer than six (6) members of the Management Board must vote in favor of such direction;
7. Executive shall be responsible for the enforcement of the Indian Preference policy as stated in the Policy and Procedure Manual and Employee Handbook of Mohegan Sun. Executive shall have the exclusive responsibility in developing and maintaining the Job Compendium necessary to manage the Business, including any changes to position titles unless governed by the Indian Preference policy. Minimum Qualifications for any newly created positions or changes to Minimum Qualifications for established positions will be submitted by Executive to the Chairman for

the prior approval in writing of the Employer. The Chairman may direct Executive to make other changes to the Job Compendium upon a vote of the Management Board; provided, however, that the Management Board shall consider written arguments from Executive prior to voting and no fewer than six (6) members of the Management Board must vote in favor of such change;

8. Executive shall have the exclusive responsibility for developing both the operating and capital budget. Both the operating and capital budget shall be presented to the Employer by the second Monday of September preceding the next fiscal year, and the Employer shall approve or modify the budget for the fiscal year on or before September 30 of such year, in consultation with Executive;
9. Executive shall have the right to negotiate agreements on behalf of the Business provided that, unless otherwise specified by policy approved by the Management Board of the Employer now existing or as amended during the term of this Agreement, any contract greater than one year in duration or with a value greater than \$50,000 must be approved by the Management Board. Executive shall give preference to all certified tribal businesses, which are "qualified". For purposes of this subsection, a "qualified" business must be a competitive bidder and be capable of delivering the product or performing the service requested; and
10. Executive shall have the exclusive responsibility for developing processes by which the Business shall sell, market and account for its products and services.

(C) During the course of this Agreement and any extensions, only the Executive and no other employee of the Employer shall have responsibility for reporting to the Chairman of the Employer or its Management Board, and the Employer shall not hire any person, other than Executive, to hold the authority and responsibilities set forth in Paragraph 2(B).

(D) Executive shall devote his best efforts and ability and all required business time to the performance of his duties and responsibilities hereunder to achieve the goals set forth in the Employer's annual business plan. Executive shall perform all of his duties to the Employer faithfully, competently, and diligently.

(E) Except for actions of the Executive that could be the basis for termination for Cause as set forth in Paragraph 8(C) below, the Employer shall indemnify, defend, and hold Executive harmless, including the payment of reasonable attorney fees, if the Employer does not directly provide Executive's defense, from and against all claims made by anyone, including, but not limited to, a corporate entity, company, other employee, agent, patron, tribal member, or any member of the general public with respect to any claim that asserts as a basis, any acts, omissions, or other circumstances involving the performance of Executive.

3. Term.

This Agreement shall govern Executive' s employment with the Employer from the Effective Date through and including December 31, 2011. This Agreement, including this paragraph, shall automatically renew for an additional term of five years unless either party shall notify the other of its intention to terminate, or unless otherwise terminated as provided herein. Any such notice of intention to terminate shall be delivered not later than one hundred twenty (120) days prior to the end of the then current term and shall be effective at the end of such term, except as otherwise provided herein.

4. Base Annual Salary.

Commencing with the Effective Date and through December 31, 2006, the Employer shall pay Executive a base annual salary ("Base Annual Salary") in the amount of \$1,010,326.00, payable in equal weekly installments of \$19,429.35 each. Commencing January 1, 2007, and on each January 1 thereafter during the term of this Agreement, the then current Base Annual Salary shall be increased in an amount mutually agreed to by Executive and the Employer, which amount shall in no event be less than 5% of the then current Base Annual Salary.

5. Annual Bonus.

The Employer shall determine an annual bonus payable to Executive, the amount of which shall be based upon the business plan and financial goals of the Employer as established at the beginning of each fiscal year. The annual bonus shall be not less than 33 1/3% of the Base Annual Salary in effect for the period for which the annual bonus is to be paid. The annual bonus for the previous fiscal year shall be paid no later than October 31 of each year during the term.

6. Life Insurance.

(A) During the term of this Agreement, the Employer shall apply for and procure insurance on the life of Executive as more fully described in subsection (B) of this Paragraph 6. Upon request of Employer, Executive shall submit to such medical examinations, supply such information, and execute such documents as may be required by the Employer or the insurance companies to whom the Employer has made application.

(B) So long as Executive is employed hereunder, the Employer shall maintain a life insurance policy on the life of Executive in the face amount equal to one times the Executive' s Base Annual Salary. Such policy shall be guaranteed renewable during the term of this Agreement, including any extension hereof. Executive shall be and remain the owner of such policy of life insurance and shall enjoy all incidents of ownership, including the right to designate the beneficiary and any right to borrow on such policy; provided, however, that the beneficiary of such policy shall be the spouse of Executive, his child or children, trustees for their benefit, his estate, or any one or more of them. The Employer shall pay all premiums on such policy when due and shall pay to Executive the amount, if any, of income taxes payable by Executive in connection with such premium payments by Employer. In the event that the Employer is unable to obtain such life insurance in the amount required or is unable to obtain all or part of such insurance at standard rates, the Employer shall at its option obtain all or part of such insurance at non-standard rates or shall self-insure in whole or in part.

In addition, Employer may at its option obtain key man insurance in amounts determined by Employer, with the Employer as owner and beneficiary of such policy or policies, and Executive shall cooperate with Employer and shall be available for any and all examinations made at Employer's request.

(C) The results of any examinations conducted pursuant to this section shall be subject to HIPPA, as applicable, and otherwise remain confidential and shall not be sought by or disclosed to the Employer or to any third party other than the insurance carrier.

7. Reimbursement of Certain Expenses; Vacation; Medical Benefits.

(A) The Employer will reimburse Executive for necessary and reasonable business expenses incurred by him in the performance of his duties hereunder, provided, that he shall obtain the approval for such expenditures in accordance with the procedures adopted by the Employer from time to time and generally applicable to its executive-level employees, including such procedures with respect to submission of appropriate documentation and receipts. Failure by Executive to follow such procedures shall entitle the Employer to refuse to reimburse Executive for such expenses until such time as such failure has been cured. It is understood and agreed that Employer shall not be responsible for any expense of Executive for leasing or operation of a vehicle for Executive (except that Executive shall be entitled to reimbursement for the expenses, including mileage, actually incurred in connection of his use of his automobile for the business-related purposes of the Employer), nor for any expense of Executive for legal expenses or tax planning expenses incurred by Executive in interpreting this or any other agreement between Executive and Employer.

(B) Executive shall be entitled to four weeks paid vacation per fiscal year (at least two weeks of which is recommended to be taken in 14 consecutive days).

(C) Executive shall participate in such employee benefit plans and programs (including but not limited to medical insurance programs) as are now or may hereafter be adopted by the Employer for its executive employees and their families. Employer shall continue to provide such medical insurance coverage for a period of one (1) year (not to be included as COBRA coverage) after any termination by Employer of Executive's employment hereunder if such termination was without Cause, as hereinafter defined.

8. Disability; Termination.

(A) If Executive shall become unable to perform all of his duties set forth in Paragraph 2 of this Agreement due to mental or physical disability, all compensation and benefits provided in this Agreement shall continue to be paid and provided in full for a period not exceeding one hundred and eighty (180) consecutive days. Upon completion of such one hundred and eighty (180) days (or if Executive shall be disabled for an aggregate period of one hundred and eighty (180) days in any period of three hundred and sixty (360) consecutive days by the same incapacity) the Employer may, at its sole option, suspend Executive's employment until Executive is recovered from such mental or physical disability (as reasonably certified by

a physician designated by the Employer and reasonably satisfactory to Executive). During any period of suspension on account of disability, Executive shall receive only such compensation as may be provided under the disability insurance described in Paragraph 8(B). If the physician designated by the Employer certifies that Executive is permanently disabled, Employer's obligations under this Agreement shall cease, provided, however, that Executive shall be entitled to the disability benefits set forth in Paragraph 8(B) below.

(B) Employer, at the sole expense of Employer, shall provide disability insurance coverage for Executive. Such policy shall provide payment of 50% of Executive's Base Annual Salary commencing with suspension or termination of employment pursuant to Paragraph 8(A) above by reason of physical or mental disability and for a period of two (2) years if such disability was the result of injury and to age 65 if such disability was the result of physical or mental illness. In the event the Employer is unable to obtain disability insurance in the amount required, or is unable to obtain all or part of such insurance at standard rates, the Employer shall at its option obtain part or all of such insurance at non-standard rates or shall self-insure in whole or in part for the time periods set forth in this paragraph.

(C) Subject to the provisions of this paragraph, the Employer may terminate Executive's employment for Cause, defined as (i) Executive's violation of the Restrictive Covenants as defined in Paragraph 11 of this Agreement, (ii) loss or suspension by the State of Connecticut of Executive's license for Class III gaming for a period of thirty (30) consecutive days, (iii) Executive's conviction of any crime involving fraud, theft or moral turpitude, or (iv) Executive's intentional material breach of his obligations under this Agreement in order to cause the Employer, acting through the Chairman, to terminate Executive. Employer may suspend Executive without pay upon Executive's arrest for any alleged felony against Employer or the Tribe. In the event that Executive is found not guilty or otherwise exonerated for an alleged crime against Employer or the Tribe, Executive's suspended pay shall be reimbursed to him. In the event that Employer desires to terminate Executive for Cause, the Employer shall give written notice specifying the act(s) claimed to constitute Cause and specifying an effective date of termination, which date shall be no sooner than thirty (30) days after the giving of such notice. Upon the written request of Executive, the Management Board of the Employer shall meet with Executive to discuss the reasons for termination and to provide Executive with an opportunity to respond. In the event Executive fails to cure the act(s) claimed to constitute Cause as set forth in the notice of termination, Executive will cease employment with the Employer effective upon the date provided in the notice of termination. If such termination is for Cause, then Executive shall not be entitled to any further compensation from and after the date of termination.

(D) Subject to the provisions of this paragraph, the Employer may terminate Executive's employment other than for Cause, as defined above. In the event of termination, other than for Cause, Executive shall be paid, following termination, his Base Annual Salary plus an annual bonus equal to 33 ¹/₃% of the Base Annual Salary from the date of termination to the expiration date of this Agreement (without regard to any renewal right after the date of termination); provided that such Base Annual Salary and annual bonus shall be payable to Executive in the same amount and at the same intervals as would have been paid had his employment continued, and provided further that all payments of such Base Annual Salary and annual bonus shall be paid to the Executive's estate in the event of Executive's death prior to the expiration date of this Agreement.

In addition, the parties understand and agree that should Employer terminate Executive' s employment other than for Cause, the Executive would reasonably want to withdraw his deferred compensation and Employer agrees, under such circumstances, to pay the penalty for early withdrawal of said deferred compensation in an amount not to exceed (i) the lesser of the actual penalty or \$500,000 if such withdrawal occurs on or before December 31, 2007, (ii) the lesser of the actual penalty or \$333,333 if such withdrawal occurs after December 31, 2007 but on or before December 31, 2008, (iii) the lesser of the actual penalty or \$250,000 if such withdrawal occurs after December 31, 2008 but on or before December 31, 2009, and (iv) the lesser of the actual penalty or \$166,650 if such withdrawal occurs after December 31, 2009 but on or before December 31, 2010. The Employer shall not be required to pay any portion of any penalty for early withdrawal of Executive' s deferred compensation if such withdrawal occurs after December 31, 2010. Additionally, the Employer shall be obligated to pay only the amount specified in clauses (i), (ii), (iii) or (iv) for the initial withdrawal of any portion of the Executive' s deferred compensation, and Employer shall not be obligated to pay any amount thereafter if Executive elects to make partial withdrawals of his deferred compensation. The Employer shall pay to Executive the amount, if any, of income taxes payable by Executive in connection with any penalty payments by Employer under clauses (i), (ii), (iii), or (iv) of this Paragraph 8(D).

(E) In the event that Executive voluntarily terminates his employment hereunder, Executive' s employment shall cease as of the date provided in Executive' s notice to Employer of his voluntary termination, and thereafter, provided that the Employer shall not then be in material breach of this Agreement, Executive shall not be entitled to any further compensation hereunder.

9. Covenants of Executive Not to Compete.

Executive acknowledges that with respect to the Business, as defined above, and in the states of New York, New Jersey, Pennsylvania, Connecticut, Massachusetts, Rhode Island, Vermont, New Hampshire and Maine (the "Restricted Area") (i) the Employer is one of a limited number of entities engaged in the Business; (ii) his services to the Employer are special and unique; (iii) his work for the Employer has given him and will continue to give him access to confidential information concerning the Employer; and (iv) he has the means to support himself and his dependents other than by engaging in the Business of the Employer and the provisions of this Paragraph 9 will not impair such ability. Accordingly, in order to induce the Employer to enter into this Agreement, Executive covenants and agrees that:

(A) During the course of Executive' s employment by Employer and for a period of twelve (12) months following the expiration or termination of his employment (the "Restricted Period"), Executive shall not, in the Restricted Area, entertain or accept any offer of employment and shall not compete in any manner, either directly or indirectly, including, without limitation, as an employee or independent contractor, investor, partner, shareholder, officer, director, principal, agent or trustee of any entity engaged in casino gaming, in the Restricted Area, without the express written approval of the Employer; provided, however, that ownership of less than five percent (5%) of the shares of a publicly traded corporation engaged in casino gaming shall not be deemed to violate this paragraph.

(B) During the Restricted Period, Executive shall not, directly or indirectly, hire or solicit any employee of the Employer or encourage any such employee to leave such employment.

10. Confidential Information.

Executive agrees to receive Confidential Information (as hereinafter defined) of the Employer in confidence, and not to disclose to others, assist others in the application of, or use for his own gain, such information, or any part thereof, unless and until it has become public knowledge, has come into the possession of such other or others by legal and equitable means, or if required to do so by order of a court of competent jurisdiction. Executive further agrees that, upon termination of his employment with the Employer, all documents, records, notebooks and similar repositories of or containing Confidential Information, including copies thereof, then in Executive's possession, whether prepared by him or others, will be left with or returned to the Employer. For purposes of this Paragraph 10, "Confidential Information" means information disclosed to Executive or known by Executive as a consequence of or arising from or out of his employment by the Employer, not generally known in the industry in which the Employer is or may become engaged about the Employer's Business, products, processes and/or services. Executive's obligations under this Paragraph 10 shall survive any termination or expiration of this Agreement and Executive's employment hereunder.

11. Rights and Remedies Upon Breach.

Executive acknowledges and agrees that a violation of any provision of Paragraph 9 or 10 of this Agreement (the "Restrictive Covenants") shall cause irreparable harm to the Employer, and the Employer shall be entitled to specific performance of this Agreement or an injunction without proof of special damages, together with costs and attorney's fees incurred by the Employer in enforcing its rights under this Agreement. If Executive breaches, or threatens to commit a breach of any of the Restrictive Covenants, the Employer shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Employer under law or in equity:

(A) The right and remedy to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction including, without limitation, the right to entry against Executive of restraining orders and injunctions (preliminary, mandatory, temporary and permanent), without proof of special damages, against violations of such covenants, threatened or actual, and whether or not then continuing, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Employer and that money damages will not provide an adequate remedy to the Employer and

(B) The right and remedy to require Executive to account for and pay over to the Employer all compensation, profits, monies, accruals, increments or other benefits derived or

received by Executive as the result of any transaction constituting a breach of the Restrictive Covenants. The Employer may set off any amounts due it under this Paragraph 11(B) against any amounts owed to Executive under Paragraph 4, 5 or 8.

12. Notice.

All notices hereunder shall be in writing. Any notice, request, information, legal process, or other instrument to be given or served hereunder by any party to another shall be deemed given or served hereunder by any party to the other if either delivered personally or sent by prepaid registered or certified mail, return receipt requested. Any such notice to the Employer shall be sent to the address set forth in the introductory paragraph of this Agreement, to the attention of the Chairman. Any such notice to Executive shall be sent to his residential address as set forth in the introductory paragraph of this Agreement. Either party, through written notice to the other party, may change the address of notice as provided in this paragraph.

13. Entire Agreement; Modification.

Except as otherwise provided herein, this Agreement supersedes and cancels any and all prior agreements between the parties hereto, express or implied, relating to the subject matter hereof. This Agreement sets forth the entire agreement of the parties hereto with respect to the subject matter hereof. This Agreement may not be changed, modified, amended or altered except in a writing signed by both parties.

14. Non-Waiver.

The failure or refusal of either party to insist upon the strict performance of any provision of this Agreement or to exercise any right in any one or more instances or circumstances shall not be construed as a waiver or relinquishment of such provision or right and shall in no way effect such provision or right, nor shall such failure or refusal be deemed a custom or practice contrary to such provision or right.

15. Severability.

If any paragraph, term or provision of this Agreement shall be held or determined to be unenforceable, the balance of this Agreement shall nevertheless continue in full force and effect and unaffected by such holding or determination. In addition, in any such event, the parties agree that it is their intention and agreement that any such paragraph, term or provision which is held or determined to be unenforceable as written, shall nonetheless be enforced and binding to the fullest extent permitted by law as though such paragraph, term or provision had been written in such a manner to such an extent as to be enforceable under the circumstances. Without limitation of the foregoing, with respect to any Restrictive Covenant contained herein, if it is determined that any such provision is excessive as to duration or scope, it is intended that it nonetheless be enforced for such shorter duration or without such narrower scope as will render it enforceable.

16. Governing Law.

This Agreement shall be governed and construed in accordance with the laws of the State of Connecticut and such laws of the Tribe as may be applicable. Insofar as there is a conflict as to the applicable law, Connecticut law shall apply.

17. Limited Waiver of Sovereign Immunity.

The Employer hereby waives its sovereign immunity from suit for claims by the Executive for the enforcement of this Agreement and any remedies for breach thereof under Connecticut law or the laws of the Tribe. Nothing herein shall limit the Executive's right to proceed with any claims otherwise allowed under the laws of the Tribe. The Employer hereby consents to personal jurisdiction and venue in any court of the State of Connecticut, any federal court sitting in the State of Connecticut and the Mohegan Tribe Gaming Disputes Court and hereby waives any claim that it may have that such court is an inconvenient forum for the purposes of any proceeding arising under this Agreement as aforesaid and, with respect to a proceeding in a court of the State of Connecticut or a federal court sitting in the State of Connecticut, any requirement that tribal remedies must be exhausted.

18. Dispute Resolution.

Except as otherwise provided herein, whenever during the term of this Agreement, any disagreement or dispute arises between the parties as to the interpretation of this Agreement or any rights or obligations arising hereunder, including the licensing of Executive by the Tribal Gaming Commission, such matters shall be resolved, whenever possible, by meeting and conferring. Any party may request such a meeting by giving notice to the other, in which case such other party shall make itself available within seven (7) days thereafter. If such matters cannot be resolved within ten (10) days after such meeting, either party may demand a resolution by binding arbitration in accordance with the then prevailing rules of the American Arbitration Association (or any successor thereto to the extent not inconsistent herewith), upon notice to the other party of its intention to do so. The parties agree that in any such arbitration each party shall be entitled to discovery as provided by the Federal Rules of Civil Procedure. All hearings shall be conducted in Hartford County, Connecticut within fifteen (15) days after the arbitrator is selected and shall be conducted in his or her presence. The decision of the arbitrator will be final and binding on the parties. The costs and expenses of the arbitration shall be shared equally by the parties.

19. Gaming Disputes Court Jurisdiction.

The parties agree that should any dispute arise under this Agreement or for the enforcement of the arbitration provisions in Paragraph 18, the Mohegan Tribe Gaming Disputes Court shall be used as a forum only if a state or federal court denies jurisdiction, to (a) enforce the requirement that the parties submit disputes to arbitration as required by Paragraph 18 and (b) enforce the arbitration decision as provided in Paragraph 18.

STATE OF CONNECTICUT)

ss. Uncasville

July 28, 2006

COUNTY OF NEW LONDON)

Personally appeared MITCHELL G. ETESS, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, before me.

/s/ Denise Rubino

Notary Public

My Commission Expires:

May 31, 2010

Page 12 of 12

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") made as of the 8th day of May, 2006 ("Effective Date") by and between the MOHEGAN TRIBAL GAMING AUTHORITY (the "Employer"), an instrumentality of THE MOHEGAN TRIBE OF INDIANS OF CONNECTICUT (the "Tribe"), a sovereign Indian nation, having an address of One Mohegan Sun Boulevard, Uncasville, Connecticut 06382, and JEFFREY E. HARTMANN, residing at 5 Cord Grass Lane, Old Lyme, Connecticut 06371 ("Executive").

WITNESSETH:

WHEREAS, the Employer owns and operates, among other things, the Mohegan Sun casino and resort in Uncasville, Connecticut, a harness racetrack located in Wilkes Barre, Pennsylvania known as Pocono Downs, along with several off-track wagering facilities located in the State of Pennsylvania, as well as investments in other proposed gaming enterprises and other businesses (as presently existing and hereafter developed, the "Business"); and

WHEREAS, the Employer and Executive entered into that certain Amended and Restated Employment Agreement dated and effective March 31, 2004 providing for the continued employment of Executive by the Employer (the "2004 Agreement"); and

WHEREAS, the parties hereto have agreed to terminate the 2004 Agreement and to enter into this Agreement; and

WHEREAS the Employer is desirous of assuring that Executive has the authority to fully carry out his duties hereunder by being responsible to the Employer, acting through its Chief Executive Officer.

NOW, THEREFORE, in consideration of the promises and the mutual covenants, terms and conditions hereinafter set forth, and for other good and valuable consideration, receipt whereof is specifically acknowledged, the parties hereto hereby agree as follows:

1. Effective Date of Agreement and Termination of 2004 Agreement.

Executive and Employer mutually agree that this Agreement is effective on the Effective Date, and as of the Effective Date the 2004 Agreement shall be terminated and neither party thereto shall have any further obligations to the other thereunder.

2. Nature of Services and Duties.

(A) The Employer hereby agrees to employ Executive as its Executive Vice President and Chief Operating Officer upon the terms set forth herein, and Executive hereby accepts such employment.

(B) Executive shall perform such duties and services of an executive, managerial and administrative nature as are customary for an executive vice president and chief operating officer

and which, consistent with the foregoing, the Employer may from time to time through communication from the Chief Executive Officer hereafter assign to him. Such duties shall include, but not be limited to, the following: (i) in coordination with the Chief Executive Officer and the Chief Financial Officer of the Employer, oversee the financial reporting and treasury activities of the Employer, the strategic direction of the Employer's business development, and the financial performance of the Business, (ii) in coordination with the Chief Executive Officer and the respective Vice Presidents (or Directors) of the Strategic Planning and Forecasting, Information Systems, Hotel Resort Operations, Slot Operations, Racebook and Keno Operations, Table Games Operations, and Finance divisions of Mohegan Sun, oversee the operations of such divisions of Mohegan Sun; and (iii) attend professional training and continuing professional education events as approved by the Chief Executive Officer. Executive shall report exclusively to the Chief Executive Officer of the Employer. The Employer shall not restrict, reduce or otherwise limit Executive's responsibility or authority without his consent.

(C) Executive shall devote his best efforts and ability and all required business time to the performance of his duties and responsibilities hereunder to achieve the goals set forth in the Employer's annual business plan. Executive shall perform all of his duties to the Employer faithfully, competently, and diligently.

(D) Except for actions of the Executive that could be the basis for termination for Cause as set forth in Paragraph 8(C) below, the Employer shall indemnify, defend, and hold Executive harmless, including the payment of reasonable attorney fees, if the Employer does not directly provide Executive's defense, from and against all claims made by anyone, including, but not limited to, a corporate entity, company, other employee, agent, patron, tribal member, or any member of the general public with respect to any claim that asserts as a basis, any acts, omissions, or other circumstances involving the performance of Executive.

3. Term.

This Agreement shall govern Executive's employment with the Employer from the Effective Date through and including December 31, 2011. This Agreement, including this paragraph, shall automatically renew for an additional term of five years unless either party shall notify the other of its intention to terminate, or unless otherwise terminated as provided herein. Any such notice of intention to terminate shall be delivered not later than one hundred and twenty (120) days prior to the end of the then current term and shall be effective at the end of such term, except as otherwise provided herein.

4. Base Annual Salary.

Commencing with the Effective Date and through December 31, 2006, the Employer shall pay Executive a base annual salary ("Base Annual Salary") of \$955,206.00, payable in equal weekly installments of \$18,369.35 each. Commencing January 1, 2007, and on each January 1 thereafter during the term of this Agreement, the then current Base Annual Salary shall be increased in an amount mutually agreed to by Executive and the Employer, which amount shall in no event be less than 5% of the then current Base Annual Salary.

5. Annual Bonus.

The Employer shall determine an annual bonus payable to Executive, the amount of which shall be based upon the business plan and financial goals of the Employer as established at the beginning of each fiscal year. The annual bonus shall be not less than 33 1/3% of the Base Annual Salary in effect for the period for which the annual bonus is to be paid. The annual bonus for the previous fiscal year shall be paid no later than October 31 of each year during the term.

6. Life Insurance.

(A) During the term of this Agreement, the Employer shall apply for and procure insurance on the life of Executive as more fully described in subsection (B) of this Paragraph 6. Upon request of Employer, Executive shall submit to such medical examinations, supply such information, and execute such documents as may be required by the Employer or the insurance companies to whom the Employer has made application.

(B) So long as Executive is employed hereunder, the Employer shall maintain a life insurance policy on the life of Executive in the face amount equal to one times Executive's Base Annual Salary. Such policy shall be guaranteed renewable during the term of this Agreement, including any extension hereof. Executive shall be and remain the owner of such policy of life insurance and shall enjoy all incidents of ownership, including the right to designate the beneficiary and any right to borrow on such policy; provided, however, that the beneficiary of such policy shall be the spouse of Executive, his child or children, trustees for their benefit, his estate, or any one or more of them. The Employer shall pay all premiums on such policy when due and shall pay to Executive the amount, if any, of income taxes payable by Executive in connection with such premium payments by Employer. In the event that the Employer is unable to obtain such life insurance in the amount required or is unable to obtain all or part of such insurance at standard rates, the Employer shall at its option obtain all or part of such insurance at non-standard rates or shall self-insure in whole or in part.

In addition, Employer may at its option obtain key man insurance in amounts determined by Employer, with the Employer as owner and beneficiary of such policy or policies, and Executive shall cooperate with Employer and shall be available for any and all examinations made at Employer's request.

(C) The results of any examinations conducted pursuant to this section shall be subject to HIPPA, as applicable, and otherwise remain confidential and shall not be sought by or disclosed to the Employer or to any third party other than the insurance carrier.

7. Reimbursement of Certain Expenses; Vacation; Medical Benefits.

(A) The Employer will reimburse Executive for necessary and reasonable business expenses incurred by him in the performance of his duties hereunder, provided, that he shall obtain the approval for such expenditures in accordance with the procedures adopted by the Employer from time to time and generally-applicable to its executive-level employees,

including such procedures with respect to submission of appropriate documentation and receipts. Failure by Executive to follow such procedures shall entitle the Employer to refuse to reimburse Executive for such expenses until such time as such failure has been cured. It is understood and agreed that Employer shall not be responsible for any expense of Executive for leasing or operation of a vehicle for Executive (except that Executive shall be entitled to reimbursement for the expenses, including mileage, actually incurred in connection of his use of his automobile for the business-related purposes of the Employer), nor for any expense of Executive for legal expenses or tax planning expenses incurred by Executive in interpreting this or any other agreement between Executive and Employer.

(B) Executive shall be entitled to four weeks paid vacation per fiscal year (at least two weeks of which is recommended to be taken in 14 consecutive days).

(C) Executive shall participate in such employee benefit plans and programs (including but not limited to medical insurance programs) as are now or may hereafter be adopted by the Employer for its executive employees and their families. Employer shall continue to provide such medical insurance coverage for a period of one (1) year (not to be included as COBRA coverage) after any termination by Employer of Executive' s employment hereunder if such termination was without Cause, as hereinafter defined.

8. Disability; Termination.

(A) If Executive shall become unable to perform all of his duties set forth in Paragraph 2 of this Agreement due to mental or physical disability, all compensation and benefits provided in this Agreement shall continue to be paid and provided in full for a period not exceeding one hundred and eighty (180) consecutive days. Upon completion of such one hundred and eighty (180) days (or if Executive shall be disabled for an aggregate period of one hundred and eighty (180) days in any period of three hundred and sixty (360) consecutive days by the same incapacity) the Employer may, at its sole option, suspend Executive' s employment until Executive is recovered from such mental or physical disability (as reasonably certified by a physician designated by the Employer and reasonably satisfactory to Executive). During any period of suspension on account of disability, Executive shall receive only such compensation as may be provided under the disability insurance described in Paragraph 8(B). If the physician designated by the Employer certifies that Executive is permanently disabled, Employer' s obligations under this Agreement shall cease, provided, however, that Executive shall be entitled to the disability benefits set forth in Paragraph 8(B) below.

(B) Employer, at the sole expense of Employer, shall provide disability insurance coverage for Executive. Such policy shall provide payment of 50% of Base Annual Salary commencing with the suspension or termination of employment pursuant to Paragraph 8(A) above by reason of physical or mental disability and for a period of two (2) years if such disability was the result of injury and to age 65 if such disability was the result of physical or mental illness. In the event the Employer is unable to obtain disability insurance in the amount required, or is unable to obtain all or part of such insurance at standard rates, the Employer shall at its option obtain part or all of such insurance at non-standard rates or shall self-insure in whole or in part for the time periods set forth in this paragraph.

(C) Subject to the provisions of this paragraph, the Employer may terminate Executive' s employment for Cause, defined as (i) Executive' s violation of the Restrictive Covenants as defined in Paragraph 11 of this Agreement, (ii) the loss or suspension by the State of Connecticut of Executive' s license for Class III gaming for a period of thirty (30) consecutive days, (iii) Executive' s conviction of any crime involving fraud, theft or moral turpitude, or (iv) Executive' s intentional material breach of his obligations under this Agreement in order to cause the Employer, acting through the Chief Executive Officer, to terminate Executive. Employer may suspend Executive without pay upon Executive' s arrest for any alleged felony against Employer or the Tribe. In the event that Executive is found not guilty or otherwise exonerated for an alleged crime against Employer or the Tribe, Executive' s suspended pay shall be reimbursed to him.

In the event that Employer desires to terminate Executive, the Employer shall give written notice specifying the act(s) claimed to constitute Cause and specifying an effective date of termination, which date shall be no sooner than thirty (30) days after the giving of such notice. Upon the written request of Executive, the Management Board of the Employer shall meet with Executive to discuss the reasons for termination and to provide Executive with an opportunity to respond. In the event Executive fails to cure the act(s) claimed to constitute Cause as set forth in the notice of termination, Executive will cease employment with the Employer effective upon the date provided in the notice of termination. If such termination is for Cause, then Executive shall not be entitled to any further compensation from and after the date of termination.

(D) Subject to the provisions of this paragraph, the Employer may terminate Executive' s employment other than for Cause, as defined above. In the event of termination other than for Cause, Executive shall be paid, following termination, his Base Annual Salary plus an annual bonus equal to 33 1/3% of the Base Annual Salary from the date of termination to the expiration date of this Agreement (without regard to any renewal right after the date of termination)); provided that such Base Annual Salary and annual bonus shall be payable to Executive in the same amount and at the same intervals as would have been paid had his employment continued, and provided further that all payments of such Base Annual Salary and annual bonus shall be paid to the Executive' s estate in the event of Executive' s death prior to the expiration date of this Agreement.

In addition, the parties understand and agree that should Employer terminate Executive' s employment other than for Cause, the Executive would reasonably want to withdraw his deferred compensation and Employer agrees, under such circumstances, to pay the penalty for early withdrawal of said deferred compensation in an amount not to exceed (i) the lesser of the actual penalty or \$500,000 if such withdrawal occurs on or before December 31, 2007, (ii) the lesser of the actual penalty or \$333,333 if such withdrawal occurs after December 31, 2007 but on or before December 31, 2008, (iii) the lesser of the actual penalty or \$250,000 if such withdrawal occurs after December 31, 2008 but on or before December 31, 2009, and (iv) the lesser of the actual penalty or \$166,650 if such withdrawal occurs after December 31, 2009 but on or before December 31, 2010. The Employer shall not be required to pay any portion of any penalty for early withdrawal of Executive' s deferred compensation if such withdrawal occurs after December 31, 2010. Additionally, the

Employer shall be obligated to pay only the amount specified in clauses (i), (ii), (iii) or (iv) for the initial withdrawal of any portion of the Executive' s deferred compensation, and Employer shall not be obligated to pay any amount thereafter if Executive elects to make partial withdrawals of his deferred compensation. The Employer shall pay to Executive the amount, if any, of income taxes payable by Executive in connection with any penalty payments by Employer under clauses (i), (ii), (iii), or (iv) of this Paragraph 8(D).

(E) In the event that Executive voluntarily terminates his employment hereunder, Executive' s employment shall cease as of the date provided in Executive' s notice to Employer of his voluntary termination, and thereafter, provided that the Employer shall not then be in material breach of this Agreement, Executive shall not be entitled to any further compensation hereunder.

9. Covenants of Executive Not to Compete.

Executive acknowledges that with respect to the Business, as defined above, and in the states of New York, Pennsylvania, Connecticut, Massachusetts, Rhode Island, Vermont, New Hampshire and Maine (the "Restricted Area") (i) the Employer is one of a limited number of entities engaged in the Business; (ii) his services to the Employer are special and unique; (iii) his work for the Employer has given him and will continue to give him access to confidential information concerning the Employer; and (iv) he has the means to support himself and his dependents other than by engaging in the Business of the Employer and the provisions of this Paragraph 9 will not impair such ability. Accordingly, in order to induce the Employer to enter into this Agreement, Executive covenants and agrees that:

(A) During the course of Executive' s employment by Employer and for a period of twelve (12) months following the expiration or termination of his employment (the "Restricted Period"), Executive shall not, in the Restricted Area, entertain or accept any offer of employment and shall not compete in any manner, either directly or indirectly, including, without limitation, as an employee or independent contractor, investor, partner, shareholder, officer, director, principal, agent or trustee of any entity engaged in casino gaming, in the Restricted Area, without the express written approval of the Employer; provided, however, that ownership of less than five percent (5%) of the shares of a publicly traded corporation engaged in casino gaming shall not be deemed to violate this Paragraph.

(B) During the Restricted Period Executive shall not, directly or indirectly, hire or solicit any employee of the Employer or encourage any such employee to leave such employment.

10. Confidential Information.

Executive agrees to receive Confidential Information (as hereinafter defined) of the Employer in confidence, and not to disclose to others, assist others in the application of, or use for his own gain, such information, or any part thereof, unless and until it has become public knowledge, has come into the possession of such other or others by legal and equitable means, or if required to do so by order of a court of competent jurisdiction. Executive further agrees that,

upon termination of his employment with the Employer, all documents, records, notebooks and similar repositories of or containing Confidential Information, including copies thereof, then in Executive' s possession, whether prepared by him or others, will be left with or returned to the Employer. For purposes of this Paragraph 10, "Confidential Information" means information disclosed to Executive or known by Executive as a consequence of or arising from or out of his employment by the Employer, not generally known in the industry in which the Employer is or may become engaged about the Employer' s Business, products, processes and/or services. Executive' s obligations under this Paragraph 10 shall survive any termination or expiration of this Agreement and Executive' s employment hereunder.

11. Rights and Remedies Upon Breach.

Executive acknowledges and agrees that a violation of any provision of Paragraph 9 or 10 of this Agreement (the "Restrictive Covenants") shall cause irreparable harm to the Employer, and the Employer shall be entitled to specific performance of this Agreement or an injunction without proof of special damages, together with costs and attorney' s fees incurred by the Employer in enforcing its rights under this Agreement. If Executive breaches, or threatens to commit a breach of any of the Restrictive Covenants, the Employer shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Employer under law or in equity:

(A) The right and remedy to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction including, without limitation, the right to entry against Executive of restraining orders and injunctions (preliminary, mandatory, temporary and permanent), without proof of special damages, against violations of such covenants, threatened or actual, and whether or not then continuing, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Employer and that money damages will not provide an adequate remedy to the Employer; and

(B) The right and remedy to require Executive to account for and pay over to the Employer all compensation, profits, monies, accruals, increments or other benefits derived or received by Executive as the result of any transaction constituting a breach of the Restrictive Covenants. The Employer may set off any amounts due it under this Paragraph 11 (B) against any amounts owed to Executive under Paragraph 4, 5 or 8.

12. Notice.

All notices hereunder shall be in writing. Any notice, request, information, legal process, or other instrument to be given or served hereunder by any party to another shall be deemed given or served hereunder by any party to the other if either delivered personally or sent by prepaid registered or certified mail, return receipt requested. Any such notice to the Employer shall be sent to the address set forth in the introductory paragraph of this Agreement, to the attention of the Chief Executive Officer. Any such notice to Executive shall be sent to his residential address as set forth in the introductory paragraph of this Agreement. Either party may, through written notice to the other party, change the address of notice as provided in this paragraph.

13. Entire Agreement; Modification.

Except as otherwise provided herein, this Agreement supersedes and cancels any and all prior agreements between the parties hereto, express or implied, relating to the subject matter hereof. This Agreement sets forth the entire agreement of the parties hereto with respect to the subject matter hereof. This Agreement may not be changed, modified, amended or altered except in a writing signed by both parties.

14. Non-Waiver.

The failure or refusal of either party to insist upon the strict performance of any provision of this Agreement or to exercise any right in any one or more instances or circumstances shall not be construed as a waiver or relinquishment of such provision or right and shall in no way effect such provision or right, nor shall such failure or refusal be deemed a custom or practice contrary to such provision or right.

15. Severability.

If any paragraph, term or provision of this Agreement shall be held or determined to be unenforceable, the balance of this Agreement shall nevertheless continue in full force and effect and unaffected by such holding or determination. In addition, in any such event, the parties agree that it is their intention and agreement that any such paragraph, term or provision which is held or determined to be unenforceable as written, shall nonetheless be enforced and binding to the fullest extent permitted by law as though such paragraph, term or provision had been written in such a manner to such an extent as to be enforceable under the circumstances. Without limitation of the foregoing, with respect to any Restrictive Covenant contained herein, if it is determined that any such provision is excessive as to duration or scope, it is intended that it nonetheless be enforced for such shorter duration or without such narrower scope as will render it enforceable.

16. Governing Law.

This Agreement shall be governed and construed in accordance with the laws of the State of Connecticut and such laws of the Tribe as may be applicable. Insofar as there is a conflict as to the applicable law, Connecticut law shall apply.

17. Limited Waiver of Sovereign Immunity.

The Employer hereby waives its sovereign immunity from suit for claims by the Executive for the enforcement of this Agreement and any remedies for breach thereof under Connecticut law or the laws of the Tribe. Nothing herein shall limit the Executive's right to proceed with any claims otherwise allowed under the laws of the Tribe. The Employer hereby consents to personal jurisdiction and venue in any court of the State of Connecticut, any federal court sitting in the State of Connecticut and the Mohegan Tribe Gaming Disputes Court and hereby waives any claim that it may have that such court is an inconvenient forum for the purposes of any proceeding arising under this Agreement as aforesaid and, with respect to a proceeding in a court of the State of Connecticut or a federal court sitting in the State of Connecticut, any requirement that tribal remedies must be exhausted.

18. Dispute Resolution.

Except as otherwise provided herein, whenever during the term of this Agreement, any disagreement or dispute arises between the parties as to the interpretation of this Agreement or any rights or obligations arising hereunder, including the licensing of Executive by the Tribal Gaming Commission, such matters shall be resolved, whenever possible, by meeting and conferring. Any party may request such a meeting by giving notice to the other, in which case such other party shall make itself available within seven (7) days thereafter. If such matters cannot be resolved within ten (10) days after such meeting, either party may demand a resolution by binding arbitration in accordance with the then prevailing rules of the American Arbitration Association (or any successor thereto to the extent not inconsistent herewith), upon notice to the other party of its intention to do so. The parties agree that in any such arbitration each party shall be entitled to discovery as provided by the Federal Rules of Civil Procedure. All hearings shall be conducted in Hartford County, Connecticut within fifteen (15) days after the arbitrator is selected and shall be conducted in his or her presence. The decision of the arbitrator will be final and binding on the parties. The costs and expenses of the arbitration shall be shared equally by the parties.

19. Gaming Disputes Court Jurisdiction.

The parties agree that should any dispute arise under this Agreement or for the enforcement of the arbitration provisions in Paragraph 18, the Mohegan Tribe Gaming Disputes Court shall be used as a forum only if a state or federal court denies jurisdiction, to (a) enforce the requirement that the parties submit disputes to arbitration as required by Paragraph 18 and (b) enforce the arbitration decision as provided in Paragraph 18.

20. Headings.

The headings of this Agreement are inserted for convenience only and shall not be considered in construction of the provisions hereof.

21. Assignment and Successors; Binding Effect.

The rights and obligations of the Employer under this Agreement shall inure to the benefit of and shall be binding upon the successors of the Employer and may be assigned by the Employer, for all or any part of the term hereof, provided that the Employer shall continue to be financially responsible to Executive hereunder. Executive shall have no right to assign, transfer, pledge or otherwise encumber any of the rights or to delegate any of the duties created by this Agreement without prior written consent of the Employer. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Employer, its successors and assigns, and Executive, his heirs and legal representatives.

IN WITNESS WHEREOF, the Employer has caused this Agreement to be executed by the Chairman of its Management Board, duly authorized, Mitchell G. Etes has affixed his signature hereto signifying his assent to this Agreement; and Executive has affixed his signature hereto, as of the date and year first above written.

Employer:

Executive:

MOHEGAN TRIBAL
GAMING AUTHORITY

JEFFREY E. HARTMANN

By:

/s/ Bruce Bozsum

Bruce S. Bozsum, Chairman
Management Board

/s/ Jeffrey Hartmann

Jeffrey E. Hartmann

By:

/s/ Mitchell Etes

Mitchell G. Etes,
President and Chief Executive Officer

STATE OF CONNECTICUT)

ss. Uncasville

July 28, 2006

COUNTY OF NEW LONDON)

Personally appeared BRUCE S. BOZSUM, Chairman of the Management Board of the MOHEGAN TRIBAL GAMING AUTHORITY, an instrumentality of The Mohegan Tribe of Indians of Connecticut, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed and the free act and deed of the Mohegan Tribal Gaming Authority, before me.

/s/ Denise Rubino

Notary Public

My Commission Expires:

May 31, 2010

STATE OF CONNECTICUT)

ss. Uncasville

July 28, 2006

COUNTY OF NEW LONDON)

Personally appeared JEFFREY E. HARTMANN, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, before me

/s/ Denise Rubino

Notary Public

My Commission Expires:

May 31, 2010

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") made as of this 13th day of July, 2006, and shall be effective October 1, 2005 (the "Effective Date"), by and between the MOHEGAN TRIBAL GAMING AUTHORITY (the "Authority" or the "Employer"), an instrumentality of THE MOHEGAN TRIBE OF INDIANS OF CONNECTICUT (the "Tribe"), a sovereign Indian nation having an address of One Mohegan Sun Boulevard, Uncasville, Connecticut 06382, and LEO M CHUPASKA, residing at 68 Swanty Johnson Road, Uncasville, Connecticut 06382 ("Executive").

WITNESSETH:

WHEREAS, the Employer owns and operates, among other things, the Mohegan Sun casino and resort in Uncasville, Connecticut, a harness racetrack located in Wilkes-Barre, Pennsylvania known as Pocono Downs, along with several off-track wagering facilities located in the State of Pennsylvania, as well as investments in other proposed gaming enterprises and other businesses (as presently existing and hereafter developed, the "Business"); and

WHEREAS, the Employer and Executive entered into that certain employment agreement dated the 22nd day of March 1999 (but effective October 1, 1998), providing for the continued employment of Executive by the Tribe (the "1999 Agreement"); and

WHEREAS, the parties hereto have agreed to terminate the 1999 Agreement and to enter into this Agreement; and

WHEREAS the Employer is desirous of assuring that Executive has the authority to fully carry out his duties hereunder by being responsible to the Employer, acting through its Chief Executive Officer.

NOW, THEREFORE, in consideration of the promises and the mutual covenants, terms and conditions hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency whereof is specifically acknowledged, the parties hereto hereby agree as follows:

1. Termination of the 1999 Agreement

Executive and Employer mutually agree that effective with the date first written on this Agreement, the 1999 Agreement shall be terminated and neither party thereto shall have any further obligations to the other thereunder.

2. Nature of Services and Duties

(A) The Employer hereby agrees to continue to employ Executive as its Chief Financial Officer upon the terms set forth herein, and Executive hereby accepts such continued employment.

(B) Executive shall perform such duties and services of an executive, managerial and administrative nature as are customary for a Chief Financial Officer and which, consistent with the foregoing, the Employer may from time to time through communication from the Chief

Executive Officer hereafter assign to him. Such duties shall include, but not be limited to, cash management, investments with financial institutions, banking relationships, administering corporate financial functions and supervising the financial accounting department. For purposes of clarification, such duties shall apply to the entire Business of the Employer, including any portion of the Business operated by Employer or through its direct or indirect subsidiaries, including but not limited to The Mohegan Sun. Executive shall serve as Chief Financial Officer of The Mohegan Sun. Executive shall report exclusively to the Chief Executive Officer of the Employer. The Employer shall not restrict, reduce or otherwise limit Executive' s responsibility or authority without his consent.

(C) Executive shall devote his best efforts and ability and all required business time to the performance of his duties and responsibilities hereunder to achieve the goals set forth in the Employer' s annual business plan. Executive shall perform all of his duties to the Employer faithfully, competently, and diligently.

(D) Except for actions of the Executive that could be the basis for termination for Cause as set forth in Paragraph 9(C), below, the Employer shall indemnify, defend, and hold Executive harmless, including the payment of reasonable attorney fees, if the Employer does not directly provide Executive' s defense, from and against all claims made by anyone, including, but not limited to, a corporate entity, company, other employee, agent, patron, tribal member, or any member of the general public with respect to any claim that asserts as a basis, any acts, omissions, or other circumstances involving the performance of Executive.

3. Effective Date

This Agreement shall be effective from the date set forth in the opening paragraph of this Agreement (the "Effective Date").

4. Term

This Agreement shall govern Executive' s employment with the Employer from the Effective Date through and including December 31, 2008. This Agreement, including this paragraph, shall automatically renew for an additional term of five years unless either party shall notify the other of its intention to terminate, or unless otherwise terminated as provided herein. Any such notice of intention to terminate shall be delivered not later than one hundred and twenty (120) days prior to the end of the then current term and shall be effective at the end of such term, except as otherwise provided herein.

5. Base Annual Salary

Commencing with the Effective Date and until December 31, 2006, the Employer shall pay Executive a Base Annual Salary in the amount of \$547,000.00 in equal weekly installments. Commencing January 1, 2007, and on each January 1 thereafter during the term of this Agreement, the Base Annual Salary shall be increased in an amount mutually agreed to by Executive and the Employer, which amount shall in no event be less than 5% of the then current Base Annual Salary.

6. Annual Bonus

The Employer shall determine an annual bonus payable to Executive, the amount of which shall be based upon the business plan and financial goals of the Employer as established at the beginning of each fiscal year. The annual bonus shall be not less than 33 1/3% of the Annual Base Salary in effect for the period for which the annual bonus is to be paid. The annual bonus for the previous fiscal year shall be paid no later than October 31 of each year during the term.

7. Life Insurance

(A) The Employer may, within its discretion, at any time during the term of this Agreement apply for and procure as owner and for its own benefit insurance on the life of Executive, in such amounts and in such form as the Employer may choose. Executive shall have no interest whatsoever in any such policies, but he shall upon request by the Employer submit to such medical examinations, supply such information, and execute such documents as may be required by the Employer or the insurance companies to whom the Employer has made application.

(B) So long as Executive is employed hereunder, the Employer shall maintain a life insurance policy on the life of Executive in the face amount of \$168,000. The Employer shall be and remain the owner of such policy of life insurance and shall enjoy all incidents of ownership including the right to designate the beneficiary and the right to borrow on such policy; provided, however, that the beneficiary of such policy shall be the spouse of the Executive, his child or children, trustees for their benefit, his estate or any one or more of them; and provided further, that the Employer agrees (if such policy has a cash surrender value) that it will not exercise its right to borrow on such policy. The Employer shall pay all premiums on such policy when due, and, in the event of the death of Executive during employment, the Employer shall be a beneficiary of the policy to the extent of the aggregate amount of premium paid.

8. Reimbursement of Certain Expenses; Vacation; Medical Benefits

(A) The Employer will reimburse Executive for necessary and reasonable business expenses incurred by him in the performance of his duties hereunder, provided, that he shall obtain the approval for such expenditures in accordance with the procedures adopted by the Employer from time to time and generally-applicable to its executive-level employees, including such procedures with respect to submission of appropriate documentation and receipts. Failure by Executive to follow such procedures shall entitle the Employer to refuse to reimburse Executive for such expenses until such time as such failure has been cured. It is understood and agreed that Employer shall not be responsible for any expense of Executive for leasing or operation of a vehicle for Executive (except that Executive shall be entitled to reimbursement for the expenses, including mileage, actually incurred in connection with his use of his automobile for the business-related purposes of the Employer), nor for any expense of Executive for legal expenses or tax planning expenses incurred by Executive in interpreting this or any other agreement between Executive and Employer.

(B) Executive shall be entitled to four weeks paid vacation per fiscal year.

(C) Executive shall participate in such employee benefit plans and programs (including but not limited to medical and life insurance programs) as are now or may hereafter be adopted

by the Employer for its executive employees and their families. Employer shall continue to provide such medical insurance coverage for a period of one (1) year after any termination by Employer of Executive' s employment hereunder if such termination was without Cause, as hereinafter defined.

9. Disability; Termination

(A) If Executive shall become unable to perform all of his duties set forth in Paragraph 1 of this Agreement due to mental or physical disability, all compensation and benefits provided in this Agreement shall continue to be paid and provided in full for a period not exceeding one hundred and eighty (180) consecutive days. Upon completion of such one hundred and eighty (180) days (or if Executive shall be disabled by the same incapacity for an aggregate period of one hundred and eighty (180) days in any period of three hundred and sixty (360) consecutive days by the same incapacity) the Employer may, at its sole option, suspend Executive' s employment until Executive is recovered (as reasonably certified by a physician designated by the Employer) from such mental or physical disability. During any period of suspension on account of disability, Executive shall receive only such compensation as may be provided under the disability insurance described in Paragraph 9(B). If the physician designated by the Employer certifies that Executive is permanently disabled, Employer' s obligations under this Agreement shall cease; provided, however, Executive shall be entitled to the disability benefits set forth in Paragraph 9(B), below.

(B) Employer, at the sole expense of Employer, shall provide disability insurance coverage for Executive. Such policy shall provide payment of 50% of Executive' s Base Annual Salary commencing with suspension or termination of employment, pursuant to Paragraph 9(A), above, by reason of physical or mental disability, and for a period of two (2) years if such disability was the result of injury, and to age 65 if such disability was the result of physical or mental illness. In the event the Employer is unable to obtain disability insurance in the amount required, or is unable to obtain all or part of such insurance at standard rates, the Employer shall at its option obtain part or all of such insurance at non-standard rates or shall self-insure in whole or in part for the time periods set forth in this paragraph.

(C) Subject to the provisions of this paragraph, the Employer may terminate Executive' s employment for Cause, defined as (i) Executive' s violation of the restriction contained in Paragraph 10 of this Agreement, (ii) the loss or suspension by the State of Connecticut or by the Mohegan Tribal Gaming Commission of Executive' s license for Class III gaming for a period of thirty (30) consecutive days, (iii) Executive' s conviction of any crime involving fraud, theft or moral turpitude, or (iv) Executive' s intentional or material breach of his obligations under this Agreement. Employer may suspend Executive without pay upon Executive' s arrest for any alleged felony against the Employer or the Tribe. In the event that Executive is found not guilty or otherwise exonerated for an alleged crime against Employer or the Tribe, Executive' s suspended pay shall be reimbursed to him.

Except in the event of suspension upon Executive' s arrest, if Employer desires to terminate Executive for Cause, Employer shall give written notice specifying the act(s) claimed to constitute cause and specifying an effective date of termination, which date shall be no sooner than thirty (30) days after the giving of such notice. Upon the written request of Executive, the Management Board of the Employer shall meet with Executive to discuss the reasons for

termination and to provide Executive with an opportunity to respond. Employer may, in its sole discretion, give Executive an opportunity to rectify the reasons for termination. In the event Executive fails to rectify the act(s) claimed to constitute cause as set forth in the notice of termination, Executive's employment with the Employer shall cease effective upon the date provided in the notice of termination. If such termination is for Cause, then Executive shall not be entitled to any further compensation from and after the date of termination.

(D) Subject to the provisions of this paragraph, the Employer may terminate Executive's employment other than for Cause, as defined above. In the event of termination other than for Cause, Executive shall be paid, following termination, his Base Annual Salary, plus his Annual Bonus, from the date of termination to the expiration date of this Agreement (without regard to any renewal right after the date of termination); provided that such Base Annual Salary and Annual Bonus shall be payable to Executive in the same amount and at the same intervals as would have been paid had his employment continued, and provided further that all payments of such Base Annual Salary and Annual Bonus shall be paid to the Executive's estate in the event of Executive's death prior to the expiration date of this Agreement.

(E) In the event that Executive voluntarily terminates his employment hereunder, Executive's employment shall cease as of the date provided in Executive's notice to Employer of his voluntary termination, and thereafter, provided that the Employer shall not then be in material breach of this Agreement, Executive shall not be entitled to any further compensation hereunder.

10. Covenants of Executive Not to Compete

Executive acknowledges that with respect to the Business, as defined above, and in the states of New York, Connecticut, Massachusetts, Rhode Island, Vermont, New Hampshire and Maine (the "Restricted Area") (i) the Employer is one of a limited number of entities engaged in the Business; (ii) his services to the Employer are special and unique; (iii) his work for the Employer has given him and will continue to give him access to confidential information concerning the Employer; and (iv) he has the means to support himself and his dependents other than by engaging in the Business of the Employer and the provisions of this Paragraph 10 will not impair such ability. Accordingly, in order to induce the Employer to enter into this Agreement, Executive covenants and agrees that:

(A) So long as Executive is employed by Employer and for a period of twelve (12) months following the voluntary or involuntary termination of his employment (the "Restricted Period"), Executive shall not, in the Restricted Area, entertain or accept any offer of employment and shall not compete in any manner, either directly or indirectly, including, without limitation, as an employee or independent contractor, investor, partner, shareholder, officer, director, principal, agent or trustee of any entity engaged in casino gaming, in the Restricted Area, without the express written approval of the Employer; provided, however, that ownership of less than five percent (5%) of the shares of a publicly traded corporation engaged in casino gaming shall not be deemed to violate this paragraph.

(B) During the Restricted Period Executive shall not, directly or indirectly, hire or solicit any employee of the Employer or encourage any such employee to leave such employment.

11. Confidential Information

Executive agrees to receive Confidential Information (as hereinafter defined) of the Employer in confidence, and not to disclose to others, assist others in the application of, or use for his own gain, such information, or any part thereof, unless and until it has become public knowledge, has come into the possession of such other or others by legal and equitable means, or if required to do so by order of a court of competent jurisdiction. Executive further agrees that, upon termination of his employment with the Employer, all documents, records, notebooks and similar repositories of or containing Confidential Information, including copies thereof, then in Executive's possession, whether prepared by him or others, will be left with or returned to the Employer. For purposes of this Paragraph 11, "Confidential Information" means information disclosed to Executive or known by Executive as a consequence of or arising from or out of his employment by the Employer, not generally known in the industry in which the Employer is or may become engaged about the Employer's Business, products, processes and/or services. Executive's obligations under this Paragraph 11 shall survive any termination or expiration of this Agreement and Executive's employment hereunder.

12. Rights and Remedies Upon Breach.

Executive acknowledges and agrees that a violation of any provision of Paragraph 10 or 11 of this Agreement (the "Restrictive Covenants") shall cause irreparable harm to the Employer, and the Employer shall be entitled to specific performance of this Agreement or an injunction without proof of special damages, together with costs and attorney's fees incurred by the Employer in enforcing its rights under this Agreement. If Executive breaches, or threatens to commit a breach of any of the Restrictive Covenants, the Employer shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Employer under law or in equity:

(A) The right and remedy to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction including, without limitation, the right to entry against Executive of restraining orders and injunctions (preliminary, mandatory, temporary and permanent), without proof of special damages, against violations of such covenants, threatened or actual, and whether or not then continuing, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Employer and that money damages will not provide an adequate remedy to the Employer; and

(B) The right and remedy to require Executive to account for and pay over to the Employer all compensation, profits, monies, accruals, increments or other benefits derived or received by Executive as the result of any transaction constituting a breach of the Restrictive Covenants. The Employer may set off any amounts due it under this Paragraph 12(B) against any amounts owed to Executive under Paragraph 5, 6 or 9.

13. Notice

All notices hereunder shall be in writing. Any notice, request, information, legal process, or other instrument to be given or served hereunder by any party to another shall be deemed given or served hereunder by any party to the other if either delivered personally or sent by prepaid

registered or certified mail, return receipt requested. Any such notice to the Employer shall be sent to the address set forth in the introductory paragraph of this Agreement, to the attention of the Chief Executive Officer. Any such notice to Executive shall be sent to his residential address as set forth in the introductory paragraph of this Agreement. Either party may, through written notice to the other party, change the address of notice as provided in this paragraph.

14. Entire Agreement; Modification

Except as otherwise provided herein, this Agreement supersedes and cancels any and all prior agreements between the parties hereto, express or implied, relating to the subject matter hereof. This Agreement sets forth the entire agreement of the parties hereto with respect to the subject matter hereof. This Agreement may not be changed, modified, amended or altered except in a writing signed by both parties.

15. Non-Waiver

The failure or refusal of either party to insist upon the strict performance of any provision of this Agreement or to exercise any right in any one or more instances or circumstances shall not be construed as a waiver or relinquishment of such provision or right and shall in no way effect such provision or right, nor shall such failure or refusal be deemed a custom or practice contrary to such provision or right.

16. Severability

If any paragraph, term or provision of this Agreement shall be held or determined to be unenforceable, the balance of this Agreement shall nevertheless continue in full force and effect and unaffected by such holding or determination. In addition, in any such event, the parties agree that it is their intention and agreement that any such paragraph, term or provision which is held or determined to be unenforceable as written, shall nonetheless be enforced and binding to the fullest extent permitted by law as though such paragraph, term or provision had been written in such a manner to such an extent as to be enforceable under the circumstances. Without limitation of the foregoing, with respect to any Restrictive Covenant contained herein, if it is determined that any such provision is excessive as to duration or scope, it is intended that it nonetheless be enforced for such shorter duration or with such narrower scope as will render it enforceable.

17. Governing Law

This Agreement shall be governed and construed in accordance with the laws of the State of Connecticut and the parties agree that, except as provided in Paragraph 20, only the federal and state courts located in the State of Connecticut shall have jurisdiction to enforce the terms of this Agreement.

18. Limited Waiver of Sovereign Immunity

The Employer hereby waives its sovereign immunity from suit for claims by the Executive for the enforcement of this Agreement and any remedies for breach thereof under Connecticut law. Nothing herein shall limit the Executive's right to proceed with any claims otherwise allowed under the laws of the Mohegan Tribe of Indians of Connecticut. The

Employer hereby consents to personal jurisdiction and venue in any court of the State of Connecticut or any federal court sitting in the State of Connecticut and the Mohegan Gaming Disputes Court and hereby waives any claim that it may have that such court is an inconvenient forum for the purposes of any proceeding arising under this Agreement as aforesaid and, with respect to a proceeding in a court of the State of Connecticut or a federal court sitting in the State of Connecticut, any requirement that tribal remedies must be exhausted.

19. Dispute Resolution

Except as otherwise provided herein, whenever during the term of this Agreement, any disagreement or dispute arises between the parties as to the interpretation of this Agreement or any rights or obligations arising hereunder, including the licensing of Executive by the Tribal Gaming Commission, such matters shall be resolved, whenever possible, by meeting and conferring. Any party may request such a meeting by giving notice to the other, in which case such other party shall make itself available within seven (7) days thereafter. If such matters cannot be resolved within ten (10) days after such meeting, either party may seek a resolution by binding arbitration in accordance with the then prevailing rules of the American Arbitration Association (or any successor thereto to the extent not inconsistent herewith), upon notice to the other party of its intention to do so. The parties agree that in any such arbitration each party shall be entitled to discovery as provided by the Federal Rules of Civil Procedure. All hearings shall be conducted in Hartford County, Connecticut within fifteen (15) days after the arbitrator is selected and shall be conducted in his or her presence. The decision of the arbitrator will be final and binding on the parties. The costs and expenses of the arbitration shall be shared equally by the parties.

20. Gaming Disputes Court Jurisdiction

The parties agree that should any dispute arise under this Agreement or for the enforcement of the arbitration provisions in Paragraph 19, the Gaming Disputes Court of the Mohegan Tribe of Indians shall be used as a forum only if a state or federal court denies jurisdiction, to (a) enforce the requirement that the parties submit disputes to arbitration as required by Paragraph 19, and (b) enforce the arbitration decision as provided in Paragraph 19.

21. Headings

The headings of this Agreement are inserted for convenience only and shall not be considered in construction of the provisions hereof.

22. Assignment and Successors: Binding Effect

The rights and obligations of the Employer under this Agreement shall inure to the benefit of and shall be binding upon the successors of the Employer and may be assigned by the Employer, for all or any part of the term hereof, provided that the Employer shall continue to be financially responsible to Executive hereunder. Executive shall have no right to assign, transfer, pledge or otherwise encumber any of the rights, nor to delegate any of the duties created by this Agreement without prior written consent of the Employer. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Employer, its successors and assigns, and Executive, his heirs and legal representatives.

IN WITNESS WHEREOF, the Employer has caused this Agreement to be executed by Bruce S. Bozsum, acting in his capacity as the Chairman of the Management Board of the Authority; Mitchell Etes has affixed his signature hereto signifying his assent to the Agreement; and Executive has affixed his signature hereto, on the date and year first above written.

EMPLOYER:
MOHEGAN TRIBAL GAMING
AUTHORITY

EXECUTIVE:

By:

/s/ Bruce Bozsum
Bruce S. Bozsum, Chairman
Management Board

/s/ Leo Chupaska
Leo M. Chupaska

By:

/s/ Mitchell Etes
Mitchell Etes, President and CEO

STATE OF CONNECTICUT)
) ss. Uncasville, CT July 14, 2006
COUNTY OF NEW LONDON)

Personally appeared Bruce S. Bozsum, Chairman of the Management Board of the MOHEGAN TRIBAL GAMING AUTHORITY, an instrumentality of The Mohegan Tribe of Indians of Connecticut, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed and the free act and deed of the Mohegan Tribal Gaming Authority, before me.

/s/ Debra Apicelli
Notary Public
My Commission Expires:
January 31, 2007

STATE OF CONNECTICUT)
) ss. Uncasville, CT July 28, 2006
COUNTY OF NEW LONDON)

Personally appeared LEO M. CHUPASKA, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, before me.

/s/ Denise Rubino
Notary Public
My Commission Expires:
May 31, 2010